Money

Money

The word "money' generates a lot of interest. In today's busy life money has occupied a very important role. We need money to buy various types of goods in order to satisfy our wants. Similarly, we need money to avail various services such as transport, communication, education, health, entertainment, home deliveries and so on. As a buyer, we pay money to buy goods and services and as a seller, we receive money by selling them. Normally, we pay or receive money in the form of paper currency and coins. But do you know that in ancient days people used to exchange goods for goods? This was called barter system. With passing of time, money replaced barter system.

Today money is used for most of the financial transactions because of its three characteristics – money is the most preferred medium of exchange, it acts as reliable store of value and it serves as a reliable unit of accounting.

Currency and Coins

Currency notes and coins that we use are issued by the Reserve Bank of India (RBI). India, we have paper notes in the denomination of 10, 20, 50, 100, 200, 500 and 2000. Normally they are called currency notes and named as Rupee (Singular) or Rupees (Plural). Remember that currency notes and coins of India are valid only in India and not in other countries.

Every country has its own currency.

The name of the currency of some of the countries of the world is given below.

(a) Currency in INDIA is called Rupee with symbol ₹

(b) Currency in USA is called Dollar with symbol $

(c) The European currency is called Euro having symbol €

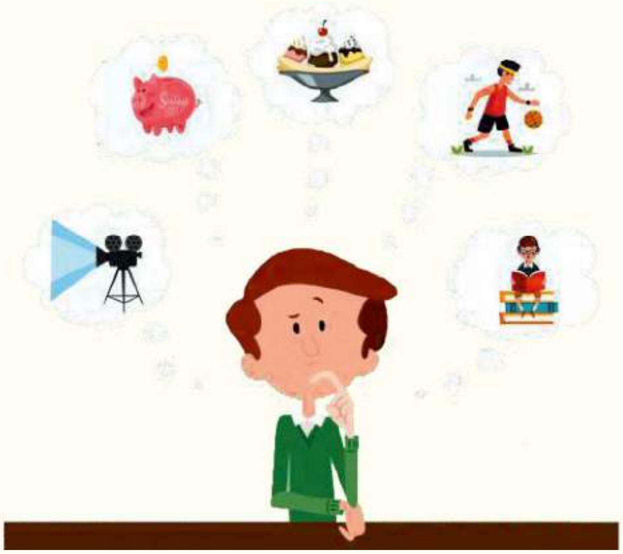
(d) Currency in United Kingdom is called Pound having symbol £

(e) In Japan the currency is called Yen having symbol ¥ .

Opportunity Cost

Let us understand what opportunity cost is. Let us start with what you do in your daily life like going to school, doing your homework, arranging your wardrobe, playing with your friends, watching your favourite TV programme and many more things which you always wanted to do but were unable to do, may be due to lack of time or lack of resources or opportunity.

In life we always have to choose between competing opportunities. More time devoted to playing with your friends means that you have less time for studies. Your decision to go to a theatre may cause you to miss your favourite TV show. You can choose to buy a movie ticket but then, you can't use the same money for buying an ice cream. Choosing one opportunity always means giving up or losing another.



In other words, choice of any course of action involves opportunity cost in terms of another opportunity forgone. No matter what you do playing, reading or watching a movie you can always think in terms of opportunity cost whenever you are making a choice. Think of opportunities forgone when you are making a particular choice. Is there an opportunity cost involved in money lying in your drawer? Yes there is. Don't just think of your money as some pieces of paper or some metal coins. Think of it as a door to many wonderful opportunities.

You can use it for buying new clothes, books, candies or you can deposit your money in a bank account where it could earn you interest. Just think of the possibilities. Your decision to use your money involves opportunity cost just in the same manner your decision to spend your time. You have to choose between competing choices, each of which may have its own merits and demerits. The problem is that you can choose only one of the many wonderful opportunities. The advantage that we forego by not putting our money in another possible opportunity is the opportunity cost of Money. Before deciding upon what you intend to do with your money, you should always think in terms of the opportunity cost. Choose the best possible way of using your money. Those who let their money remain idle, fall prey to a deadly virus, called inflation.

Inflation?

You might have experienced the change in prices of some of your favourite goods like cookies, candies, football, cricket bat etc. The prices of some of them might have decreased while the prices of some might have increased over a period of time, say one year. Such increase in the general level of prices of goods and services from one period to another is called inflation.

To know whether there has been any increase in the general level of prices, you need to compare the prices of different goods and services as a whole. Economists measure inflation in terms of percentage change in the level of price of a basket of goods and services consisting of items like food grains, clothes, fuel, etc. which people consume in their day to day lives. An inflation rate of 10% means that the general level of prices of goods and services has increased by 10% over the period.

In other words, to purchase the same amount of goods and services you would have to pay 10% more money. This would mean that inflation leads to decrease in the purchasing power of your money. Today you can buy 10 candies by using the money in drawer. After one year, you might be able to buy just eight. After 2 years, just six. With each passing year the money lying with you is losing its value.

Power of Compounding

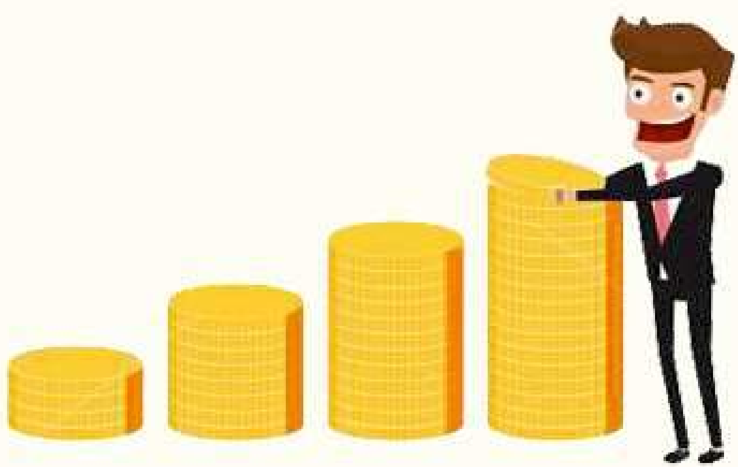
The best weapon to fight against inflation is the Power of Compounding. You can maintain the purchasing power of your existing money only when it keeps on growing at a rate higher than inflation rate. You can't achieve this by keeping your money idle. To earn a return on your existing money you must invest it. Those who keep their money idle, lose on both counts.

1. Firstly, the idle money involves huge opportunity cost because the money is not being used for any other purpose. An investment of the same money would have generated some return, thus preventing loss of opportunity cost.
2. Secondly, the purchasing power of the idle money gets eroded day by day due to inflation, thus causing a loss to its holder.

The good news is that you can easily turn your losses into gains. You just need to be smart with your money.

Investing and Power of Compounding

Most of the time we synonymously use the term saving and investing. But there is a difference between the two. A person keeping his money in a drawer is saving money but that does not mean investment. Your savings become investment only when they start earning you a return. The purpose of investment to is let your money grow.



The purpose of all investments is to let your existing money grow. If you keep on adding the return in your original investment then each year your return would keep on increasing. In other words, your investment would grow at the compounded rate of return. You can see the result in terms of numbers. Suppose you invest Rs. 1 lakh today, what would its worth be after 30 years if you are earning 10% return compounded annually?

You can find out the answer if you know how to calculate compound interest.

Yes, Rs. 1 Lakh would be worth Rs. 17.45 Lakh after 30 years. That's the power of Compounding.

Simple and Compound Interest

When the interest which you earn on your investment does not get added to your investment, it is called simple interest. This means that you do not earn interest on interest. Suppose a bank term deposit for one year is earning you 10 rupees interest on a principal of 100 rupees.

In case you withdraw the interest earned while re-depositing the principal after one year, the size of your deposit would continue to be 100 rupees on which you earn an interest of 10 rupees. In this case your investment is earning a simple interest.

But suppose you decide to deposit the interest along with the principal, the size of your deposit would increase to 110 rupees on which you would earn a compound interest of 11 rupees – which is 1 rupee more than simple interest. Sounds miniscule? May be on hundred rupees. But what if your investment is 1000 rupees ? or 10000 rupees? The difference would get bigger and bigger. You can't ignore the power of compounding when you want to see your investment get doubled.

Time Value of Money (TVM)

If you have a rupee today, it is worth more than having a rupee next year. This concept is also known as the Time Value of Money. The Time Value of money means that if you have a rupee today, you can spend or invest it, so it is worth more than having a rupee in one year from now.

For example, if you have Rs. 100 and invest it, and the bank pays 5% interest, then in one year you will have an extra Rs. 5.00 interest, or Rs. 105 in total. Therefore, Rs. 100 is worth more in the future. In this example, the Future Value of Rs. 100 today is Rs. 105. Related to Future Value is the concept of Present Value. Present Value is the current value of money you will receive in the future. In this example, the Present Value of the Rs. 105 you will receive next year is Rs. 100. In other words, Rs. 100 today is worth Rs. 105 in a year.

Rule 72

This is a quick way to calculate how long it will take to double your money if it is invested at a particular interest rate. It is all about the power of time. You take the interest rate you expect to earn and divide it into 72. If you expect a return of 6%, 72/ 6 = 12, it will take 12 years to double your money. Take a closer look. You are 24 and have Rs. 3,000 in savings. You put it in an account that you expect to earn 8%. According to the Power of 72, it will take 9 years to double your money, so at age 33 you will have Rs. 6,000 if you add nothing more to the account. At age 42 you will have Rs. 12,000 and at age 60 have Rs. 48,000 from a Rs. 3,000 investment. Your money is working for you. All you had to do was to leave it alone!

Financial Goals

They are destinations we want to get to in the future. Without goals we cannot develop financial plans.

Examples:

- Buying a latest model Mobile Phone
- Buying a latest model Motor Bike etc.

It is important not just to set Financial Goals, but to make your Financial Goals **S.M.A.R.T.**

Financial goals need to be,

- Specific
- Measurable
- Achievable
- Realistic
- Time Bound

This is the first and most important step towards good financial planning.

Specific :

What You Are Going To Do ?

Example : Buy an Apple Phone in 3 years

How You Are Going To Do It ?

Example : Save Rs. 2000 every month for 3 years.

Work out how much you need for each goal or need, and think about how you can reach that amount. When projecting future value, remember to take into consideration the current prices and projected inflation.

Measurable:

Goals must be Measurable, so that you can monitor your progress and take action if you find yourself falling behind. From the above example, we plan to save Rs. 2000 per month. However, if you are unable to set aside Rs. 2000 each month, you may want to look for other ways to meet your goal. One way to do this is to cut back on your expenses so that you have more money to save.

- Goals must be **A**ttainable and **R**ealistic even if they require some discipline to stick to the plan.
- An example of a non-realistic goal is buying a car next year without having enough money.

Goals must have a Time frame

Set a time frame for your goal, e.g. by next week, within a year, or in 10 years' time. If you do not set a time to your goal, your commitment to achieve that goal will be weakened.

Where Did Your Money Go?

An essential step towards achieving your financial goals is to be able to track all your spending. This is because anything that can be measured can be improved.

Each time you make a purchase, write down what you spent on and how much you spent.

Typical Spending Pattern is :

- Expenses
- Savings

Ideal Spending Pattern is :

- Savings
- Expenses (whatever is left after savings)

Before allocating money to your various expenses, make it a point to set aside your monthly savings first. This is a concept known as **Paying Yourself First.**

Budgeting

1. Create a list of your monthly income (from various income sources)
2. Set aside a fixed amount of savings each month.
3. Create a list of all monthly expenses (what you plan to spend each month).
4. Develop a budget and follow it in a disciplined manner.

Be A Wise Consumer

- Look for ways to reduce spending. Examples: Using a less costly phone plan, using coupons when you shop, eating out less.
- Search for the best buy. Is there a better and cheaper item elsewhere?
- Plan ahead to better handle unexpected expenses.
- Park your car in shade, driving at uniform pace, switching off engine at signals save fuel.

- Consider used items instead of new items.
- Don't pay for services that you can do yourself.
- Say no to impulse shopping.

Look for ways to save money. Even a bit of savings each day adds up in the long run. **Every Rupee Saved is Rupee Earned.**

Needs Versus Wants

What Is A Want?

A want is something you desire or wish for, and tends to be more expensive.

What Is A Need?

A need is a good or service you require in life, also known as a necessity item.

Our decision to spend money is usually motivated by “needs” and “wants”. Needs are related to the essentials in life, something you cannot “live without”.

Wants are usually things that we desire, such as luxury items. More often than not, our “wants” are not absolutely necessary.

Sunny

Pa, can you give me some money? I want to buy a watch!

But you already have a watch!

Sanjay

Sunny

Mine does not have full smart watch functions. All my friends have it! Come on, Pa...

My dear grandson, you must differentiate between “Needs” and “Wants”. To own a watch may be a “Need”, but to have a top-end model is a “Want”. And most “Wants” are usually not necessary.

Sushil

Develop a habit that rewards you.

Make SAVINGS a HABIT.

Banking

Banking

People earn money to meet their day-to-day expenses on food, clothing, education of children, housing, etc. They also need money to meet future expenses marriage, higher education of children, house building and other social functions. These are heavy expenses, which can be met if some money is saved out of the present income.

Saving of money is also necessary for old age and ill health when it may not be possible for people to work and earn their living. The necessity of saving money was felt by people even in older days.

They used to keep money in their homes. With this practice, savings were available for use whenever needed, but it also involved the risk of loss by theft, robbery and other accidents.

- So, people were in need of a place where money could be saved safely and would be available when required.

- Banks are such places where people can deposit their savings with the assurance that they will be able to withdraw money from the deposits whenever required.

- Any one who saves money for future can deposit his savings in a bank. Banks give two assurances to the depositors.
- Safety of deposits
- Withdrawal of deposits when I need

On deposits, Banks give interest, which adds to the original amount of deposits. It is a great incentive to the depositors. On the basis of deposits banks also grant loans and advances to farmers, traders and business for productive purposes.

Thereby banks contribute towards economic development of the country and for well being of the people in general. Bank charge interest on loans. The rate of interest is generally higher than the rate of interest allowed on deposits.

A bank is a financial institution which accepts money from the public in the form of deposits which are usually repayable on demand or after expiry of a fixed period. it gives a safety to the deposits of its customers. It also acts as a custodion of funds of its customers. A banks lends out money in the form of loans to those who require it for different purposes.

Types of Bank Account

Bank deposits serve different purposes for different people. the account types are,

Bank

Savings Bank Account

Bank

Current Deposit Account

Bank

Fixed Deposit Account

Bank

Recurring Deposit Account

Savings Bank Account

If a person has limited income and wants to save money for future needs, the Savings bank account is most suited for his purpose. This type of account can be opened with a minimum initial deposit that varies from bank to bank. Money can be deposited any time in this account.

Money can be withdrawn by using Withdrawal form, Cheque and ATM card.

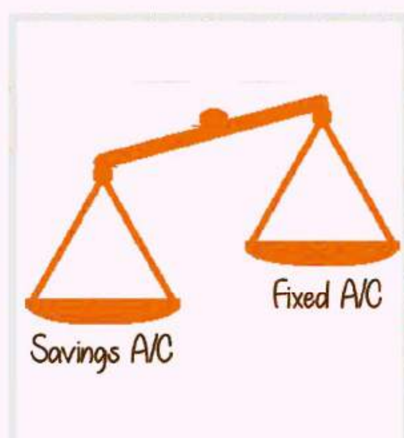
Normally banks put some restriction on the number of withdrawals from this account. Interest is allowed on the balance of deposit in the account. The rate of interest on saving bank account varies from bank to bank an also changes from time to time. A minimum balance has to be maintained in the account as prescribed by the bank.

Current Deposit Account

Big businessmen, companies and institutions such as schools, colleges, and hospitals have this bank account. On this deposit bank does not pay any interest on the balances. They do not have any restrictions on withdrawals. Any number of deposits and withdrawals can be made.

Fixed Deposit Account(Term Deposit Account)

This type of deposit account allows deposit to be made of an amount for a specified period. This period of deposit may range from 15 days to three years or more during which no withdrawal is allowed. Money earns higher interest than a savings account.



Recurring Deposit Account

This type of account is suitable for those who can save regularly and expect to earn a fair return on the deposits over a period of time. While opening the account a person has to agree to deposit a fixed amount once in a month for a certain period. The total deposit along with the interest there in is payable on maturity.


How to open
a
Bank Account
Form Filling
PAN
AADHAAR
A proof of Identity
and Address
Specimen Signatures

How to operate

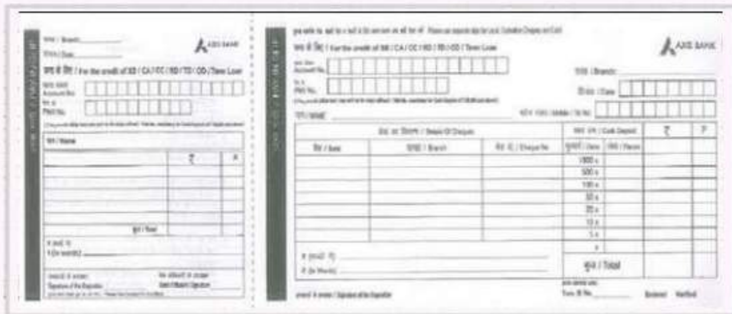
Deposit Money

Cash can be deposited in a bank quoting the account no. The pay-in-slip has to be filled up giving the date of deposit, account-holder's name, account number, and the amount of deposit in figures and words. To deposit the cheque you have to use the pay-in-slip again, filling in particulars like the date of deposit, the account number, name of the account holder, the serial number and date of the cheque, name and address of the bank on which the cheque is drawn, and the amount of the cheque in figures and words.

Money can be withdrawn by using a) Withdrawal form b) Cheque c) ATM card,

Withdrawal Form

Every bank has printed withdrawal forms, which can be used by account holders to withdraw cash from deposit accounts. The form has to be filled in, mentioning the date of withdrawal, account number, amount to the withdrawn (in figures and words) and the signature of the account holder.



Cheque

Cheques can also be issued for payment to other parties. Thus, a cheque issued to another person can be either en cashed by his at the bank, or deposited in his account in some other bank. Withdrawal by issue of cheque requires the date, amount in figures and numbers, signature of the account holder.

ATM Card

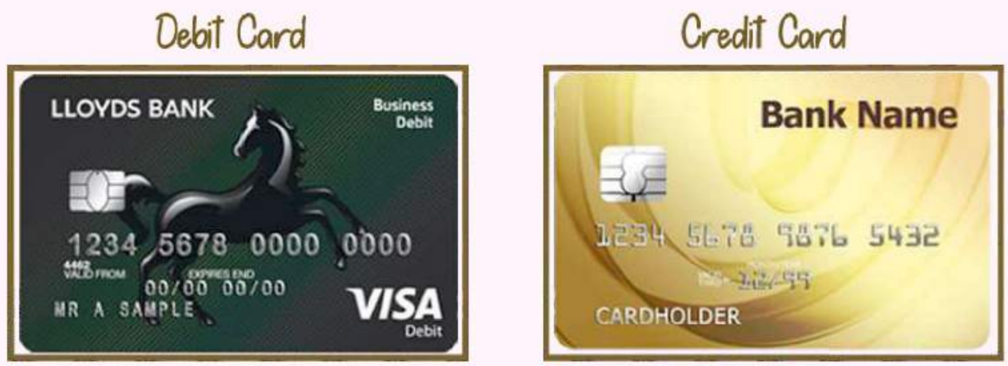
Banks issue ATM card to its depositors for easy withdrawal of money from their accounts.

This card is used for withdrawal of money from saving and current deposit account through Automated Teller Machine(ATM). It is a magnetic card, which can be operated by using a particular secret number(PIN). It is the most convenient system of withdrawal of money.

E-Banking

Debit Card

A card which allows customer to access their funds immediately, electronically Banks are now providing debit cards to their customers having saving or current account in the banks. The customers can use this card for purchasing goods and services at different places in lieu of cash. The amount paid through debit card is automatically debited to (deducted from) the customers account.



Credit Card

A card issued by a financial company giving the holder an option to borrow funds, usually at point of sale. Credit cards charge interest and are primarily used for short-term financing. Interest usually begins one month after a purchase is made and borrowing limits are pre-set according to the individual’s credit rating. Credit cards are issued by the bank to persons who may or may not have an account in the bank. Just like debit cards, credit cards are used to make payments for purchase, so that the individual does not have to carry cash.

Banks allow certain credit period to the credit cardholder to make payment of the credit amount. Interest is charged if a cardholder is not able to pay back the credit extended to him within a stipulated time period the interest rate charged is generally quite high.

Net Banking

The Internet provides a secure medium for transferring funds electronically between bank accounts, and also for making banking transactions over the Internet. All banking activities that were conventionally carried by visiting a bank can now be done through a computer with Internet access. With Net-Banking, you can not only view your account balance but also open a Fixed Deposit, transfer funds, pay your electricity, telephone or mobile phone bills and much more.

Mobile Banking

Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a smart phone or tablet.

Unlike the related internet banking it uses software, usually called an app, provided by the financial institution for the purpose. Mobile banking is usually available on a 24-hour basis.Transactions through mobile banking may include obtaining account balances and lists of latest transactions, electronic bill payments, and funds transfers between a customer's or another's accounts.

From the bank's point of view, mobile banking reduces the cost of handling transactions by reducing the need for customers to visit a bank branch for non-cash withdrawal and deposit transactions. Mobile banking does not handle transactions involving cash, and a customer needs to visit an ATM or bank branch for cash withdrawals or deposits.

Online Funds Transfer Mechanism

NEFT:

NEFT stands for National Electronic Funds Transfer. It is a nation-wide payment system facilitating one-to-one funds transfer. Individuals, firms and cooperates maintaining accounts with a bank branch can transfer funds using NEFT. There is also no limit on the minimum or maximum amount of funds that could be transferred using NEFT. However, the maximum amount per transaction is limited to Rs. 50,000 for cash-based remittances within India. The money is credited to the beneficiary's account on the same day.

RTGS:

RTGS stands for Real Time Gross Settlement, which can be defined as the real-time settlement of fund transfers individually. 'Real Time' means the processing of instructions at the time they are received rather than at some later time; 'Gross Settlement' means the settlement of funds transfer instructions occurs individually (on an instruction by instruction basis).

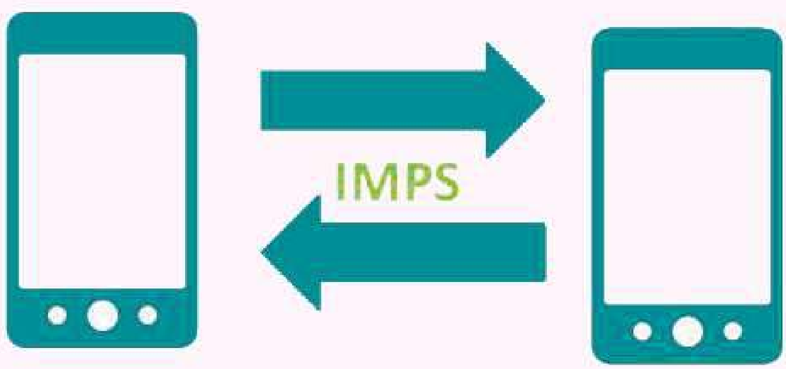
Considering that the funds settlement takes place in the books of the Reserve Bank of India, the payments are final and irrevocable. The RTGS system is primarily meant for large value transactions. The minimum amount to be remitted through RTGS is Rs. 2 lakh, while there is no upper ceiling for RTGS transactions. Under normal circumstances, the beneficiary branches are expected to receive the funds in real time as soon as funds are transferred by the remitting bank. The beneficiary bank has to credit the beneficiary's account within 30 minutes of receiving the funds transfer message.

How is RTGS different from NEFT?

NEFT is an electronic fund transfer system that operates on a Deferred Net Settlement (DNS) basis, which settles transactions in batches. In DNS, the settlement takes place with all transactions received till the particular cut off time. These transactions are netted (payable and receivables) in NEFT whereas in RTGS the transactions are settled individually. For example, currently, NEFT operates in hourly batches. Any transaction initiated after a designated settlement time would have to wait till the next designated settlement time Contrary to this, in RTGS, transactions are processed continuously throughout the RTGS business hours.

IMPS:

IMPS is an innovative real time payment service that is available round the clock. This service is offered by the National Payments Corporation of India (NPCI) that empowers customers to transfer money instantly through banks and RBI-authorized Prepaid Payment Instrument Issuers (PPI) across India. There are many benefits of IMPS. One, it is instant. Two, it is available 24 x7 and is functional even on holidays. Three, its is safe and secure, easily accessible and cost effective. Four, it can be initiated through mobile, Internet or ATM channels. Five, you also get debit & credit confirmation by SMS. The charges for remittance through IMPS are decided by the individual member banks and PPIs.



BHIM

Bharat Interface for Money (BHIM) is a payment app that lets you make simple, easy and quick transactions using Unified Payments Interface (UPI).

You can make direct bank payments to anyone on UPI using their UPI ID or scanning their QR with the BHIM app. You can also request money through the app from a UPI ID.

Pioneered and developed by National Payments Corporation of India (NPCI), BHIM has been conceived and launched by the Hon'ble Prime Minister of India, Narendra Modi on 30th December 2016 to bring in Financial Inclusion to the nation and a digitally empowered society.

Who can use BHIM?

Anyone with a bank account + registered mobile number + debit card

When can I use BHIM?

BHIM is a 24x7 payment solution

Who can I send money using BHIM?

Friends, relatives, online shopping, retailers or merchants (as long as they are on UPI) . Transfer money to them using their VPA or via UPI QR

Why use BHIM?

Simple and secure transactions on the go in your preferred language.

Insurance

Insurance

You must have seen shops in the market. In these shops many articles are stored for sale. For example, storing goods in the shop for sale involves lot of money spent on buying those products and there is always a risk that the products may get damaged before they are sold. The damage may be due to accidents like fire, natural calamities or even because of riot or theft. Can these risks be avoided or minimized? Is there anything to take care of these risks?

Fire Accident

Theft

Simply speaking, insurance is the means by which risks of loss or damage can be shifted to another party called the insurer on the payment of a charge known as premium.

The party whose risk is shifted to the insurer is known as then insured. Obviously insurer is generally an organization (Insurance Company), which is willing to share the loss or damage and it is also qualified to do so.

It is an aid to both commercial and industrial enterprises. It enables the insurance company to invest the premium received from the various policy holders into securities which is ultimately used for national development.

Insurance may be broadly classified into the following types,

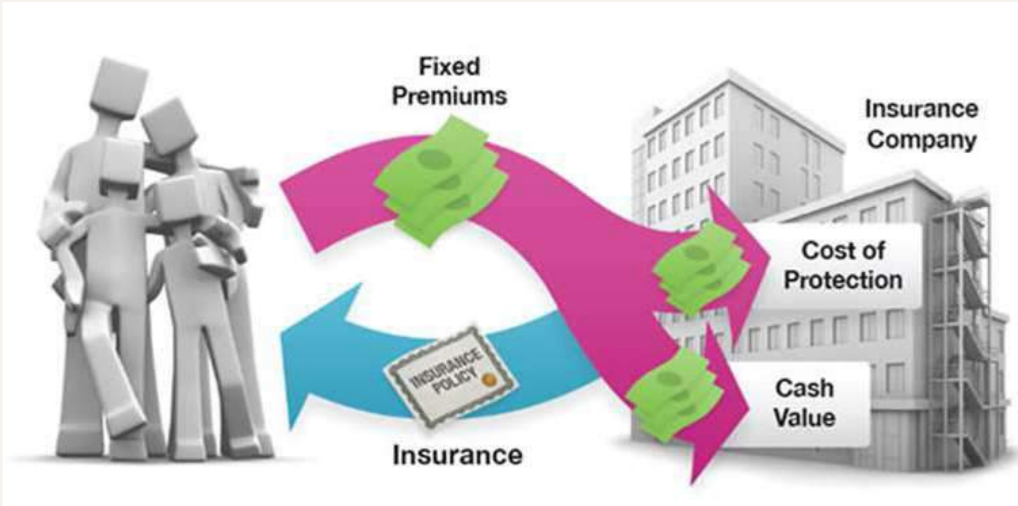
- Life Insurance
- Health Insurance
- Motor Vehicles Insurance
- Fire Insurance
- Burglary Insurance

Life Insurance

Every person has to think of his future needs when he is not able to work or suffers from old age and illness. This is not an uncertain occurrence.

Illness is bound to be there for living beings sometime or the other and more likely after a certain age. It is also necessary to consider that death may strike at a time when there will be a family to be looked after and provided with a means of living. A person can buy Life Insurance for a particular time period. The time period could be 10 or 25 years. Every year the insured person has to pay a certain amount of premium to the Insurance company. The company gives back the claim to the person after the time period is over.

The amount can also be paid in installments by the insurance company on yearly basis also. If the person dies in between, the claim is given to his/her nominee, whom the person had named while buying life insurance.



Two types of life assurance policies

Whole-life policy

Endowment policy

Whole-life policy

A whole life policy runs for the whole life of the insured and premium is payable all along. The sum assured becomes due for payment to the heirs of the insured only after his death.

Endowment Policy

An endowment policy on the other hand, runs for a limited period or up to a certain age of the insured. The sum assured becomes due for payment at the end of the specified period or on the death of the insured, if it occurs earlier.

Health Insurance

Under health insurance scheme, a person who buys this insurance, can get back some amount of money out of his/her total expenditure on medical treatment. In this case also, the insurance company asks the interested person to pay a nominal amount as premium every year. Whenever the insured person falls ill and spends money on medical treatment, the insurance company gives some amount to reduce the burden of the person. Normally the premium is low, if a person buys the health insurance at a younger age. The premium amount increases as the person grows older.

Motor vehicles Insurance

People who have scooters, bikes, cars etc. can buy auto insurance from a concerned insurance company. Since automobile is a durable good and has a long life span, say 10 to 15 years, the insurance policy is made in the following way.

(a) In the first year, the auto is new. So the insurance company charges higher money as premium from the insured person.

(b) In subsequent years, the vehicle becomes old and its value falls gradually. So the company will charge lesser premium from the insured person.

(c) Whenever there is any damage caused to the automobile, the company
gives the claim calculated on the basis of terms and conditions mentioned in the insurance policy.

Fire Insurance

A contract of fire insurance is a contract whereby the insurer, on payment of premium by the insured, undertakes to compensate the insured for the loss or damage suffered by fire. The insured cannot claim anything more than the value of property lost or damaged by fire or the amount of policy, whichever is lower.

The claim for loss by fire is subject to two conditions, viz;

(a) there must have been actual fire; and

(b) fire must have been accidental, not intentional.

Burglary Insurance

Under this insurance the insurance company undertakes to indemnify the insured against losses from burglary i.e. loss of movable goods by robbery and theft by breaking the house.

Tax

To promote economic growth and to improve the standard of living of people, the government has to spend on various welfare measures. These can be financed by collecting money from the public. The government finances its expenditure by imposing charges on citizens and corporate entities, which is called taxation.

History

- The Mauryan Empire had a well-organised tax system, which is mentioned in the "Arthashastra".
- Taxes and dues were collected by the ruler and the officials responsible for revenue collection. The taxes were collected in kind such as– grains, cattle, gold, forest produce and so on.
- Industries such as mining, textiles, wood and various craft guilds were also taxed.
- Guilds were large organisations that employed labour for a particular commodity. A state official called a Shulkadhyaksha collected the taxes on the traded commodities.

Taxation enables the government to generate a huge amount of revenue. There are two types taxes in India viz; Direct and Indirect taxes.

Direct Taxes are taxes paid to the government by the taxpayer. It is a tax applied on individuals and organisations directly by the government e.g. income tax, corporation tax. Indirect Taxes are applied on the manufacture of sale of goods and services. These are initially paid to the government by an intermediary, who then adds the amount of the tax paid to the value of the goods/services and passes on the total amount to the end –user.

Meaning:-

Tax Payer: A taxpayer is a person or organization (such as a company) subject to a tax on income. Taxpayers have an Identification Number, a reference number issued by a government to its citizens.

Direct Tax

Income Tax : An income tax is a tax imposed on individuals or entities (taxpayers) that varies with their respective income or profits (taxable income).

Property Tax : Property tax or 'house tax' is a tax on buildings, along with land, and is imposed on its owners. The tax is levied by the local government where the property is located.

GST

The Goods and Services Tax was launched at midnight on 1 July 2017 by the former President of India, PranabMukherjee, and Prime Minister of India, Narendra Modi. Goods and Service Tax is an indirect tax levied on the supply of goods and services. GST Law has replaced the various indirect taxes such as Customs Duty, Excise Duty, VAT, GST Law has replaced the various indirect taxes such as Customs Duty, Excise Duty, VAT, Sales tax that previously existed in India. GST is one indirect tax for the entire country. In case of intrastate sales, Central GST and State GST will be charged. Inter-state sales will be chargeable to integrated GST. Definition of Goods and Service Tax – "GST is a comprehensive, multistage, destination-based tax that will be levied on every value addition."

Why do we pay taxes?

Taxes are paid by citizens of the country. Paying the right amount of tax is a social responsibility to the country. Paying the right amount of tax enables the government to collect more money to support its objectives such as building roads, schools, better government salaries and improve government services.