



RAMA UNIVERSITY

w w w . r a m a u n i v e r s i t y . a c . i n

FACULTY OF COMMERCE AND MANAGEMENT

COURSE: B.COM VI SEM.

SUBJECT: Corporate Tax Planning

SUBJECT CODE: BCH 403

LECTURE: 27

NAME OF FACULTY: DR. PALASH BAIRAGI

LECTURE-27



DIFFERENCE BETWEEN TAX PLANNING AND TAX EVASION

Tax Planning	Tax Evasion
Tax planning is an act within the permissible range of the Act conducted to achieve social and economic benefits.	Tax evasion is an attempt to avoid tax by misrepresentation of facts and falsification of accounts.
Tax planning is a legal right which enables the tax payer to achieve social and economic objectives.	Tax evasion is a legal offence which may lead to penalty and prosecution.
Tax planning accelerates the development of the economy of a country by generating funds for investment in the desired sector.	Tax evasion retards the development of economy of a country by generating black money which works as a parallel economy.
Tax planning promotes professionalism and strengthens economic and political situation of the country.	Tax evasion encourages bribery and weakens economic and political situation of the country.

DIFFERENCES BETWEEN TAX AVOIDANCE AND TAX EVASION

Tax Avoidance	Tax evasion
Tax avoidance means planning for minimisation of tax according to legal requirements but it defeats the basic intention of the legislature.	Tax evasion means avoiding of tax liability illegally.
Tax avoidance takes into account various lacunae of law.	Tax evasion involves use of unfair means.
Tax avoidance is lawful but involves the elements	Tax evasion is unlawful.

of malafide intentions.	
Tax avoidance is planning before the actual liability before tax comes in to existence.	Tax evasion involves avoidance of payment of tax after the liability of tax has arisen.

DIFFERENCES BETWEEN TAX PLANNING AND TAX MANAGEMENT

Tax Planning	Tax management
Tax planning is a wider term and includes tax management	Tax management is a narrower term and is first term towards tax planning
Tax planning emphasises on minimisation of tax burden	Tax management emphasises the compliance of legal formalities for minimisation of tax
Every person may not require tax planning	Tax management is essential for every person
Tax planning helps in decision making	Tax management helps in complying with the conditions for effective decision making