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HOW TO SAVE TAXES IN TRADING AS AN INDIVIDUAL?

A THREAD■

In this thread I'll list down all the legal ways in which you can save taxes on the profits you earned from the stock market.

1: Split your money between family members.

If you are trading with a good capital size, to lower taxes, you can always split your money in you family member's account. This greatly reduces your taxes.

It gets even better if they are not earning any money from other sources as there's no tax upto a certain income slab.

2: Claim expenses:

This is the best part. You can claim any expenses which are related to your business.

It could be :

- Rent: Rent of your office. If you're working from your house you can partially claim the rent of the house too.

- Devices: We can easily claim expenses on Laptops, mobile phones, ac, tv, fridge , etc. Anything that's related to the business.

- Internet and electricity: You can claim deduction on internet and electricity bill.

- Salary: Let's say if you hire someone. Then the salary is also a deduction. You can also hire your family member's whose income is below 5 lakhs and pay them salary which then becomes taxfree.

- Interest on emi: You can also claim emi interest as business expenses.

- Car and petrol : You can also claim deductions on the car you buy and the fuel charges.

- Business trip: Your hotel stay, flight tickets , food, etc can be deducted upto a certain extent.

3: Carry forwarding loss:

If you have lost money in any particular year in trading, then you can easily carry forward that loss for the next 8 years.

So let's say if you lost 1 lakh in a year. And you make 5 lakhs profit next year. You'll only have to pay tax on 4 lakhs.

4: Setting up FNO losses:

Fno comes under business income.

If you lost money in FNO in a particular year then you can offset it against your other business income which means you don't have to pay tax on other business income.

Eg: Let's say you made a 10 lakh loss in fno in a year.

You other business, capital gains, rental income, salary, interest on fd , etc made 20 lakh profit.

Hence, you'll only have to pay tax on 10 lakhs(20-10) since you can offset the fno loss against other business income.

5: Section 80c:

Even after all this still if you have fno income, you can easily invest in instruments like 5 year fd, Nsc, PPf and can offset taxes for upto 1.5 lakhs in sec 80c.

That's it for this thread. Thanks for reading

For live market update of my trades join the telegram channel. I'm more active there. https://t.co/uNIrqq5aDP