Journal DOI: 10.36713/epra1013 | SJIF Impact Factor (2024): 8.431 ISSN: 2347-4378
EPRA International Journal of Economics, Business and Management Studies (EBMS)
Volume: 11 | Issue: 2 | February 2024 -Peer-Reviewed Journal

A COMPARISON BETWEEN OLD & NEW TAX REGIME OF INCOME TAX ACT, 1961 FOR SALARIED INDIVIDUALS

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Article DOI: https://doi.org/10.36713/epra15730
DOI No: 10.36713/epra15730

ABSTRACT

This paper provides a comprehensive comparison between the old and new tax regimes under the Income Tax Act, 1961, with a specific focus on salaried individuals. The study aims to analyse the factors influencing the choice of tax regime, assess the implications of the chosen regime on tax liability, financial planning and savings of salaried individuals. The analysis begins with an overview of the recent changes in the tax landscape, particularly those introduced in the 2023 Budget. The paper explores the government's efforts to incentivize the transition to the new tax regime while retaining the flexibility for individuals to choose between the old and new systems. Key modifications, such as increased tax rebate limit, adjusted tax slabs and adjustments in surcharge rates are highlighted to make the new regime more appealing. A thorough comparison of the pros and cons of both tax regimes is presented, covering aspects such as tax slabs, standard deductions, deductions and exemptions, HRA, other allowances and the impact on savings and investments. The paper concludes with a detailed comparison table summarizing the differences between the old and new tax regimes.

KEY WORDS: *Income Tax Act, 1961, Old tax regime, New tax regime, Salaried individuals, Budget 2023*

INTRODUCTION

Taxation is a fundamental aspect of any modern society, providing the financial backbone for essential government services and public infrastructure. In India, the Income Tax Act of 1961 has served as the cornerstone of the nation's direct tax system for over six decades. It has undergone several amendments, bringing about significant changes in the tax landscape. One of the most pivotal transformations in recent years has been the introduction of the new tax regime, which offers taxpayers an alternative approach to compute their tax liability. This shift in tax policy has raised important questions for salaried individuals, who represent a substantial portion of the taxpayer in the country.

The recent Budget for 2023 has brought about significant changes in India's tax landscape, leaving taxpayers somewhat perplexed about whether to stick with the old tax regime or embrace the new one. It is evident that the government's intention is to encourage the transition to the new tax regime and phase out the old one over time. Even though the new regime has become the default option, the old regime will continue to be available for taxpayers to choose from. The New Tax Regime, which was initially introduced in the 2020 Budget, introduced alterations to the tax slabs and offered taxpayers more favourable tax rates. However, individuals opting for this new regime have to forgo various exemptions and deductions. This limitation led to a relatively low adoption rate for the new regime. In response, the government has made several key changes in the 2023 Budget to attract taxpayers to switch to the new regime.

Firstly, the government raised the tax rebate limit, providing a full tax rebate on income up to ₹7 lakhs, as opposed to the previous threshold of ₹5 lakhs under the old tax regime. This means that individuals earning up to ₹7 lakhs will be completely exempt from income tax under the new tax regime. Additionally, the tax exemption limit has been increased to ₹3 lakhs, further sweetening the deal for taxpayers. The new tax slabs, as introduced in the 2023 Budget, offer more favourable rates compared to the previous regime. These changes have been implemented to make the new regime more appealing and to simplify the tax structure for individuals.

The old tax regime, which was in place prior to the introduction of the new regime, offers taxpayers over 70 exemptions and deductions, including important ones like House Rent Allowance (HRA), Interest on Housing Loan, Leave Travel Allowance (LTA) etc. These exemptions and deductions can significantly reduce your taxable income, leading to lower tax payments. One of the most well-known and substantial deductions available is Section 80C, allowing for a reduction of taxable income up to Rs. 1.5 lakh. The key feature of the old regime is the flexibility it provides to individuals to choose between it and the new tax regime.

REVIEW OF RELATED LITERATURE

Numerous scholars and tax experts have explored the implications of the old and new tax regimes under the Income Tax Act of 1961 for salaried individuals, shedding light on the complexities and factors influencing their choices.

Ritwik Garg's paper '*Income Tax Old Vs. New Regime*' discusses the introduction of a new Direct Tax regime in India as a part of the 2020 budget and its implications for taxpayers. Garg highlights the advantages and disadvantages of both the old and new tax systems, emphasizing that the changes made may not necessarily simplify tax matters for Indian taxpayers.

Babu, Jincy P & Dr. G. Raju examines the role of the personal tax system post-Union Budget 2023, highlighting the imperative for reforms in achieving fair wealth distribution. The introduction of an alternate tax regime, with its emphasis on simplicity and lower tax rates, seeks to stimulate consumption, savings, and investment. Using secondary sources, the paper analyses the implications of this new regime on the Indian economy and highlights key features, distinguishing them from the previous tax structure.

Kaur, Gupreet & Dr. Shailinder Sekhon investigates the impact of the latest Taxation Regime on middle-income individuals in India, focusing on the alternate income tax structure introduced in the Union Budget 2020. By comparing the New Tax Regime (NTR) and the Present Taxation Regime (PTR), the study explores the optimal choice for taxpayers, considering lower tax rates in NTR and the trade-off with exemptions/deductions. The research suggests the need for prudent decision-making under both regimes and highlights potential implications for tax savings in the New Taxation Regime.

Ahuja Girish in his book "Concise Commentary on Income Tax with Tax Planning" discusses how the new tax regime simplifies the income tax structure by reducing the number of deductions and exemptions. He argues that this simplicity appeals to individuals looking for an easier tax planning process.

Jain, R.C. & CA Sanjeev S. Thakur in "Income Tax Planning and Management" examines the various provisions of the Income Tax Act and elaborates on the tax implications for salaried individuals. The book highlights the importance of understanding the nuances of both tax regimes for effective financial planning.

Ghimire Sanjib in his research paper analyses the impact of the new tax regime introduced by the Government of India on the simplicity and compliance of income tax laws for individuals and Hindu Undivided Families (HUFs). The new tax regime features lower income tax slab rates compared to the existing structure, but it disallows various exemptions and deductions. The study concludes that while the new tax regime offers a simpler and more compliance-friendly structure, its benefits may be limited for taxpayers relying on deductions and exemptions from their income.

The Economic Times, a widely respected financial news source, has featured articles and analyses the pros and cons of the new tax regime for various income groups, including salaried individuals. These articles provide practical insights and real-world examples.

Various government reports and budget documents, such as those presented during annual budget sessions, contain information and analysis of the tax regimes and their implications for taxpayers. These documents are crucial sources for understanding the concepts.

OBJECTIVES

The primary objectives of this study are as follows:

1. To conduct a comprehensive comparison between the old and new tax regimes under the Income Tax Act, 1961, with a specific focus on salaried individuals.
2. To identify and analyse the factors that influence the choice of tax regime by salaried individuals.

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3. To assess the implications of choosing one tax regime over the other on the tax liability, financial planning and savings of salaried individuals.

METHODOLOGY

This study adopts a descriptive approach and relies on secondary information sources, primarily drawing from the Finance Act of 2023 and the Income Tax Act of 1961. An extensive review of existing literature, including research papers, books, articles and reports related to the old and new tax regimes under the Income Tax Act, 1961 is conducted.

SIGNIFICANCE OF THE STUDY

This study holds significant importance for various stakeholders. Salaried individuals, as the primary taxpayers, stand to benefit from a better understanding of the implications of their choice between the old and new tax regimes. Policymakers can use the findings to refine tax policies in line with the economic priorities of the nation. Understanding the implications and nuances of these tax regimes is of paramount importance for both taxpayers and policymakers. Tax professionals and financial advisors can gain valuable insights to assist their clients in making informed tax planning decisions. Additionally, the study contributes to the existing body of knowledge surrounding tax systems and their impact on the financial well-being of individuals in India.

PROS AND CONS OF OLD TAX REGIME

Pros of Old Tax Regime	Cons of Old Tax Regime
1. Under the old regime, taxpayers can claim various deductions and exemptions under sections like 80C (for investments), 80D (for health insurance premiums), and more. This can significantly reduce taxable income.	1. The old tax regime is complex due to the numerous deductions and exemptions, making it challenging for taxpayers to understand and comply with the tax laws.
2. Tax benefits on home loans, both on the principal amount (under 80C) and the interest (under Section 24), can reduce the overall tax liability.	2. Without availing of deductions, exemptions and rebates, taxpayers may end up with a higher tax liability in the old regime.
3. Taxpayers can claim deductions for specific expenses, such as tuition fees for children, medical treatment for specified illnesses, donations to charitable organizations etc.	3. Taxpayers have limited flexibility in choosing between the old and new regimes based on their financial situation and goals
4. The old regime encourages long-term savings and investments by providing tax incentives on various financial instruments.	

PROS AND CONS OF NEW TAX REGIME:

Pros of New Tax Regime	Cons of New Tax Regime
1. The new regime is simpler as it offers lower tax rates and removes the need to calculate and claim deductions, making tax compliance easier.	1. The new regime does not provide for various deductions and exemptions, which may lead to a higher tax liability for those who used to claim many deductions.
2. The new regime offers lower income tax rates, especially for individuals with lower and middle-income.	2. Taxpayers lose out on certain investment-related benefits, such as those on home loans, which can be substantial.
3. Taxpayers do not need to keep track of various deductions and exemptions, reducing the complexity of tax planning.	3. Once an individual opts for the new regime, they cannot switch back to the old regime in the same financial year. The choice must be made annually.
4. The new regime is universal and applies to all taxpayers, regardless of their financial situations or investment choices.	4. The reduced tax incentives may discourage long-term savings and investments

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While the literature reflects a range of opinions and analyses, it is evident that both the old and new tax regimes under the Income Tax Act, 1961 have their own pros and cons. Salaried individuals must carefully evaluate their specific financial situations and goals to determine which regime aligns with their needs. The studies and resources mentioned above provide valuable insights into the factors influencing these decisions and the implications for financial planning.

SALIENT FEATURES OF THE OLD TAX REGIME

1. The old tax regime had a progressive tax structure with multiple income slabs and corresponding tax rates. The tax rates were generally higher than those in the new tax regime.
2. Salaried individuals were eligible for a standard deduction, which was a fixed amount subtracted from their gross salary before calculating taxable income. This deduction aimed to provide some relief from income tax.
3. Salaried individuals could claim tax benefits on HRA if they lived in rented accommodations. The amount of exemption was subject to certain conditions and was calculated based on the actual HRA received.
4. Salaried individuals were eligible for various deductions under Section 80C, including investments in Provident Fund, National Savings Certificates, Life Insurance Premium and more. They could also claim deductions under other sections, such as 80D for health insurance premiums and 80G for donations.
5. Salaried individuals could receive a conveyance allowance, which was partially exempt from tax.
6. LTA was partially exempt from tax when salaried individuals provided proof of travel expenses incurred during a leave period.
7. Some states in India levy professional tax on salaried individuals. This tax was deductible from the taxable income.
8. Apart from salary income, salaried individuals were also subject to tax on income from other sources, such as interest, dividends etc.
9. Employers were responsible for deducting TDS from the salaries of employees as per the applicable tax rates. Salaried individuals could claim a refund if excess tax was deducted.
10. Salaried individuals were required to file their income tax returns annually, disclosing their income from salary and other sources, deductions, and exemptions.
11. Rebates were available for taxpayers with lower income. For example, there was a rebate under Section 87A for individuals with a total income below a specified threshold.

THE INCOME TAX SLAB APPLICABLE FOR FY 2023-24 (AY 2024-25) UNDER OLD TAX REGIME

1. For Individuals

Tax Slab	**Tax Rates**
Up to Rs. 2,50,000	Nil
Rs. 2,50,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,001	30%

2. For Senior Citizens

Tax Slab	Tax Rates
Up to Rs. 3,00,000	Nil
Rs. 3,00,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,001	30%

3. For Super Senior Citizens

Tax Slab	**Tax Rates**
Up to Rs. 5,00,000	Nil
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,001	30%

KEY ASPECTS OF A NEW TAX REGIME

As part of its journey towards a more streamlined and fair tax system, the Government of India has introduced significant changes to the existing tax structure by implementing an alternative personal tax regime. These changes have practical implications for the Indian economy, particularly in terms of savings and investment patterns which are as follows:

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1. The new tax regime eliminates the requirement for mandatory tax-saving investments. This change is expected to lead to increased consumption among the middle-class income group.
2. One of the key features of this new regime is the flexibility and diversification it offers in terms of investment. Lower tax rates and the absence of tax-saving investments in the new tax regime mean that individuals may have more immediate access to their money. This can result in increased liquidity, giving taxpayers the freedom to spend or invest their funds that best suit their financial goals and preferences.
3. Individuals earning up to 7 lakh rupees annually are not obligated to make any specific investments, as their income is entirely tax-free under this regime. This tax rebate is applicable to all individuals and effectively reduces their tax liability to zero.
4. The new tax regime empowers salaried individuals with greater spending power. This is especially appealing in the face of inflation and economic stagnation, as the middle-income group has been grappling with sustained economic challenges.
5. Under the new tax regime, taxpayers are offered concessional tax rates compared to the tax rates in the old tax regime. This implies that taxpayers will pay less tax on their income reducing their overall tax burden.
6. The new tax regime simplifies the tax code by disallowing many exemptions and deductions. This simplification is aimed at making it easier for taxpayers to comply with income tax laws. With fewer provisions to consider, taxpayers may find it less complex to calculate and pay their taxes. The new tax system has streamlined the tax code by eliminating many exemptions and deductions. This simplification makes it easier for taxpayers to adhere to income tax laws, as there are fewer complex provisions to navigate.
7. In the old tax regime, taxpayers had to invest in specific tax-saving options to benefit from deductions in their total income. However, the new tax regime doesn't provide such deductions, granting taxpayers the flexibility to choose where they wish to invest their savings. This versatility empowers taxpayers to align their investments with their financial objectives and preferences.
8. The new tax regime is designed to be more user-friendly, particularly for small taxpayers. With fewer complex provisions to navigate, individuals may find it easier to manage their taxes without extensive assistance from tax professionals. This could potentially lead to a decreased dependence on tax professionals for meeting their tax compliance requirements.

In summary, the introduction of the alternate personal tax regime in India is aimed at creating a simpler, fairer, and more efficient tax system. This approach seeks to stimulate consumption and support the middle-class income group during economically challenging times.

CHANGES ANNOUNCED IN THE NEW TAX REGIME FOR FY 2023-24

The following modifications have been introduced in the new tax regulations for the financial year 2023-24:

1. New income tax regime is now the default tax regime. This means that unless an individual specifically chooses the old tax regime, their income will be subject to the new tax regime's tax brackets and rates.
2. The rebate provided under section 87A has been increased to taxable income of Rs. 7 lakh, resulting a tax rebate of 25,000 Earlier a tax rebate of Rs. 12,500 was applicable for taxable income up to Rs. 5lakhs. This implies that any individual who opt for the new tax regime with a taxable income of up to Rs. 7lakh will not have to pay any taxes.
3. The basic exemption limit has been raised to Rs. 3 lakh from Rs. 2.5 lakh in the new tax regime. Additionally, the number of income tax slabs has been reduced from seven to six.
4. Salaried employees and pensioners can now claim a standard deduction of Rs. 50,000.
5. Family pensioners are also eligible for a standard deduction of Rs. 15,000.
6. The highest surcharge rate has been reduced from 37% to 25% under the new tax regime.

THE INCOME TAX SLAB APPLICABLE FOR FY 2023-24 (AY 2024-25) UNDER NEW TAX REGIME

Tax Slab	Tax Rates
Up to Rs. 3,00,000	Nil
Rs. 3,00,000 to Rs. 6,00,000	5%
Rs. 6,00,000 to Rs. 9,00,000	10%
Rs. 9,00,000 to Rs. 12,00,000	15%
Rs. 12,00,000 to Rs. 15,00,000	20%
Above Rs. 15,00,000	30%

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SURCHARGE RATE UNDER OLD & NEW TAX REGIME APPLICABLE FOR FY 2023-24 (AY 2024-25)

Old tax regime		New tax regime	
Income Range	**Surcharge Rate**	**Income range**	**Surcharge Rate**
Up to Rs. 50lakhs	Nil	Up to Rs. 50lakhs	nil
More than Rs. 50lakhs but up to Rs. 1 crore	10	More than Rs. 50lakhs but up to Rs. 1 crore	10
More than Rs. 1 crore but up to Rs. 2 crore	15	More than Rs. 1 crore but up to Rs. 2 crore	15
More than Rs. 2 crore but up to Rs. 5 crore	25	More than Rs. 2 crore	25
More than 5 crores	37		

COMPARISON BETWEEN THE OLD TAX REGIME AND THE NEW TAX REGIME

Aspect	Old Tax Regime	New Tax Regime
Tax Slabs and Rates	Multiple slabs with higher rates. The tax rates are progressive, meaning they increase as income goes up	Multiple slabs with lower tax rates
Standard Deduction	A standard deduction of Rs. 50,000 or the amount of salary, whichever is less is deducted from gross salary u/s 16 (ia)	As per budget 2023, salaried taxpayers are eligible for standard deduction of Rs. 50,000 from FY 2023-24 (AY 2024-25). It was not available until FY 2022-23 (AY 2023-24).
Deductions and Exemptions	Extensive deductions and exemptions	Limited deductions and exemptions
House Rent Allowance (HRA)	Salaried taxpayers can claim exemption u/s 10 (13A) up to the least of actual HRA received, rent paid in excess of 10% of salary and 40% or 50% of salary as the case may be.	This exemption is not available under new tax regime.
Conveyance and Special Allowances	Partially exempt from tax.	Part of standard deduction.
Leave Travel Allowance (LTA)	Partially exempt with proof of travel.	Not a separate exemption.
Home Loan Benefits	Deductions for interest on housing loans up to a maximum of Rs. 2 lakh for a self-occupied house provided the construction/acquisition of the house is completed within 5 years and principal [under Section 24(b) and 80C].	Deductions for interest on housing loans for a rented house property provided the construction/acquisition of the house is completed within 5 years and principal [under Section 24(b) and 80C].

CHOICE BETWEEN THE OLD AND NEW TAX REGIME

The choice between the old and new tax regimes depends on an individual's specific financial situation, goals and preferences. While the new regime simplifies tax compliance and offers lower rates, it may not be the best option for everyone, particularly those who used to claim many deductions and exemptions. It is essential for taxpayers to carefully evaluate their tax liability under both regimes and choose the one that aligns with their financial objectives. The decision to switch to the new regime or stay in the old regime depends on the eligibility for tax savings, deductions, and exemptions under the old tax regime. To help make this decision, a breakeven point has been calculated for various income levels, specifically for salaried individuals under the age of 60. This breakeven point serves as the threshold where there is no significant difference in tax liability between the two tax regimes.

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Deductions / Gross Income	Zero	₹1,00,000	₹1,50,000	₹1,38,500	₹1,87,500	₹2,12,500	₹2,37,500	₹2,50,000	₹2,62,500	₹2,87,500	₹3,12,500	₹3,25,000	₹3,50,000	₹3,75,000
₹5,50,000	SAME	SAME	SAME	SAME	SAME	SAME	SAME	SAME	SAME	SAME	SAME	SAME	SAME	SAME
₹6,50,000	New	SAME	SAME	SAME	SAME	SAME	SAME	SAME	SAME	SAME	SAME	SAME	SAME	SAME
₹7,00,000	New	SAME	SAME	Old	Old	Old	Old	Old	Old	Old	Old	Old	Old	Old
₹8,00,000	New	New	New	SAME	Old	Old	Old	Old	Old	Old	Old	Old	Old	Old
₹8,50,000	New	New	New	New	SAME	Old	Old	Old	Old	Old	Old	Old	Old	Old
₹9,00,000	New	New	New	New	New	SAME	Old	Old	Old	Old	Old	Old	Old	Old
₹9,50,000	New	New	New	New	New	New	SAME	Old	Old	Old	Old	Old	Old	Old
₹10,00,000	New	New	New	New	New	New	New	SAME	Old	Old	Old	Old	Old	Old
₹10,50,000	New	New	New	New	New	New	New	New	SAME	Old	Old	Old	Old	Old
₹11,50,000	New	New	New	New	New	New	New	New	New	SAME	Old	Old	Old	Old
₹12,50,000	New	New	New	New	New	New	New	New	New	New	SAME	Old	Old	Old
₹14,00,000	New	New	New	New	New	New	New	New	New	New	New	SAME	Old	Old
₹14,50,000	New	New	New	New	New	New	New	New	New	New	New	New	SAME	Old
₹15,50,000	New	New	New	New	New	New	New	New	New	New	New	New	New	SAME
₹16,00,000	New	New	New	New	New	New	New	New	New	New	New	New	New	SAME

Source: Internet

How to interpret the breakeven threshold: If the total value of your eligible deductions and exemptions in the old tax regime exceeds the breakeven threshold corresponding to your income level, it is generally advisable to remain in the old regime. However, if the breakeven threshold is higher than the value of your deductions and exemptions, it might be more financially advantageous to transition to the new tax regime. In essence, the breakeven point serves as a guide for taxpayers to determine which tax regime aligns better with their financial circumstances, allowing them to optimize their tax planning and savings accordingly.

In determining the preferable choice between the old and new tax regimes the following calculations can be helpful for a salaried individual:

1. **Total Deduction is Rs. 1.5 Lakhs or Less**: Opting for the new regime would be advantageous in this scenario.
2. **Total Deduction is More Than Rs. 3.75 Lakhs**: The old regime becomes more beneficial when total deduction exceed ₹3.75 lakhs.
3. **Total Deduction is between Rs. 1.5 Lakhs to Rs. 3.75 Lakhs**: The optimal choice between the old and new regimes will depend on your specific income level within this deduction range.

By considering these thresholds, individuals can make a more informed decision based on their unique financial circumstances.

When Total Deductions are less than Rs. 1.5 Lakhs: one must opt for New regime.

When total deductions are less than ₹1.5lakhs					
A	B	C	D	E	F
Gross Total Income	Tax as per Old Regime - Standard deduction = ₹50,000 - Others u/s 80C, 80D etc = ₹1,50,000 - Rebate on income up to ₹5,00,000	Tax as per New Regime Pre-Budget 2023 - No deductions or exemptions - Rebate on income up to ₹5,00,000	Post-Budget 2023 - Standard deduction: ₹50,000 - Rebate on income up to ₹7,00,000	Difference (B-D)	Which regime is better?
₹5,00,000	₹0	₹0	₹0	₹0	Any
₹6,00,000	₹0	₹22,500	₹0	₹0	Any
₹7,00,000	₹0	₹32,500	₹0	₹0	Any
₹7,50,000	₹22,500	₹37,500	₹0	₹22,500	New
₹8,00,000	₹32,500	₹45,000	₹30,000	₹2,500	New
₹9,00,000	₹52,500	₹60,000	₹40,000	₹12,500	New
₹10,00,000	₹72,500	₹75,000	₹52,500	₹20,000	New
₹13,00,000	₹1,42,500	₹1,37,500	₹1,00,000	₹42,500	New
₹15,00,000	₹2,02,500	₹1,87,500	₹1,40,000	₹62,500	New
₹15,50,000	₹2,17,500	₹2,02,500	₹1,50,000	₹67,500	New
₹17,00,000	₹2,62,500	₹2,47,500	₹1,95,000	₹67,500	New
₹20,00,000	₹3,52,500	₹3,37,500	₹2,85,000	₹67,500	New
₹30,00,000	₹6,52,500	₹6,37,500	₹5,85,000	₹67,500	New

Source: https://cleartax.in/s/old-tax-regime-vs-nw-tax-regime

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When total deductions are more than Rs. 3.75 lakhs: one must opt for Old Regime

When total deductions are more than ₹3.75 lakhs					
A	B	C	D	E	F
Gross Total Income	Tax as per Old Regime - Standard deduction: ₹50,000 - Others u/s 80C+80D+NPS+Home loan interest (available up to ₹2,00,000) etc = Considered: ₹3,80,000 = ₹1,50,000+₹55,000+₹25,000+₹1,50,000 - Rebate on income up to ₹5,00,000	Tax as per New Regime Pre-Budget 2023 - No deductions or exemptions - Rebate on income up to ₹5,00,000	Tax as per New Regime Post-Budget 2023 - Standard deduction: ₹50,000 - Rebate on income up to ₹7,00,000	Difference (B-D)	Which regime is better?
₹5,00,000	₹0	₹0	₹0	₹0	Any
₹6,00,000	₹0	₹22,500	₹0	₹0	Any
₹7,00,000	₹0	₹32,500	₹0	₹0	Any
₹7,50,000	₹0	₹37,500	₹0	₹0	Any
₹8,00,000	₹0	₹45,000	₹30,000	-₹30,000	Old
₹9,00,000	₹0	₹60,000	₹40,000	-₹40,000	Old
₹10,00,000	₹26,500	₹75,000	₹52,500	-₹26,000	Old
₹13,00,000	₹86,500	₹1,37,500	₹1,00,000	-₹13,500	Old
₹15,00,000	₹1,33,500	₹1,87,500	₹1,40,000	-₹6,500	Old
₹15,50,000	₹1,48,500	₹2,02,500	₹1,50,000	-₹1,500	Old
₹17,00,000	₹1,93,500	₹2,47,500	₹1,95,000	-₹1,500	Old
₹20,00,000	₹2,83,500	₹3,37,500	₹2,85,000	-₹1,500	Old
₹30,00,000	₹5,83,500	₹6,37,500	₹5,85,000	-₹1,500	Old

Source: https://cleartax.in/s/old-tax-regime-vs-nw-tax-regime

When total deductions are between Rs. 1.5 lakhs to Rs. 3.75 Lakhs: It will depend on the income level.

When total deductions are between ₹1.5 lakhs and ₹3.75 lakhs					
A	B	C	D	E	F
Gross Total Income	Tax as per Old Regime - Standard deduction: ₹50,000 - Others u/s 80C+80D+others: ₹2,50,000 = ₹1,50,000+₹50,000+₹50,000 - Rebate on income up to ₹5,00,000	Tax as per New Regime Pre-Budget 2023 - No deductions or exemptions - Rebate on income up to ₹5,00,000	Tax as per New Regime Post-Budget 2023 - Standard deduction: ₹50,000 - Rebate on income up to ₹7,00,000	Difference (B-D)	Which regime is better?
₹5,00,000	₹0	₹0	₹0	₹0	Any
₹6,00,000	₹0	₹22,500	₹0	₹0	Any
₹7,00,000	₹0	₹32,500	₹0	₹0	Any
₹7,50,000	₹0	₹37,500	₹0	₹0	Any
₹8,00,000	₹12,500	₹45,000	₹30,000	-₹17,500	Old
₹9,00,000	₹32,500	₹60,000	₹40,000	-₹7,500	Old
₹10,00,000	₹52,500	₹75,000	₹52,500	₹0	Any
₹13,00,000	₹1,12,500	₹1,37,500	₹1,00,000	₹12,500	New
₹15,00,000	₹1,72,500	₹1,87,500	₹1,40,000	₹32,500	New
₹15,50,000	₹1,87,500	₹2,02,500	₹1,50,000	₹37,500	New
₹17,00,000	₹2,32,500	₹2,47,500	₹1,95,000	₹37,500	New
₹20,00,000	₹3,22,500	₹3,37,500	₹2,85,000	₹37,500	New
₹30,00,000	₹6,22,500	₹6,37,500	₹5,85,000	₹37,500	New

Source: https://cleartax.in/s/old-tax-regime-vs-nw-tax-regime

CONCLUSION

Many people often wonder about the differences between the old and new income tax systems. The new tax regime is designed to cater to those who prefer minimal deductions and want to avoid the complexities of extensive tax preparation. Both the old and new tax systems come with their own sets of advantages and disadvantages. As taxpayers navigate these changes, they must carefully consider their individual financial situations and objectives

Journal DOI: 10.36713/epra1013 | SJIF Impact Factor (2024): 8.431 ISSN: 2347-4378
EPRA International Journal of Economics, Business and Management Studies (EBMS)
Volume: 11 | Issue: 2 | February 2024 -Peer-Reviewed Journal

to determine which regime aligns best with their needs. The decision to opt for the old or new tax regime will depend on a variety of factors, including income levels, available deductions and long-term financial goals. Ultimately, these changes reflect the government's efforts to create a more taxpayer-friendly system while encouraging compliance with the new tax structure. The previous tax structure encourages individuals to save more as it offers incentives for investments, while the new system is more favourable to employees with lower incomes and investments, resulting in fewer deductions and exemptions. The new tax system is generally considered safer and simpler, involving less paperwork and reducing the potential for tax evasion and fraud. However, due to the unique circumstances and financial situations of each individual, it's important to make a thorough comparison of the two systems to determine which one is the best fit for them. Tax laws and provisions may change over time, so staying updated with the latest regulations is crucial. Consultation with a tax professional is recommended for personalized tax planning.

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