

● TAX PLANNING · FY 2025-26

# the new tax regime, *decoded.*

From FY 2025-26 the new tax regime is the **default**. It trades almost every deduction for lower slabs and a wider rebate. This is what that change means for your take-home — and the handful of benefits that still survive.

## THE SLABS

FY 2025-26 · RESIDENT INDIVIDUAL

Up to ₹4,00,000	Nil
₹4,00,001 – ₹8,00,000	5%
₹8,00,001 – ₹12,00,000	10%
₹12,00,001 – ₹16,00,000	15%
₹16,00,001 – ₹20,00,000	20%
₹20,00,001 – ₹24,00,000	25%
Above ₹24,00,000	30%

*zero tax to twelve lakhs — read the fine print.* A resident with taxable income up to **₹12,00,000** pays no tax, because the Section 87A rebate cancels the liability. For the salaried, the **₹75,000** standard deduction lifts the break-even to **₹12,75,000**. Cross that line and the rebate withdraws — you are then taxed from the ₹4 lakh slab upward, not only on the excess. Marginal relief cushions the first band above the threshold.

## THE TRADE-OFF

DEDUCTIONS UNDER THE NEW REGIME

## STILL ALLOWED

## what you keep

- Standard deduction — ₹75,000 for salary & pension
- Employer's NPS — 80CCD(2), up to 14% of basic+DA
- Employer EPF & gratuity, within statutory limits
- Family pension deduction — ₹25,000
- Interest on a let-out property, within limits

## NO LONGER AVAILABLE

## what you lose

- Section 80C — PPF, ELSS, life premium, tuition
- Section 80D — health-insurance premium
- Section 80CCD(1B) — the extra ₹50,000 self NPS
- HRA and LTA exemptions
- Interest on a self-occupied home

## THE PRINCIPLE

worth doing — *even without the deduction.*

## term cover

Protects your family whether or not it saves tax. Buy it on need, not on Section 80C.

## health insurance

The premium is no longer deductible — the hospital bill is exactly as large. Keep the cover.

## elss &amp; ppf

Still sound instruments. Judge them on returns and lock-in, not on the old deduction.

## employer nps

The one route that grew. See the companion NPS guide for how to use it.

**General education, not tax advice.** Figures reflect the Finance Act 2025 for FY 2025-26 (AY 2026-27) and may change in later Budgets. Your outcome depends on your own income and its heads — confirm the regime that suits you with a qualified tax professional before you file. funds to wealth. is a trade name of Indushree Taxease Consultancy Private Limited.