

Clarification regarding applicability of new tax regime and old tax regime

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It has come to notice that misleading information related to new tax regime is being spread on some social media platforms. It is therefore clarified that the new regime under section 115BAC(1A) was introduced in the Finance Act 2023 which was as under as compared to the existing old regime (without exemptions):

New Regime 115BAC (1A) introduced for FY 2023-24		Existing old Regime	
0-3 lacs	0%	0-2.5 lacs	0%
3-6 lacs	5%	2.5 -5 lacs	5%
6-9 lacs	10%	5-10 lacs	20%
9-12 lacs	15%	Above 10 lacs	30%
12-15 lacs	20%		
Above 15 lacs	30%		

This regime is applicable for persons other than companies and firms, as a default regime from the financial year 2023-24 and the assessment year corresponding to this is AY 2024-25.

Under the new tax regime, the tax rates are significantly lower, though the benefit of various exemptions and deductions (other than standard deduction of Rs. 50,000 from salary and Rs. 15,000 from family pension) is not available, as in the old regime.

Although, new tax regime is the default tax regime, tax payers can choose the tax regime that they think is beneficial to them. The option for opting out from the new tax regime is available till filing of return for the AY 2024-25. Eligible persons without any business income will have the option to choose the regime for each financial year. So, they can choose new tax regime in one financial year and old tax regime in another year and vice versa.

There is no new change which is coming in from 01.04.2024.

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