

Understanding the Income Tax slabs for FY- 2025-26:

Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman ji presented the Union Budget 2025-26 in Parliament on 1st February 2025 and the same will be implemented for the FY- 2025-26. In this budget, the government opted not to modify the existing tax regime or introduce any new deductions. Rather FM made adjustments to the slabs, rates, and rebates within the new regime. However, the Old Tax Regime was kept unchanged.

New Tax Regime:

In this budget, the rebate in the tax system has been increased to Rs 60,000 for individuals earning up to Rs 12 lakh. And the standard deduction of Rs 75,000 will be applicable for all. Below is the tax slabs...

Sl. No.	Income Tax Slab (in ₹)	IT Rate (%)	Remarks
1	0 to 400000	Nil	} Rebate will be applicable upto these income groups
2	400001 to 800000	5	
3	800001 to 1200000	10	
4	1200001 to 1600000	15	Total tax: 1.2 L
5	1600001 to 2000000	20	Total tax: 2.0 L
6	2000001 to 2400000	25	Total tax: 3.0 L
7	2400001 & above	30	

Old Tax Regime:

The Budget 2025 has kept the Old tax regime unchanged. Income up to Rs 5 lakh continues to be tax-free through rebates. Below is the tax slabs under the old tax regime...

Sl. No.	Income Tax Slab (in ₹)	IT Rate (%)	Remarks
1	0 to 250000	Nil	} Rebate applicable
2	250001 to 500000	5	
3	500001 to 1000000	20	Total Tax: 1.125 L
4	1000001 & above	30	

The old tax system permits deductions in different categories, including:

- Section 80C: Individuals can claim deductions of up to Rs 150000 for investments in options such as PPF, ELSS, and LIC premiums.
- Section 80D: Deductions are available for health insurance premiums.
- Section 24(b): Individuals can claim deductions for interest on home loans up to Rs 200000.