

OLD VS NEW INCOME TAX REGIME WHICH TAX REGIME IS BETTER

In the Finance Bill, 2023 New Tax Regime has been introduced with some benefits compared to earlier New Tax Regime. Earlier New Tax Regime was not so attractive, but the Latest amendment made that new regime more attractive to shift from Old Regime for majority of the individuals who are earning gross salary of 15.5 lakhs. Coming to the Tax Slabs:

New Tax Regime (For FY 2023-24)

Net Taxable Income	Tax Rate
Up to Rs. 3 Lakh	NIL
3 Lakh to 6 Lakh	5% on income which exceeds Rs. 3 Lakh
6 Lakh to 9 Lakh	Rs. 15,000 + 10% on income more than Rs. 6 Lakh
9 Lakh to 12 Lakh	Rs. 45,000 + 15% on income more than Rs. 9 Lakh
12 Lakh to 15 Lakh	Rs. 90,000 + 20% on income more than Rs. 12 Lakh
Above 15 Lakh	Rs. 150,000 + 30% on income more than Rs. 15 Lakh

Old Tax Regime (For FY 2023-24)

Net Taxable Income	Tax Rate
Up to 2.5 Lakh	NIL
2.5 Lakh to 5 Lakh	5% on income which exceeds 2.5 Lakh
5 Lakh to 10 Lakh	Rs. 12,500 + 20% on income more than 5 Lakh
Above 10 Lakh	Rs. 1,12,500 + 30% on income more than 10 Lakh

Old Vs New Regime Benefits

Particulars	Old Regime	New Regime
Net Income for Rebate eligibility	₹ 5 Lakh	₹ 7 Lakh
Standard Deduction	₹ 50,000	₹ 50,000
Tax-Free Salary without any Investments	₹ 5 Lakh	₹ 7.5 Lakh
Rebate u/s 87A (Maximum Amount)	₹ 12,500	₹ 25,000
Exemptions		
Exemption for House Rent Allowance (HRA) u/s 10(13A)	YES	NO
Leave Travel Allowance (LTA) u/s 10(5)	YES	NO
Food Allowance u/s 10(14)	YES	NO
Exemption on Voluntary Retirement 10(10C)	YES	YES
Exemption on Gratuity u/s 10(10)	YES	YES
Exemption on Leave Encashment u/s 10(10AA)	YES	YES
Transport Allowance for a Specially abled Person	YES	YES
Other Deductions		
Professional Tax u/s 16(iii)	YES	NO
Interest on Home Loan u/s 24b on Self-Occupied/Vacant Property	YES	NO
Interest on Home Loan u/s 24b on Let-out	YES	YES

Property		
Deductions under Chapter VI-A		
Deductions u/s 80C	YES	NO
NPS Self Contribution u/s 80CCD(1B)	YES	NO
NPS Self Contribution u/s 80CCD(2)	YES	YES
Health Insurance Premium – 80D	YES	NO
Interest on Education Loan – 80E	YES	NO
Interest on Electric Vehicle Loan – 80EEB (Max 1,50,000)	YES	NO
Donation to Political Party/ Trust etc., – 80GGC/80G	YES	NO
Savings Bank Interest u/s 80TTA/80TTB	YES	NO
Disabled Individual – 80U	YES	NO
Dependent Disability – 80DD and 80DDB	YES	NO

In the Case of Employees, always you will have an option to choose any regime before filing of your Income Tax Returns, if you file within due date.

If a Person is having deductions/exemptions of more than 3.75 Lakhs then Old Regime is beneficial.

Person having income above 15 Lakhs New Regime is beneficial only when the deductions are less than 3.75 lakhs.