

New Tax Regime vs Old Tax regime.

There are certain changes in rules and slabs of the New Tax Regime for FY 2023-24.
Let us understand the same.

Tax rates comparison of Old vs New Tax Regime.

Income Slab	Old Tax Regime (Up to 60 Years Age)	New tax Regime (until 31st March 2023)	New Tax Regime (From 1st April 2023)
₹ 0 - 2.5 Lacs	Nil	Nil	Nil
₹ 2.5 - 3 Lacs	5%	5%	5%
₹ 3 - 5 Lacs			
₹ 5 - 6 Lacs			
₹ 6 - 7.5 Lacs	20%	10%	10%
₹ 7.5 - 9 Lacs			
₹ 9 - 10 Lacs			
₹ 10 - 12 Lacs	30%	15%	15%
₹ 12 - 12.5 Lacs			
₹ 12.5 - 15 Lacs		20%	20%
>₹15,00,000			

There are no changes in the Old Tax Regime. But there are numerous changes in the proposed New Tax Regime of FY 2023-24.

- The limit of total income for rebate U/s 87A has been **increased from Rs 5 lakh to Rs 7 lakh.**
- The basic exemption limit under the new tax regime has been **revised from Rs 2.5 lakh to Rs 3 lakh.**
- Standard deduction introduced in the new tax regime. **Salaried individuals can avail standard deduction of Rs 50,000** and pensioners can also opt for a standard deduction **of Rs 15,000 under the new tax regime from FY 2023-24.**
- Surcharge at income exceeding 5 cores has been **reduced to 25% from 37%** under the new tax regime from FY 2023 - 24, reducing the effective tax rate to 39% from 42.74%.
- Income tax slabs have been changed as per the above chart in the New tax regime from FY 2023-24.
- New tax regime will become the default tax regime from FY 2023-24 but **taxpayers have the option to choose their tax regime** at the time of filing the return.

Any of the old or new tax regimes can be beneficial for taxpayers. One should choose based on income level, savings, and expenses.

Disclaimer: Above is for illustration purposes only. Please contact your tax consultant for more details.