



## Budget 2024: New income tax regime vs old tax slab rates compared

### Description

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New income tax vs. old income tax slabs: Finance Minister Nirmala Sitharaman presented the Narendra Modi 3.0 government's first budget on July 23. For the middle class, FM hiked the standard deduction by 50 per cent to ₹75,000 and tweaked tax slabs under the new income tax regime to provide more money for the salaried class. The new tax slabs under the new income tax regime will be effective from April 1, 2024 (Assessment Year 2025-26).

FM said income of up to ₹3 lakh will continue to be exempted from income tax under the new regime.

As per the proposal, a 5 per cent tax will be levied on income between ₹3-7 lakh, 10 per cent between ₹7-10 lakh, 15 per cent for ₹10-12 lakh.

However, 20 per cent tax will continue to be levied on income between ₹12-15 lakh and 30 per cent for income above ₹15 lakh.

Under the existing new I-T regime, a 5 per cent tax is levied on income between ₹3-6 lakh, 10 per cent for income between ₹6-9 lakh.

Income between ₹9-12 lakh and ₹12-15 lakh is subject to 15 per cent and 20 per cent tax, respectively. A 30 per cent I-T would be applicable on income above ₹15 lakh.

However there were no changes announced for the old income tax regime

## Budget 2024: New regime tax slabs

0-3 lakh – Nil;  
3-7 lakh – 5% ;  
7-10 lakh – 10% ;  
10-12 lakh – 15%;  
12-15 lakh – 20%; and  
Above 15 lakh – 30%

## **Budget 2024: Old regime tax slabs**

- 1) Income up to 2.5 is exempt from taxation under the old tax regime.
- 2) Income between 2.5 to 5 lakh is taxed at 5 per cent under the old tax regime.
- 3) Personal income from 5 lakh to 10 lakh is taxed at a rate of 20 per cent in the old regime
- 4) Under the old regime, personal income above 10 lakh is taxed at a rate of 30 per cent.

Presenting the Union Budget for 2024-25 on Tuesday, Finance Minister Nirmala Sitharaman announced changes to tax slabs and an increase in the standard deduction for taxpayers under the new tax regime. The middle class eagerly awaited income tax reforms that would help them reduce their tax outgo. However, Nirmala Sitharaman made no changes to the old tax regime.

The standard deduction for salaried employees is proposed to be increased from 50,000/- to 75,000/-. Similarly, the deduction on family pension for pensioners is proposed to be enhanced from 15,000/- to 25,000/-. This will provide relief to about four crore salaried individuals and pensioners.

Second, in the new tax regime, the tax rate structure is proposed to be revised as follows:

0-3 lakh rupees Nil  
3-7 lakh rupees 5 percent  
7-10 lakh rupees 10 percent  
10-12 lakh rupees 15 percent  
12-15 lakh rupees 20 percent

Above 15 lakh rupees 30 percent

As a result of these changes, a salaried employee in the new tax regime stands to save up to ₹17,500/- in income tax,” said Finance Minister Nirmala Sitharaman.

Here is a look at old regime tax slabs

Old regime tax slabs

- 1) Income up to ₹2.5 is exempt from taxation under the old tax regime.
- 2) Income between ₹2.5 to ₹15 lakh is taxed at the rate of 5 percent under the old tax regime.
- 3) Personal income from ₹15 lakh to ₹10 lakh is taxed at a rate of 20 per cent in the old regime
- 4) Under the old regime, personal income above ₹10 lakh is taxed at a rate of 30 per cent.

In the old tax regime, the income tax exemption limit is ₹3 lakh for senior citizens aged above 60 but less than 80 and ₹5 lakh for super senior citizens aged above 80.

This was Nirmala Sitharaman’s record-seventh consecutive budget. The budget session of Parliament began on July 22 and, according to schedule, will end on August 12.

## Category

1. Current Affairs Topic wise

## Tags

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