

Existing Regime vs New Regime FAQs

1. What are the applicable slabs in the new concessional personal tax regime (new regime)?

Below are the slabs for both existing and new regime (non-senior citizen category)

Net Taxable income	Tax Rate as per existing Regime	Tax Rate as per New Regime
Up to Rs. 2,50,000	Nil	Nil
Rs. 2,50,001 to Rs. 5,00,000	5%	5%
Rs. 5,00,001 to Rs. 7,50,000	20%	10%
Rs. 7,50,001 to Rs. 10,00,000		15%
Rs.10,00,001 to Rs. 12,50,000	30%	20%
Rs.12,50,001 to Rs. 15,00,000		25%
Above Rs. 15,00,000		30%
The Surcharge Income thresholds and Surcharge %'s are same in both the regimes		

2. Which benefits / exemptions / deductions are NOT available in the new regime?

Given below is a list of common benefits / exemptions / deductions which are **NOT** available in the new regime: -

- ▶ Exemption on Food Coupons / Wallet / Card
- ▶ House Rent Allowance exemption
- ▶ Leave Travel Exemption
- ▶ Standard Deduction
- ▶ Tax benefit for Profession Tax
- ▶ Loss from House Property
- ▶ Section 80 (80C, 80CCC, 80CCD (1), 80CCD (1B), 80D, 80DD, 80DDB, 80E, 80EE, 80EEA, 80EEB, 80G, 80GGA, 80TTA, 80U etc.)

3. Income from other sources. Is it required to be reported if I choose new regime?

Yes, Income from other sources are required to be reported as taxable income in both regimes.

4. When does a Taxpayer choose the regime for the financial year (existing regime or new regime)?

The choice of new regime or existing regime may be exercised by the tax-payer **only** at the time of filing their Individual Tax Returns under Section 115BAC.

However, the employee **can inform the employer** to calculate **as per new regime** during the financial year. It may be noted that once employee informs the employer to calculate **as per new regime**, this decision / position cannot be modified for the purposes of tax deduction through the Employer and is therefore **irrevocable during the financial year**.

It may be noted that this intimation to the employer (to calculate **as per new regime**) cannot be construed as the choice exercised by the employee under 115BAC and this choice will have to be necessarily exercised by the employee while filing Individual Tax Returns. This implies that informing the employer is only provisional and **only for the purposes of deducting tax at source**. The actual decision (new regime or existing regime) has to be taken by the employee at the time of filing the Individual Tax Returns.

Employees who wish to choose new regime while filing their Individual Tax Returns should ensure they file their returns **on or before the due date**. In case employees file a belated return, they may lose the choice to opt for new regime.

5. I want to stay in the existing regime - Do I need to inform my employer?

No action is required for employees who wish to stay in the existing tax regime.

6. By when should I inform my employer (if I want my employer to calculate my Annual Tax liability as per new regime)?

An employee can inform the employer to calculate in new regime anytime during the year (subject to monthly cut-offs, but it cannot be done after 07th January'23). However, as mentioned, once employee informs the employer to calculate **as per new regime**, this decision / position **cannot be modified** for the purposes of tax deduction through the Employer and is therefore **irrevocable during the financial year**.

Having said that, the employee can choose any Regime as suitable at the time of filing their Income Tax Returns.

It is seen that moving to new regime at the early part of the financial year may sometimes be inaccurate since Income / Perquisites / Investments may change during the financial year. It may be better if this intimation is done at the later part of the financial year (may be before submitting year-end investment proofs) since the employee will have much more visibility of their annual income and investments. In such a case, employee need not provide year-end investment proofs documentation in support of exemptions / deductions that are not available in new regime (refer list above).

This is only a general guideline. The timing of the intimation to employer in case employee wants to move to new regime needs to be evaluated individually by the employee based on employee's annual income and investments.

7. If my employer calculates my Annual Tax liability as per the existing regime during the months April to January (for example), and I inform my employer to switch to new regime in February, how does my tax computation get revised?

Please note that irrespective of the month in which you move to the new regime, your Annual Tax liability for the entire year will be re-calculated after removing all the benefits / exemptions and applying the new slab rates applicable. The taxes already deducted from **April to January** in the above example will be reduced from the revised Annual tax liability to arrive at the balance taxes to be deducted from **February to March**.

8. If I inform my employer to calculate my Annual Tax liability as per the new regime, can I switch back to the existing regime during the financial year?

No. Once employee informs the employer to calculate **as per new regime**, this decision / position **cannot be modified** for the purposes of tax deduction through the Employer and is therefore **irrevocable during the financial year**. However, the employee can choose any regime as suitable at the time of filing their Income Tax Returns.

9. If I stay in the existing regime, can I choose New regime while filing by Return of Income (Individual tax returns)

Yes, as mentioned above, the choice of new regime or existing regime may be exercised by the tax-payer at the time of filing their Individual Tax Returns. Hence the employee can choose any Regime as suitable at the time of filing their Income Tax Returns.

10. If I have informed my employer to calculate my Annual Tax liability as per the new regime, and I join another employer during the financial year, can the new employer calculate my Annual Tax liability in the existing regime?

Once an employee has informed the employer to calculate in the new regime, it is the responsibility of the employee to inform the future employer(s) to also calculate in new regime during the same financial year. The future employer(s) should also calculate the annual tax liability in the new regime.

11. Can I choose my regime (existing or new) once every Financial Year?

Yes, Employees having income **other than Income from Business or Profession** can choose any regime **every financial year** (existing regime or new regime). The tax regime will be reset at the beginning of new financial year to existing regime by default. Therefore, if employee wants new regime, the employee will have to **inform the employer** to calculate **as per new regime** every financial year.

12. I have more doubts on which regime I should select. Whom should I contact?

The payroll team does not suggest or recommend any particular regime to an employee. It may not be possible for payroll team to address personal questions. For further assistance, employees may reach out to their personal tax consultants. Thank you for your understanding.