



VNR Income Tax Declaration Guide FY 2025-26

◆ **New Tax Regime (Simplified, Lower Tax Rates)**

- Lower tax rates but limited deductions (only Standard Deduction of ₹75,000 & corporate NPS @14% is allowed)
- Best suited for employees who do not invest in tax-saving instruments
- No tax if total income is up to ₹12 lakh (Section 87A rebate)

Tax Slabs – New Regime (FY 2025-26):

Income Slab (₹)	Tax Rate
0 - 4,00,000	0%
4,00,001 - 8,00,000	5%
8,00,001 - 12,00,000	10%
12,00,001 - 16,00,000	15%
16,00,001 - 20,00,000	20%
20,00,001 - 24,00,000	25%
Above 24,00,000	30%



Employer (Corporate) NPS Contribution increased to **14%**

Note-Total employer contribution to NPS and EPF is tax-exempt up to ₹7.5 lakh/year; any excess is taxable as perquisite under Section 17(2).

◆ Old Tax Regime (Higher Tax Rates, More Deductions Available)

- Allows deductions like 80C, 80D, HRA, Home Loan Interest, etc.
- Best for employees who invest in tax-saving instruments
- No tax if taxable income is up to ₹5 lakh (Section 87A rebate)

Tax Slabs – Old Regime (FY 2025-26):

Income Slab (₹)	Tax Rate
0 - 2,50,000	0%
2,50,001 - 5,00,000	5%
5,00,001 - 10,00,000	20%
Above 10,00,000	30%



Multiple deductions available (80C, 80D, HRA, etc.)



Employer (Corporate) NPS Contribution is **10%**

Note-Total employer contribution to NPS and EPF is tax-exempt up to ₹7.5 lakh/year; any excess is taxable as perquisite under Section 17(2).

Surcharge Rates (FY 2025-26):

Income Level (₹)	New Regime	Old Regime
Above ₹50 lakh	10%	10%
Above ₹1 crore	15%	15%
Above ₹2 crore	25%	25%
Above ₹5 crore	25% (Capped)	37%

Important Instructions



Investment Declaration Submission

- Choose your tax regime carefully:
 - **New Regime:** Lower tax rates, no exemptions
 - **Old Regime:** Higher tax rates, but deductions available
- Once selected, **no changes** can be made during the financial year



Investment Proof Submission (For Old Regime Only)

- Submit valid proofs (LIC, PPF, NPS, Home Loan, Health Insurance, etc.)
- **Deadline for Proof Submission: February 2026**



House Rent Allowance (HRA) Exemption

- If annual rent exceeds ₹1 lakh, PAN card of the landlord must be submitted



If No Declaration is Submitted

- **Default tax regime = New Regime**
- **If Old Regime proofs aren't submitted on time, declared investments will be treated as zero, leading to an increase in TDS in Feb or Mar 2026**



Pro Tip: Compare Before You Choose!

Not sure which regime suits you best? Use the **official Income Tax Calculator:**



<https://eportal.incometax.gov.in/iec/foservices/#/TaxCalc/calculator>

How to Use:

1

Click on the link above

2

Select FY 2025-26 and enter your income details

3

Compare tax liability under both regimes to make an informed decision

Inoperative PAN

As per Income Tax regulations, a PAN becomes inoperative if it is not linked with Aadhaar. Additionally, even after linking, discrepancies in details such as Name or Date of Birth between PAN and Aadhaar records may cause the PAN to remain inoperative.

Impact of an Inoperative PAN:

1

Higher tax deduction @ 20% on total income if net taxable income exceeds the basic exemption limit.

2

No tax refunds will be processed until the PAN is reactivated.

3

Certain financial transactions may be restricted.



Action Required: Ensure your PAN is linked with Aadhaar to avoid tax-related issues. Verify details such as Name & DOB in both PAN & Aadhaar records to avoid discrepancies.