

Assesment Year: current running year (2024-25)

Financial year: Year which has passed for which we are paying tax (01-04-2023 to 31-03-2024) i.e. 2023-2024

Net Taxable income = Total income - total deductions

Total Income can come from many sources like dividends, salary, interest on saving accounts etc

TAX slabs:

As of now there are 2 tax slabs in India. Old tax regime and new tax regime (Introduced on April 1, 2020)

**There are only 2 deductions as per new tax regime which is standard deduction of 50k and NPS of 50K

Important TAX deductions sections as per old tax slab:

1) 80C - ELSS, PF, PPF, payments made towards Life Insurance premium, Sukanya Samriddhi Yojana, Tax saving FD etc
(Maximum Deduction : 1.5 L)

2) 80CCD(1B) -- NPS (Maximum Deduction : 50,000)

3) 80TTB – Interest From Deposits Held by Senior Citizens (Maximum Deduction : 50,000)

4) 80GG – Income Tax Deduction on House Rent Paid (60,000)

Note: There are some criteria for calculation of deductions

5) 80E – Interest on Education Loan : Available for a maximum of 8 years (beginning the year in which the interest starts getting paid: No Limit)

6) 80EEA – Interest on Home Loan For First-Time Home Owners (Maximum Deduction : 2L)

7) 80EEB - Interest paid on Electric Vehicle Loan (Maximum Deduction : 1.5 L)

8) 80D – Deduction on Medical Insurance Premium (Maximum Deduction for individual : 25k)

Note: There are some criteria for calculation of deductions

9) 80G – Income Tax Benefits Towards Donations for Social Causes

10) 80GGC Contribution by individuals to political parties (Maximum Deduction : Amount contributed (not allowed if paid in cash))

11) Standard deduction: 50,000 (Given to all salaried employees)

TAX slabs for old regime and new regime:

Income level (INR)	Old tax rate regime*	New tax rate regime
Up to 2,50,000	0%	0-3L --0%
2,50,001 to 5,00,000	5% --12500	3-6L -- 5% --15000
5,00,001 to 7,50,000	20%	6-9L --10% --30000
7,50,001 to 10,00,000	20% --100000	9-12L --15% -- 45000
10,00,001 to 12,50,000	30% --105000	12-15L --20%--60000
12,50,001 to 15,00,000	30%	15L + --30% --
Above 15,00,000	30%	

**Basic understanding of tax slabs:

Case 1: As per old tax regime:

if Net Taxable income is Rs 10 lac the tax will be calculated as:

0-2.5 LPA -- 0 Tax

2.5 - 5 LPA : i.e. tax on that 2.5 lac rupees is 5% of 2.5 lac (5lac - 2.5 lac) = 12,500
so in case u earn 4 lac the tax calculation will be 5% of 1.5 lac (4 lac - 2.5 lac) = 7,500

so if you are earning upto 5 lac u will pay 12,500 rs tax and if u are earning 4 lac u will pay 7.5k as tax

so similar way if u are earning 10 lac the total tax will be:

Up to Rs.2.5 lakh: Nil

Rs.2.5 lakh-Rs.5lakh: 5% of 2.5 lac (5lac - 2.5lac) = 12,500

Rs.5 lakh-Rs.10lakh: = 20% of 5lac(10 lac - 5lac) = 1,00,000

so as per old tax regime if u r earning 10 lac a year the total tax to be paid will be 1,12,500 rs + 4% cess of 1,12,500 = 1,17,000

Case 2: As per New tax regime:

if Net Taxable income is Rs 10 lac the tax will be calculated as:

Up to Rs.3 lakh: Nil

Rs.3 lakh-Rs.6 lakh: 5% of 3 lac (6 lac - 3 lac) = 15,000

Rs.6 lakh-Rs.9 lakh: 10% of 3 lac (9 lac - 6lac) = 30,000

Rs.9 lakh-Rs.12 lakh: 15% of 1 lac (10 lac -9 lac) = 15,000

so as per New tax regime if u r earning 10 lac a year the total tax to be paid will be 60,000 rs + 4% cess of 60,000 = 62,400

TAX Calculation:

1) Assuming total earning is 20LPA and we fully utilize 80c, 80ccd and We can claim HRA upto 1 lac without any proof. We don't have any loans and minimum amount is being used in Medical Insurance Premium

Case 1: Income as per old tax regime:

Total Income: 20,00,000

Total deductions: 1.5L + 50K + 1L + 50K= 3.5 LPA

80c NPS HRA SD

Net Taxable income = 20,00,000 - 3,50,000 = 16,50,000
Total income - Total deductions

old tax regime: 12,500 + 1,00,000 + 1,95,000 = 3,07,500 + 4% cess on 3,07,500 = 3,19,800
0-5 lac 5-10 lac 10-15 lac

Case 2: Income as per New tax regime:

Total Income: 20,00,000

Total deductions: 50K + 50K= 1 LPA

NPS SD

Net Taxable income = 20,00,000 - 1,00,000 = 19,00,000
Total income - Total deductions

new tax regime: 15000 + 30000 + 45000 + 60000 + 1,20,000 = 2,70,000 + 4% CESS on 2,70,000 = 2,80,800
0-6 lac 6-9lac 12-9lac 12-15lac 19-15lac

2) Assuming total earning is 25LPA and we fully utilize 80c, 80ccd and We can claim HRA upto 1 lac without any proof. We don't have any loans and minimum amount is being used in Medical Insurance Premium

Case 1: Income as per old tax regime:

Total Income: 25,00,000
Total deductions: 1.5L + 50K + 1L + 50K = 3.5 LPA
80c NPS HRA SD

Net Taxable income = 25,00,000 - 3,50,000 = 21,50,000
Total income - Total deductions

Old tax regime: 12,500 + 1,00,000 + 3,45,000 = 4,57,500 + 4% cess of 4,57,000 = 4,75,000
0-5 lac 5-10lac 21.5-10lac

Case 2: Income as per New tax regime:

Total Income: 25,00,000
Total deductions: 50K + 50K = 1 LPA
NPS SD

Net Taxable income = 25,00,000 - 1,00,000 = 24,00,000
Total income - total deductions

New tax regime: 15,000 + 30,000 + 45,000 + 60,000 + 2,70,000(30% of 9L) = 4,20,000 + 4% CESS of 4,20,00 = 4,36,800
0-6 lac 6-9lac 12-9lac 12-15lac 24-15lac

3) Assuming total earning is 15LPA and we fully utilize 80c, 80ccd and We can claim HRA upto 1 lac without any proof. We don't have any loans and minimum amount is being used in Medical Insurance Premium

Case 1: Income as per old Tax regime:

Total Income: 15,00,000
Total deductions: 1.5L + 50K + 1L + 50K = 3.5 LPA
80c NPS HRA SD

Net Taxable income = 15,00,000 - 3,50,000 = 11,50,000

Total income - Total deductions

old tax regime: 12,500 + 1,00,000 + 45,000 = 1,57,500 + 4% cess on 1,57,500 = 1,63,800
0-5 lac 5-10 lac 11.5-10 lac

Case 2: Income as per New tax regime:

Total Income: 15,00,000

Total deductions: 50K + 50K = 1 LPA

NPS SD

Net Taxable income = 15,00,000 - 1,00,000 = 14,00,000

Total income - Total deductions

new tax regime: 15,000 + 30,000 + 45,000 + 40,000 = 1,30,000 + 4% CESS on 2,70,000 = 1,35,200
0-6 lac 6-9lac 9-12lac 14-12lac