

TAX SLABS & RATES FOR AY 2025-26

➤ **About NEW TAX PERIOD**

Income tax is a direct tax imposed on an individual's earnings. The Income-tax Act, 1961, specifies different tax slabs that dictate the tax liability based on income brackets. Taxpayers can choose between two regimes: ***the old tax regime and the new tax regime***. This article delves into the slab rates applicable for Individuals, HUF, Domestic Companies, Partnership Firm, Limited Liability Partnerships (LLP), Association of Persons (AOP), and a comparison of changes in Tax slabs under New Tax Regime.

➤ **Tax Slab Rates under New Tax Regime**

1. For Individuals, HUF

Annual Income Tax Slabs	Income Tax Rates
Up to INR 3,00,000	NIL
INR 3,00,001 - INR 7,00,000	5%
INR 7,00,001 - INR 10,00,000	10%
INR 10,00,001 - INR 12,00,000	15%
INR 12,00,001 - INR 15,00,000	20%
Above INR 15,00,000	30%

2. For Domestic Company

Criteria	Income Tax Rates
Total Turnover or Gross Receipts during the <i>previous year 2020-21</i> does not exceed ₹ 400 crores	25%
Total Turnover or Gross Receipts during the <i>previous year 2020-21</i> does exceed ₹ 400 crores	30%

3. For Partnership Firms, Limited Liability Partnership (LLP)

A partnership firm/ LLP is taxable at 30%.

4. For Association of Persons (AOP)

Nature of AOP	AOP – Assessed	Member – Assessed
Share Determined – Income assessment	The income of AOP is assessed at the Maximum Marginal Rate	Exempt in the hands of the members
Share Determined – Income assessment	NIL rate/ other than Maximum Marginal Rate – when individuals are members	Taxable in the hands of members
Share Undetermined – Income assessment	Income is assessed at the Maximum Marginal Rate. If any member is assessed at a higher than the Maximum Marginal Rate, then Income is assessed at such a higher rate.	Exempt in the hands of the members

➤ **Changes in Tax Slabs under New Tax Regime:**

Tax Slabs for FY 2020-21	Tax Rate	Tax Slabs for FY 2023-24	Tax Rate	Tax Slabs for FY 2024-25	Tax Rate
Upto INR 2.5 L	NIL	Upto INR 3L	NIL	Upto INR 3L	NIL
INR 2.5 L – 5 L	5%	INR 3 L – 6 L	5%	INR 3 L – 7 L	5%
INR 5 L – 7.5 L	10%	INR 6 L – 9 L	10%	INR 7 L – 10 L	10%
INR 7.5 L – 10 L	15%	INR 9 L – 12 L	15%	INR 10 L – 12 L	15%
INR 10 L – 12.5 L	20%	INR 12 L – 15 L	20%	INR 12 L – 15 L	20%
INR 12.5 L – 15 L	25%	> INR 15 L	25%	> INR 15 L	30%
> INR 15 L	25%	NA	NA	NA	NA

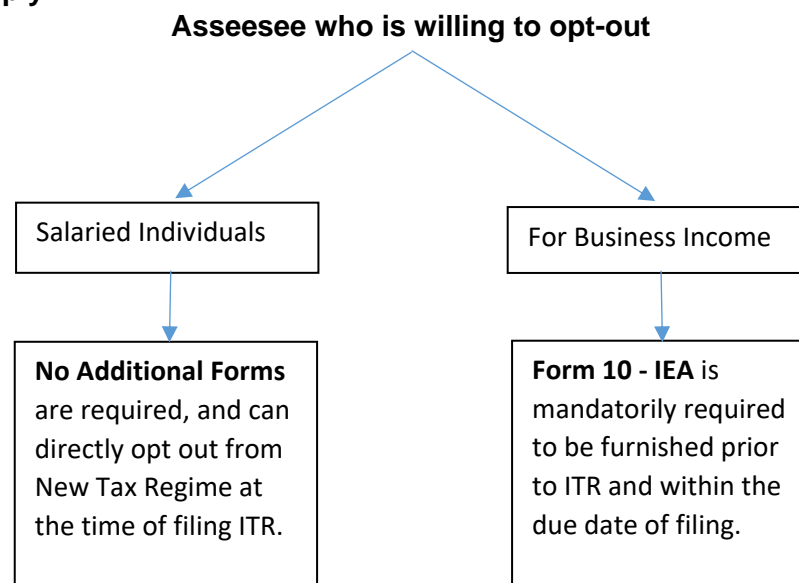
➤ **Key Changes**

1. **Rebate:** Assessee can claim a **tax rebate of INR 25,000/-** up to a Total Income of INR 7,00,000/-. Hence, the Assessee is not required to pay tax up to **INR 7,00,000/-**
2. **Standard Deduction:** The standard deduction for salaried employees is **Rs.75,000** under the new regime.

➤ **Tax Slab Rates under Old Tax Regime:**

Annual Income Tax Slabs	Income Tax Rates
Up to INR 2,50,000	NIL
INR 2,50,001 - INR 5,00,000	5%
INR 5,00,001 - INR 10,00,000	20%
Above INR 10,00,001 - INR 12,00,000	30%

- **Time Limit:** An Assessee can opt for an Old Tax Regime within the due date of filing of Income Tax Return.
- **How to Apply?:**



➤ **Our Comments:**

- Although the government allows taxpayers to choose between two tax regimes, we recommend calculating taxes under both to determine ***the most advantageous option***.
- The Income Tax Department has set the New Tax Regime as the default in ITR forms, requiring taxpayers ***to manually opt out*** if they wish to switch to the Old Tax Regime.