

Income Tax Slabs

FY 2025-26 (AY 2026-27)

New Tax Regime & Old Regime Rates

The income tax slabs are specific ranges of income set by the government in such a manner that higher income is taxed at higher rates. While the tax slabs under the old regime offers a lot of tax saving deductions, the new regime offers more beneficial slab rates with limited deductions.

Though the Income Tax Act 2025 takes effect from 01st April 2026, the provisions of the 1961 act applies for AY 2026-27, as it pertains to income earned up to 31st March, 2026.

What are Income Tax Slabs?

Income tax slabs are the income ranges used to determine how much tax an individual must pay in India. The tax system follows a progressive structure, meaning higher income levels are taxed at higher rates. Taxpayers can choose between the new tax regime and the old tax regime, each with different slab rates and deduction rules.

Under the new tax regime, income up to Rs. 4 lakh is tax free, and tax rates gradually increase from 5% to 30% depending on the income slab. The old tax regime continues as an optional system that allows deductions such as Section 80C, HRA and home loan benefits but has different slabs and rates.

To find out the tax liability under the old and new tax regimes, and to arrive at the most beneficial regime, you can use our income tax calculator.

New Tax Regime Slabs For FY 2025-26 (AY 2026-27)

The new tax regime is the default tax regime for FY 2025-26, as per the provisions of section 115BAC of the Income Tax Act, 1961. It offers lowers tax rates with limited deductions and a basic exemption limit of Rs. 4 lakh. The new tax regime slabs are as follows:

New Tax Regime Slabs	New Tax Regime Rates
Up to Rs. 4 lakh	Nil
Rs. 4 lakh to Rs. 8 lakh	5%
Rs. 8 lakh to Rs. 12 lakh	10%
Rs. 12 lakh to Rs. 16 lakh	15%
Rs. 16 lakh to Rs. 20 lakh	20%
Rs. 20 lakh to Rs. 24 lakh	25%
Above Rs. 24 lakh	30%

Key Features of the New Tax Regime:

- Standard deduction of Rs. 75,000 for salaried employees.
- Income up to Rs. 12 lakh is effectively tax-free due to tax rebate under Section 87A
- Deductions such as HRA, 80C, 80D etc., are disallowed under the new tax regime.

Old Tax Regime Slabs For FY 2025-26 (AY 2026-27)

The old tax regime offers multiple tax saving deductions and exemptions but a higher tax rate. Taxpayers can opt for old tax regime if it is more beneficial.

Income Tax Slabs	Income Tax Rate
Up to Rs. 2.5 lakh	Nil
Rs. 2.5 lakh to Rs. 5 lakh	5%
Rs. 5 lakh to Rs. 10 lakh	20%
Above Rs. 10 lakh	30%

Key Features of the Old Tax Regime:

- The old tax regime offers higher basic exemption limit of Rs. 3 lakh for senior citizens and Rs. 5 lakh for super senior citizens.
- Standard deduction of Rs. 50,000 is allowed for salaried individuals.
- The old tax regime offers various tax saving deductions and exemptions.
- Income up to Rs. 5 lakh is tax-free due to Section 87A rebate.

Rebate Under Section 87A

- The new tax regime offers a tax rebate of up to Rs. 60,000 thus effectively making taxable income up to Rs. 12 lakh tax-free.
- The old tax regime offers a tax rebate of Rs. 12,500 making taxable income up to Rs. 5 lakh tax-free.

- Rebate is not allowed for incomes taxed at special rates such as capital gains under Section 111A and 112A.

Marginal Relief under New Income Tax Regime

Marginal relief under the new income tax regime ensures that taxpayers whose income slightly exceeds the rebate limit do not pay disproportionately higher tax. Under the new regime, individuals with taxable income up to Rs. 12 lakh are eligible for a full rebate under Section 87A, resulting in zero tax liability.

If income exceeds Rs. 12 lakh, marginal relief ensures that the additional tax payable is not more than the income exceeding Rs. 12 lakh. This prevents a sudden increase in tax liability when income crosses the rebate threshold.

Example:-

Particulars	Amount
Taxable income	Rs. 12,10,000
Rebate limit (tax free income)	Rs. 12,00,000
Income exceeding limit	Rs. 10,000
Tax as per slab rates (on Rs. 12,10,000)	Rs. 61,500
Tax payable after marginal relief	Rs. 10,400

In this example, although the calculated tax is higher, marginal relief restricts the tax payable to Rs. 10,000, which is equal to the additional income above Rs. 12 lakh.

Standard Deduction

A flat standard deduction is available to salaried taxpayers and pensioners under the head “Income From Salary”. For FY 2025-26, the standard deduction under

- New tax regime is Rs. 75,000 and
- Old tax regime is Rs. 50,000.

Since, Section 87A offers a tax rebate up to Rs. 60,000 and Mr. X's tax liability was Rs. 50,000, he is eligible for a tax rebate. Thus, bringing his net tax liability to Zero and saving Rs. 50,000 in taxes.

How Rebate and Standard Deduction can reduce your Tax to Zero?

Since rebate is allowed up to Rs.12 lakh income and a standard deduction of Rs. 75,000 under the new regime, income up to Rs 12.75 lakhs can result in zero tax. Here's how:

Mr. X earns a salary income of Rs. 12.75 lakh in FY 2025-26 and opts for the new tax regime. After the standard deduction of Rs. 75,000 his taxable income will be Rs. 12 lakh. Here's how Section 87A rebate works:

Slab	Amount	Tax
Up to Rs. 4 lakh	Rs. 4 lakh @ 0%	Nil
Rs. 4 lakh to Rs. 8 lakh	Rs. 4 lakh @ 5%	20,000
Rs. 8 lakh to Rs. 12 lakh	Rs. 4 lakh @ 10%	40,000
Total Tax Before Rebate		60,000
Rebate u/s 87A		- 60,000
Net Tax Liability		0

Surcharge & Cess Rates

Surcharge is an additional tax that is applicable only if your total income exceeds certain threshold limits. The surcharge rates are as follows:

Income Limit	New Tax Regime	Old Tax Regime
Up to Rs. 50 lakh	Nil	Nil
Rs. 50 lakh to Rs. 1 Crore	10%	10%
Rs. 1 Crore to Rs. 2 Crore	15%	15%
Rs. 2 Crore to Rs. 5 Crore	25%	25%
Above Rs. 5 Crore	25%	37%

All taxpayers pay a 4% health & education cess on their tax liability irrespective of their income limit.

Budget 2026 Impact: Income Tax Slabs For FY 2026-27

As proposed in Budget 2026, there are no changes to the tax slabs for FY 2026-27. This means that the existing tax slabs and rates will be applicable as it is under both the new and old tax regime. Taxpayers continue to enjoy the same basic exemption limits of

- Rs. 4 lakh under new tax regime
- Rs. 2.5 lakh old tax regime

The new tax regime under Section 115BAC continues to be the default tax regime.

Income Tax Slabs for Senior Citizens and Super Senior Citizens

1. Income Tax Slabs For Senior Citizens (Aged 60 to 80)

The old tax regime offers a higher basic exemption limit to resident senior citizens.

Income Tax Slabs	Income Tax Rate
Up to Rs. 3 lakh	Nil
Rs. 3 lakh to Rs. 5 lakh	5%
Rs. 5 lakh to Rs. 10 lakh	20%
Above Rs. 10 lakh	30%

However, the new tax regime slab rate remains the same.

2. Income Tax Slabs For Super Senior Citizens (Aged 80+ years)

For resident taxpayers aged above 80 years the basic exemption limit under the old tax regime is Rs. 5 lakh.

Income Tax Slabs	Income Tax Rate
Up to Rs. 5 lakh	Nil
Rs. 5 lakh to Rs. 10 lakh	20%
Above Rs. 10 lakh	30%

The new tax regime slabs remain the same with no such higher basic exemption limits.

Old v/s New Tax Regime - Which is Better For FY 2025-26?

Which tax regime is better depends on the deductions and exemptions that are allowed to the taxpayer. The new tax regime offers a lower tax slab rate but disallows most of the deductions. However, the old tax regime has higher tax slab rates but lets you reduce the taxable income through significant deductions and exemptions.

Key Differences Between Old and New Tax Regime

Feature	Old Tax Regime	New Tax Regime
Default Regime	No	Yes
Basic Exemption Limit	Rs. 2.5 lakh	Rs. 4 lakh
Rebate u/s 87A	Rs. 12,500 (income up to Rs. 5 lakh)	Rs. 60,000 (income up to Rs. 12 lakh)
Standard Deduction	Rs. 50,000	Rs. 75,000
Section 80C Deductions	Allowed	Not Allowed
HRA Exemption	Allowed	Not Allowed
Home loan interest (Self-occupied)	Allowed	Not Allowed
NPS Deduction	Fully Allowed	Only Employer Contribution
Set-off of House property losses	Allowed	Not Allowed
Section 80D Deduction	Allowed	Not Allowed

For most taxpayers, the new tax regime results in lower tax liability, especially if they do not claim large deductions. With the rebate available under Section 87A, individuals with taxable income up to Rs. 12 lakh pay zero tax under the new regime. However, taxpayers claiming significant deductions under provisions like Section 80C or housing loan benefits may still find the old regime beneficial.

Therefore, choose the old tax regime when you have significant deductions and exemptions to claim. Else, choose the new tax regime.

How Much Tax Will you Pay? Salary-wise Breakdown

The following comparison shows how much tax you pay under the new vs old tax regime at different income levels and the potential savings available.

Taxable Income	Tax (New Tax Regime)	Tax (Old Tax Regime)	Tax Savings
Rs. 8 lakh	Nil (Rebate 87A)	Rs. 75,400	Rs. 75,400
Rs. 10 lakh	Nil (Rebate 87A)	Rs. 1,17,000	Rs. 1,17,000
Rs. 12 lakh	Nil (Rebate 87A)	Rs. 1,79,400	Rs. 1,79,400
Rs. 13 lakh	Rs. 78,000	Rs. 2,10,600	Rs. 1,32,600
Rs. 15 lakh	Rs. 1,09,200	Rs. 2,73,000	Rs. 1,63,800
Rs. 20 lakh	Rs. 2,08,000	Rs. 4,29,000	Rs. 2,21,000
Rs. 25 lakh	Rs. 3,43,200	Rs. 5,85,000	Rs. 2,41,800
Rs. 30 lakh	Rs. 4,99,200	Rs. 7,41,000	Rs. 2,41,800

Under the new tax regime, taxpayers with taxable income up to Rs. 12 lakh pay zero tax due to the rebate available under Section 87A. For higher income levels, the new regime generally results in significantly lower tax liability compared to the old regime if the taxpayer does not claim major deductions.

How to Calculate Income Tax For FY 2025-26?

Income tax is calculated by reducing the deductions and exemptions from the gross total income, applying slab rates, and adjusting rebates, cess and prepaid taxes. Follow these steps to calculate income tax liability under the Income Tax Act:

- 1) Calculate Gross Total Income by adding salary, house property, business or profession, other sources and capital gains.
- 2) Reduce eligible deductions or exemptions based on the regime chosen
- 3) Compute the taxable income.
- 4) Apply slab rates and compute tax as per the chosen regime.
- 5) Apply and claim rebate if eligible.
- 6) Add cess at 4% (and surcharge, if applicable) on tax computed in Step 4.
- 7) Reduce TDS, TCS, or advance tax already paid to find net payable or refund.

Income Tax Calculation Example

Example : 1

Mr. Raj has a salary income of Rs. 15 lakhs. His taxable income and tax liability for FY 2025-26 (AY 2026-27) will be computed as follows under the new tax regime to save taxes:

Particulars	Amount
Income From Salary	15,00,000
(-) Standard Deduction	- 75,000
Taxable Income for FY 2025-26 (AY 2026-27)	14,25,000

The tax liability of Mr. Raj will be calculated as follows:

Income Tax Slabs		Tax Liability
Up to Rs. 4 lakh	Rs. 4 lakh @ 0%	0
Rs. 4 lakh to Rs. 8 lakh	Rs. 4 lakh @ 5%	20,000
Rs. 8 lakh to Rs. 12 lakh	Rs. 4 lakh @ 10%	40,000
Rs. 12 lakh to Rs. 14.25 lakh	Rs. 2.25 lakh @ 15%	33,750
Total		93,750
Add: Health & Education Cess @ 4%		3,750
Total Tax Liability (New Tax Regime)		97,500

Therefore, the tax liability of Mr. Raj for FY 2025-26 (AY 2026-27) under the new tax regime is Rs. 97,500.

Example : 2

Mr. Anban for FY 2025-26 has the following incomes, exemptions and deductions.

- Salary - Rs. 25 lakh
- HRA Exemption Rs. 4 lakh
- 80C Deduction - Rs. 1.5 lakh
- 80D Deduction - Rs. 25,000

His taxable income and tax liability for FY 2025-26 (AY 2026-27) will be computed as follows:

Particulars	New Tax Regime	Old Tax Regime
Income From Salary	25,00,000	25,00,000
(-) Standard Deduction	- 75,000	- 50,000
(-) HRA Exemption		- 4,00,000
	24,25,000	20,40,000
Less: Other deductions		
(-) Section 80C		- 1,50,000
(-) Section 80D		- 25,000
Taxable Income	24,25,000	18,75,000

Mr. Anban's Tax Liability will be calculated as follows:

1. Under New Tax Regime

Income Tax Slabs		Tax Liability
Up to Rs. 4 lakh	Rs. 4 lakh @ 0%	0
Rs. 4 lakh to Rs. 8 lakh	Rs. 4 lakh @ 5%	20,000
Rs. 8 lakh to Rs. 12 lakh	Rs. 4 lakh @ 10%	40,000
Rs. 12 lakh to Rs. 16 lakh	Rs. 4 lakh @ 15%	60,000
Rs. 16 lakh to Rs. 20 lakh	Rs. 4 lakh @ 20%	80,000
Rs. 20 lakh to Rs. 24 lakh	Rs. 4 lakh @ 25%	1,00,000
Rs. 24 lakh to Rs. 24.25 lakh	Rs. 25,000 @ 30%	7,500
Total		3,07,500
Add: Health & Education Cess @ 4%		12,300
Total Tax Liability (New Tax Regime)		3,19,800

2. Under Old Tax Regime

Income Tax Slabs		Tax Liability
Up to Rs. 2.5 lakh	Rs. 2.5 lakh @ 0%	0
Rs. 2.5 lakh to Rs. 5 lakh	Rs. 2.5 lakh @ 5%	12,500
Rs. 5 lakh to Rs. 10 lakh	Rs. 5 lakh @ 20%	1,00,000
Above Rs. 10 lakh	Rs. 8.75 lakh @ 30%	2,62,500
Total		3,75,000
Add: Health & Education Cess @ 4%		15,000
Total Tax Liability (Old Tax Regime)		3,90,000

Therefore, tax liability of Mr. Anban for FY 2025-26 (AY 2026-27) is as follows:

Tax Regime	Tax Liability
New Tax Regime	3,19,800
Old Tax Regime	3,90,000

Therefore, by opting for New Tax Regime he can save Rs. 70,200 in taxes. However, many deductions & exemptions are not allowed under the new tax regime.

Income Tax Slabs Comparison for FY 2023-24, FY 2024-25 & FY 2025-26

The old tax regime slabs have remained unchanged over the years. However, there have been significant changes in the new tax regime slabs. The following new tax regime changes were made:

Income Tax Slab	FY 2023-24	FY 2024-25	FY 2025-26
Up to Rs. 3 lakh	Nil	Nil	Nil
Rs. 3 lakh to Rs. 4 lakh	5%	5%	Nil
Rs. 4 lakh to Rs. 6 lakh	5%	5%	5%
Rs. 6 lakh to Rs. 7 lakh	10%	5%	5%
Rs. 7 lakh to Rs. 8 lakh	10%	10%	5%
Rs. 8 lakh to Rs. 9 lakh	10%	10%	10%
Rs. 9 lakh to Rs. 10 lakh	15%	10%	10%
Rs. 10 lakh to Rs. 12 lakh	15%	15%	10%
Rs. 12 lakh to Rs. 15 lakh	20%	15%	15%
Rs. 15 lakh to Rs. 16 lakh	30%	20%	15%
Rs. 16 lakh to Rs. 20 lakh	30%	20%	20%
Rs. 20 lakh to Rs. 24 lakh	30%	30%	25%
Above Rs. 24 lakh	30%	30%	30%

Key Changes in Income Tax Slabs

- FY 2023-24 restructured the slabs and increased the basic exemption limit from Rs. 2.5 lakh to Rs. 3 lakh.
- Slabs were restructured again in FY 2025-26 and the basic exemption limit was increased to Rs. 4 lakh from Rs. 3 lakh.

- The tax-free limit was increased to Rs. 12 lakh in FY 2025-26 from Rs. 7 lakh in Rs. 2024-25 due to increase in Section 87A rebate limit.

Special Income Tax Rates

The Income Tax Act taxes certain incomes at a special flat rate instead of the normal slab rates. These incomes include Short-term capital gains under Section 111A, Long-term capital gains, Lottery or game show winnings and gains from virtual digital assets.

Income Type	Tax Rate
Short-term Capital Gains (Section 111A)	20%
Long-term Capital Gains	12.5%
Lottery or Game show winnings	30%
Crypto or Virtual Digital Assets	30%

Income Tax Slabs for Women, NRIs, and HUFs

1. Income Tax Slabs for Women

The income tax slabs for women remain the same at the existing rates under both the old and new tax regime. The Income Tax Act does not offer different tax slabs and rates for women.

2. Income Tax Slabs for NRIs

NRIs also can choose between the old and new tax regime. The tax slabs for NRIs are the same with a basic exemption limit of Rs. 4 lakh under the new tax regime and a basic exemption limit of Rs. 2.5 lakh under the old tax regime.

However, NRIs do not enjoy basic exemption limit relaxation for senior & super senior citizens under the old tax regime, as it is only available for resident taxpayers.

3. Income Tax Slabs for HUF

The new tax regime is the default tax regime for HUFs and the tax slabs remain the same with a basic exemption limit up to Rs. 4 lakh. HUFs also have the option to opt for the old tax regime with a basic exemption limit of Rs. 2.5 lakh.

How to File ITR for FY 2025-26?

After determining the tax payable or refund due, the next step is filing the Income Tax Return. It is important to choose the right ITR form and understand how to file ITR correctly. Taxpayers should file their ITRs before the specified due dates to avoid late fees and interest. The due date to file ITR for FY 2025-26 (AY 2026-27) is 31st July 2026.