

Ministry of Finance



NO INCOME TAX ON ANNUAL INCOME UPTO Rs. 12 LAKH UNDER NEW TAX REGIME

**LIMIT TO BE Rs. 12.75 LAKH FOR SALARIED TAX
PAYERS, WITH STANDARD DEDUCTION OF RS. 75,000**

**UNION BUDGET 2025-26 BRINGS ACROSS-THE-BOARD
CHANGE IN INCOME TAX SLABS AND RATES TO
BENEFIT ALL TAX-PAYERS**

**TAX SLAB RATE REDUCTION AND REBATES TO RESULT
IN SUBSTANTIAL TAX RELIEF TO MIDDLE CLASS,
THEREBY BOOSTING HOUSEHOLD CONSUMPTION
EXPENDITURE AND INVESTMENT**

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Reaffirming Government's commitment to the philosophy of "trust first, scrutinize later", the Union Budget 2025-26 has reposed faith in the Middle class and continued the trend of giving relief in tax burden to the common tax-payer. Presenting the Budget in the Parliament today, Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman proposed an across-the-board change in tax slabs and rates to benefit all tax-payers.



Giving the good news to tax payers, the Finance Minister stated, “There will be no income tax payable upto income of Rs. 12 lakh (*i.e. average income of Rs.1 lakh per month other than special rate income such as capital gains*) under the new regime. This limit will be Rs.12.75 lakh for salaried tax payers, due to standard deduction of Rs. 75,000.” Tax rebate is being provided in addition to the benefit due to slab rate reduction in such a manner that there is no tax payable by them, she added.

Smt. Sitharaman stated, “The new structure will substantially reduce the taxes of the middle class and leave more money in their hands, boosting household consumption, savings and investment”. In the new tax regime, the Finance Minister proposed to revise tax rate structure as follows:

0-4 lakh rupees	Nil
4-8 lakh rupees	5 per cent
8-12 lakh rupees	10 per cent
12-16 lakh rupees	15 per cent
16-20 lakh rupees	20 per cent
20- 24 lakh rupees	25 per cent
Above 24 lakh rupees	30 per cent

The total tax benefit of slab rate changes and rebate at different income levels can be illustrated in the table below:

Income	Tax on Slabs and rates		Benefit of	Rebate benefit	Total Benefit	Tax after rebate Benefit
	Present	Proposed				
			Rate /Slab	Full upto Rs 12 lacs		
8 lac	30,000	20,000	10,000	20,000	30,000	0
9 lac	40,000	30,000	10,000	30,000	40,000	0
10 lac	50,000	40,000	10,000	40,000	50,000	0
11 lac	65,000	50,000	15,000	50,000	65,000	0
12 lac	80,000	60,000	20,000	60,000	80,000	0
16 lac	1,70,000	1,20,000	50,000	0	50,000	1,20,000
20 lac	2,90,000	2,00,000	90,000	0	90,000	2,00,000
24 lac	4,10,000	3,00,000	1,10,000	0	1,10,000	3,00,000
50 lac	11,90,000	10,80,000	1,10,000	0	1,10,000	10,80,000

Union Budget 2025-26

Zero Income Tax till ₹ 12 Lakh Income under New Tax Regime

Personal Income Tax Reforms with Special Focus on Middle Class

- ▶ 'Nil tax' slab up to ₹ 12.00 lakh (₹ 12.75 lakh for salaried tax payers with standard deduction of ₹ 75,000)
- ▶ New structure to substantially reduce taxes of middle class and leave more money in their hands, boosting household consumption, savings and investment
- ▶ Slabs and rates being changed across the board to benefit all tax-payers

0-4 lakh rupees	Nil
4-8 lakh rupees	5%
8-12 lakh rupees	10%
12-16 lakh rupees	15%
16-20 lakh rupees	20%
20-24 lakh rupees	25%
Above 24 lakh rupees	30%

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While underlining Taxation Reforms as one of key reforms to realize the vision of Viksit Bharat, Smt. Sitharaman stated that the new income-tax bill will carry forward the spirit of 'Nyaya'. The new regime will be simple to understand for taxpayers and tax administration, leading to tax certainty and

reduced litigation, she informed.

Quoting Verse 542 from The Thirukkural, the Finance Minister stated, “Just as living beings live expecting rains, Citizens live expecting good governance.” Reforms are a means to achieve good governance for the people and economy. Providing good governance primarily involves being responsive. The tax proposals detail just how the Government under the guidance of Prime Minister Shri Narendra Modi has taken steps to understand and address the needs voiced by our citizens, Smt. Sitharaman added.

NB/VM

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