

Salaried Employee Tax Guide New Regime

FY 2025-26 | AY 2026-27

NEW REGIME TAX SLABS — FY 2025-26 (DEFAULT)

Income Slab	Tax Rate	Tax on Slab	Cumulative Tax
Up to Rs. 4,00,000	NIL	Rs. 0	Rs. 0
Rs. 4,00,001 – 8,00,000	5%	Rs. 20,000	Rs. 20,000
Rs. 8,00,001 – 12,00,000	10%	Rs. 40,000	Rs. 60,000
Rs. 12,00,001 – 16,00,000	15%	Rs. 60,000	Rs. 1,20,000
Rs. 16,00,001 – 20,00,000	20%	Rs. 80,000	Rs. 2,00,000
Rs. 20,00,001 – 24,00,000	25%	Rs. 1,00,000	Rs. 3,00,000
Above Rs. 24,00,000	30%	—	Rs. 3,00,000 + 30%

ZERO TAX up to Rs. 12,00,000

Section 87A rebate of Rs. 60,000 makes income up to Rs. 12L completely tax-free. But NOT if you have special rate capital gains (STCG 111A / LTCG 112A).

DEDUCTIONS & EXEMPTIONS IN NEW REGIME

- Standard Deduction: Rs. 75,000 (auto on salary/pension — no proof needed)**
- Employer NPS u/s 80CCD(2): Up to 14% of Basic (CG) / 10% (Others) — BIGGEST SAVER**
- House Property (Let-Out): 30% std deduction on NAV + HL interest (NO LIMIT) — rental offset by interest**
- Gratuity Exemption u/s 10(10): Up to Rs. 25L on retirement/resignation/death
- Leave Encashment u/s 10(10AA): Up to Rs. 25L on retirement
- NPS Lump Sum (60%): Exempt on retirement/superannuation u/s 10(12A)
- Voluntary Retirement u/s 10(10C): Up to Rs. 5,00,000 (conditions apply)

- Rs. 75,000
- Up to 14%
- HL Int. allowed
- Rs. 25L max
- Rs. 25L max
- 60% exempt
- Rs. 5L max

TAX-FREE INCOME (EXEMPT REGARDLESS OF REGIME):

- Employer NPS Contribution u/s 80CCD(2) — not taxed as salary perquisite · PPF Interest & Maturity u/s 10(11)
- Sukanya Samridhi Interest u/s 10(11A) · EPF Interest (up to Rs.2.5L/yr) · LIC Maturity u/s 10(10D) · Equity LTCG up to Rs.1.25L/yr
- Agricultural Income · Gifts from Relatives · NRE FD Interest (NRIs) · Scholarship u/s 10(16) · Pension Commutation u/s 10(10A)

NOT AVAILABLE IN NEW REGIME (ONLY OLD REGIME):

- 80C (PPF investment, ELSS, LIC, Tuition) · 80D (Mediclaime) · 80G (Donations) · HRA Exemption · LTA Exemption
- HL Interest Self-Occupied (Rs.2L) · 80E (Education Loan) · 80TTA/80TTB · 80CCC · Professional Tax u/s 16(iii)
- 80DD (Disabled Dependent) · 80U (Self Disability) · 80GG (Rent without HRA) · 80EEA (Affordable Housing)

UNDERSTAND YOUR SALARY SLIP — WHAT'S TAXABLE

- Basic Salary: Fully taxable. Forms the base for PF, gratuity, HRA calculations**
- Dearness Allowance (DA): Fully taxable. Part of Basic for PF/gratuity
- HRA (House Rent Allowance): Fully taxable in New Regime (no exemption)
- Special Allowance: Fully taxable
- LTA (Leave Travel Allowance): Fully taxable in New Regime (no exemption)
- Bonus / Commission / Incentive: Fully taxable in the year received
- Employer PF Contribution: Exempt up to 12% of Basic (excess is taxable)
- Employer NPS (80CCD2): Exempt up to 14% of Basic — BIGGEST TAX SAVER in New Regime**
- Reimbursements (meal, phone, fuel): Tax-free if actual bills submitted & policy exists

- 100% Taxable
- 100% Taxable
- Taxable in NR
- 100% Taxable
- Taxable in NR
- 100% Taxable
- Exempt 12%
- Exempt 14%
- Tax-free*

CAPITAL GAINS FOR SALARIED — QUICK REFERENCE (POST BUDGET 2024)

Asset Type	Short-Term	STCG Rate	Long-Term	LTCG Rate	Exemption
Listed Equity / Equity MF	< 12 months	20% (111A)	> 12 months	12.5% (112A)	Rs.1.25L/yr
Debt MF / Gold MF / FoF	< 24 months	Slab rates	> 24 months	12.5% (112)	NIL
Property / Land	< 24 months	Slab rates	> 24 months	12.5% (112)	NIL
Gold / Jewellery	< 24 months	Slab rates	> 24 months	12.5% (112)	NIL
Unlisted Shares	< 24 months	Slab rates	> 24 months	12.5% (112)	NIL

IMPORTANT: 87A Rebate does NOT apply if you have any STCG 111A or LTCG 112A. Surcharge on CG capped at 15%.

STEP-BY-STEP: FILE YOUR ITR (SALARIED — NEW REGIME)

- 1 Collect Documents**
Form 16 from employer · Form 26AS / AIS from IT portal · Bank interest certificates · Capital gains statement from broker (Zerodha, Groww etc.) · Rent receipts (if claiming HRA in old regime comparison)
- 2 Login to IT Portal**
incometax.gov.in · Login with PAN · Go to e-File > Income Tax Returns > File Now
- 3 Select ITR Form**
ITR-1 (Sahaj): Salary + 1 house + other income up to 50L · ITR-2: If capital gains or multiple houses · ITR-3: If business income also
- 4 Choose New Regime**
Select 'New Tax Regime u/s 115BAC' · This is DEFAULT from FY 2023-24 · You CAN switch to old regime before filing (compare both)
- 5 Fill Income Details**
Salary: Auto-populated from Form 16 · House Property: Rental income or self-occupied · Capital Gains: Enter STCG/LTCG from broker statement · Other Income: FD interest, dividends, freelance
- 6 Verify Tax Computation**
Check: Total income · Standard deduction (Rs.75,000 auto) · Tax on slabs · 87A rebate (if eligible) · Surcharge + cess · Compare with Form 26AS TDS
- 7 Pay Balance Tax**
If tax > TDS: Pay via Challan 280 (advance tax / self-assessment) · If TDS > tax: Refund will be credited to bank
- 8 Submit & e-Verify**
Submit ITR · e-Verify within 30 days via: Aadhaar OTP (fastest) · Net banking · Bank account EVC · DSC

7 SMART TAX MOVES FOR SALARIED EMPLOYEES

- 01 Ask employer for NPS 80CCD(2)**
Up to 14% of Basic — ONLY big deduction in New Regime. Rs.7L Basic = Rs.98,000 tax-free
- 02 Restructure salary: Maximize reimbursements**
Phone, internet, fuel, meal cards — tax-free if actual bills submitted
- 03 Harvest equity losses in March**
Book STCG losses to offset gains. Rs.1.25L LTCG is exempt — sell & rebuy above that
- 04 Switch to Old Regime if HRA + 80C > Rs.3.75L**
Do the math: if deductions exceed the New Regime advantage, Old may save more
- 05 File ITR before 31 July**
Late fee Rs.5,000. Cannot carry forward capital losses if late. Refund delayed.
- 06 Keep Form 16 Part B handy**
It has your exact tax computation — cross-verify with IT portal before submitting
- 07 Check AIS for unreported income**
Annual Information Statement shows MF, shares, FD, property — IT dept knows everything

Need Help Filing Your ITR? We Make It Effortless.

Salary + Capital Gains + Multiple Income Sources — all handled.
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Disclaimer: Illustrative for FY 2025-26. Tax laws subject to change. Not personal tax advice. Consult CA Vijay R Singh & Co for your specific situation.