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# A CRITICAL ANALYSIS OF OLD TAX REGIME AND NEW TAX REGIME IN INDIA

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Dr. Ghazala Abidin, Associate Professor, School of Law, Manav Rachna University,  
Faridabad.

Mr. Vaibhav Shahi, School of Law, Delhi Metropolitan Education, Noida (Affiliated to  
Guru Gobind Singh Indraprastha University, Delhi)

## ABSTRACT

This research presents comparative analysis of India's old and new tax regimes for the financial year 2024-2025, delineating their respective structures, tax rates, and implications for taxpayers. With introduction of new tax regime in the year 2020-2021, offering simplified tax brackets and reduced rates at the cost of foregoing most deductions and exemptions, taxpayers are now faced with a critical decision. The analysis encompasses a detailed exploration of both tax systems, emphasizing the differences in tax liabilities across various income groups through illustrative examples and comprehensive tables. The paper examines key considerations influencing the choice between the regimes, including financial goals, available deductions, and the impact on different demographic segments such as salaried employees, freelancers and senior citizens. Expert opinions and tax planning strategies are also discussed to guide taxpayers in making informed decisions. The findings highlight the importance of personalized financial advice in navigating these changes, aiming to equip readers with the necessary information to optimize their tax obligations under the evolving Indian tax framework.

**Keywords:** Financial planning, Income tax brackets, New tax regime, Old tax regime, Tax deductions, Tax exemptions, Tax liability, Tax rates

## I. Introduction

The Indian tax system serves as a fundamental pillar in nation's economic framework, playing crucial role in generating revenue essential for government operations. This revenue is instrumental in funding a wide array of public services ranging from infrastructure development to social welfare programs, thereby supporting the overall welfare and growth of the country. The structure and efficacy of this system are deeply connected to broader economic policies and have significant implications on the fiscal stability of the nation. It influences investment patterns and shapes the economic landscape by determining financial incentives and deterrents. Moreover, the tax system is designed to balance revenue generation without overburdening the citizens, maintaining a focus on equitable economic progress.<sup>1</sup>

With the onset of the financial year 2020-2021, the Indian tax regime experienced a pivotal evolution with the introduction of a new, alternative tax framework alongside the existing one, now labelled as old tax regime.<sup>2</sup> The traditional or old tax regime is known for its progressive nature, featuring multiple tax brackets that increase with higher income levels. It also includes various deductions and exemptions that taxpayers can leverage to significantly reduce their taxable income. These deductions are linked to specific investments and expenses, such as housing loans, insurance premiums, and educational expenses, which not only aid in tax saving but also encourage spending in key economic sectors.<sup>3</sup>

Conversely, new tax regime aims to streamline process and foster greater compliance by offering a simplified tax structure with reduced rates across various income slabs. However, this simplification comes at the cost of limiting the available deductions and exemptions. The rationale behind this new system is to alleviate the complexities associated with tax filing, thereby making it more accessible and less cumbersome for the average taxpayer. This shift is anticipated to change how taxpayers strategize their investments and expenses concerning tax planning.<sup>4</sup>

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<sup>1</sup>Old v. New Tax Regime: Which One Should You Choose?", *Forbes*, Dec. 22, 2023, available at: <https://www.forbes.com/advisor/in/tax/old-vs-new-tax-regime/> (last visited on May 9, 2024).

<sup>2</sup>*Id.*

<sup>3</sup>*Ibid.*

<sup>4</sup>"A Comparative Analysis of India's New Vs. Old Tax Regime for FY 2024-25", *Medium*, Apr. 24, 2024, available at: <https://medium.com/@aishwaryalakshmi03021989/a-comparative-analysis-of-indias-new-vs-old-tax-regime-for-fy-2024-25-3ab2f105fba2> (last visited on May 9, 2024).

Taxpayers are now presented with the choice between these two regimes each financial year, allowing them to select the option that best aligns with their personal financial circumstances and goals<sup>5</sup> This dual-option approach represents a significant shift in the Indian tax policy, moving towards a model that emphasizes simplicity and broad-based compliance. However, making an informed choice between these regimes requires a thorough understanding of their respective benefits and limitations. Taxpayers must evaluate their financial situations, considering potential savings, investment goals and personal expenditures, to determine which regime optimally supports their financial health and long-term economic objectives.

This nuanced choice highlights the need for increased financial literacy and awareness among taxpayers to navigate the complexities of the tax landscape effectively. As the Indian economy continues to evolve, so too does its tax system, reflecting changes in policy aimed at optimizing economic outcomes while considering the best interests of its citizens.

## II. The Old Tax Regime

For many years, traditional tax system in place has adhered to a progressive tax structure, wherein the rate of taxation escalates with an increase in the taxpayer's income. This system is characterized by multiple tax slabs; each defined by specific income ranges, which are intended to ensure that the tax burden is proportionate to an individual's earning capacity.

Within this old tax regime, there are numerous avenues for taxpayers to reduce their taxable income through various deductions and exemptions. These are specified under different provisions of the Income Tax Act, 1961 (hereinafter referred to as 'Act'). For instance, Section 80C of the Act allows deductions for investments made in specified instruments like provident funds, life insurance premiums, and equity-linked savings schemes, among others. Similarly, Section 24 of the Act offers relief for interest paid on home loans, which can significantly lower the amount of tax payable by homeowners. Additionally, Section 80D of the Act provides deductions for premiums paid on health insurance, encouraging individuals to secure health

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<sup>5</sup>"Income Tax: How many times can you switch between old and new regime", Mar. 31 2024, *available at*: <https://www.indiatoday.in/business/story/income-tax-2024-2025-choose-between-old-and-new-regime-explained-2521346-2024-03-31?onetap=true> (last visited on May 9, 2024).

coverage while offering fiscal benefits.<sup>6</sup>

Despite its intention to facilitate tax savings, the old regime is often criticized for its complexity.<sup>7</sup> The system requires taxpayers to have a detailed understanding of numerous provisions and to perform complex calculations to ascertain their exact tax liabilities.<sup>8</sup> This complexity not only makes the tax filing process cumbersome but also creates barriers to compliance, with many finding it difficult to navigate the intricacies without professional help.

Furthermore, this regime has been perceived to disproportionately favour those in higher income brackets. Individuals with substantial incomes and access to expert financial advice can employ sophisticated tax planning strategies to significantly reduce their tax liabilities.<sup>9</sup> This capability to maximize deductions and exemptions is less accessible to those with lower incomes, who may lack both the resources to invest in tax-saving instruments and the knowledge required to exploit these legal tax loopholes fully.

The perceived inequities in this system have sparked considerable debate. Critics argue that it unfairly burdens the middle and lower-income groups, who are less able to decrease their tax outgo through deductions and exemptions.<sup>10</sup> This has led to calls for reform, advocating for a simplified and more transparent tax system that levels the playing field and reduces the fiscal load on these more vulnerable segments of the population. Such a reformed system would aim to decrease the complexity of tax compliance, making it easier for all taxpayers to understand and meet their tax obligations without undue hardship.

### III. The New Tax Regime

Recognizing the need to simplify the convoluted tax structure that had been in place, the Indian government took a significant step by introducing a new tax regime in the financial

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<sup>6</sup> “Old v. New Tax Regime: Which is Better New or Old Tax Regime for Salaried Employees?”, *Clear Tax*, April 29, 2024, available at: <https://cleartax.in/s/old-tax-regime-vs-new-tax-regime> (last visited on May 9, 2024).

<sup>7</sup> Ibid.

<sup>8</sup> “Taxpayer Bill of Rights: America’s taxpayers are entitled to a fair and just tax system”, October 06, 2022, available at: <https://www.irs.gov/newsroom/taxpayer-bill-of-rights-americas-taxpayers-are-entitled-to-a-fair-and-just-tax-system> (last visited on May 9, 2024).

<sup>9</sup> “Testimony: The Costs and Complexity of the Federal Tax Code Demand Reform”, November 08, 2023, available at: <https://taxfoundation.org/research/all/federal/federal-tax-complexity-costs-reform/> (last visited on May 9, 2024).

<sup>10</sup> “How to Maximize Your Itemized Tax Deductions” March 22, 2024, available at: <https://turbotax.intuit.com/tax-tips/tax-deductions-and-credits/how-to-maximize-your-itemized-tax-deductions/L1ANcotWP> (last visited on May 9, 2024).

year 2020-2021. This initiative was aimed at addressing the intricacies and inefficiencies of the old tax system, providing a more streamlined approach to taxation.<sup>11</sup>

The fundamental change brought about by the new tax regime was the introduction of a revised tax rate structure which features reduced tax slabs. This new structure is designed to lessen the tax burden on individuals, thereby making it financially appealing for a broad segment of the population.<sup>12</sup> However, this benefit comes with a notable shift in policy regarding deductions and exemptions. The new system substantially reduces the number of deductions and exemptions that taxpayers could previously utilize to decrease their taxable income. By doing so, the government aims to simplify the tax filing process, ensuring that it is more straightforward and less time-consuming.<sup>13</sup>

Taxpayers now face a crucial decision as they are provided with the flexibility to opt between old and new tax regimes based on their individual financial circumstances and goals. This choice allows them to assess which regime works more favourably for them in light of their income, possible deductions and financial planning.

The overarching objective of new tax regime is to enhance efficiency of tax administration and to foster a more transparent, equitable, and user-friendly system. The simplifications of the tax filing process and the reduction in the compliance burden are steps intended to encourage compliance and make the system less daunting for the average taxpayer.<sup>14</sup> However, the transition to the new tax regime is not without its trade-offs. Opting for the new system means that taxpayers will forfeit the ability to claim several tax-saving deductions that were available under the old regime. Important deductions related to investments in provident funds, life insurance premiums, etc., all of which could significantly lower one's tax liability, are no longer accessible under the new regime. This loss of deductions

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<sup>11</sup> "A Golden Opportunity to Simplify the Tax System: Options for Reforming a Complex Tax Code", April 03, 2021, *available at*: <https://www.brookings.edu/articles/a-golden-opportunity-to-simplify-the-tax-system-options-for-reforming-a-complex-tax-code/> (last visited on May 9, 2024).

<sup>12</sup> "Chapter 1 Review - Introduction to Taxation, the Income Tax Formula, & Form 1040EZ", *available at*: <https://quizlet.com/425404857/chapter-1-review-introduction-to-taxation-the-income-tax-formula-form-1040ez-flash-cards/> (last visited on May 9, 2024).

<sup>13</sup> "A Comparative Analysis of India's New Vs. Old Tax Regime for FY 2024-25", *Wealth Making*, Apr. 20, 2024, *available at*: [https://wealthmaking.in/indias-new-vs-old-tax-regime-for-fy-2024-25/#google\\_vignette](https://wealthmaking.in/indias-new-vs-old-tax-regime-for-fy-2024-25/#google_vignette) (last visited on May 9, 2024).

<sup>14</sup> "Is the simplified new tax regime the right step to provide a better tax planning and tax payer experience?" *available at*: [https://www.ey.com/en\\_in/tax/india-tax-insights/is-the-simplified-new-tax-regime-the-right-step-to-provide-a-better-tax-payer-experience](https://www.ey.com/en_in/tax/india-tax-insights/is-the-simplified-new-tax-regime-the-right-step-to-provide-a-better-tax-payer-experience) (last visited on May 9, 2024).

underlines a critical cost associated with the new system's benefits of simplicity and lower tax rates.<sup>15</sup>

In a significant move to make the taxation process more attractive and conducive for taxpayers, the Indian government's Budget for the fiscal year 2023 introduced some pivotal changes. Notably, these amendments have been carried forward into the fiscal year 2024-2025 as the Interim Budget 2024 saw no alterations in this regard.<sup>16</sup> The features of the new tax regime are discussed below.

- **Enhanced Tax Rebate Limit:** A standout feature of the new tax regime is the enhanced tax rebate. Taxpayers whose annual income does not exceed ₹7 lakh are now eligible for a full tax rebate, meaning they owe no income tax. This is significant increase from previous ₹5 lakh threshold under old regime. This move is expected to benefit a large segment of the middle-class population, making the new regime a more favourable option.<sup>17</sup>
- **Streamlined Tax Slabs:** The government has restructured income tax slabs to simplify the tax calculation process under the new regime. Table 1 below reflects the changes introduced in the income tax slabs under new regime.

**Table 1: Changes in Income Tax Slabs under New Tax Regime<sup>18</sup>**

Income tax rates	Previous income slab	New income slab
NIL	INR 0 – 250,000	INR 0 – 300,000
5%	INR 250,000 – 500,000	INR 300,000 – 600,000
10%	INR 500,000 – 750,000	INR 600,000 – 900,000
15%	INR 750,000 – 1,000,000	INR 900,000 – 1,200,000

<sup>15</sup> "Should you move to the new Income Tax regime? Experts explain the pros and cons", Feb. 02, 2023, *available at* <https://indianexpress.com/article/business/new-income-tax-regime-pros-and-cons-8419963/> (last visited on May 9, 2024).

<sup>16</sup> *Ibid.*

<sup>17</sup> "Rebate u/s 87A: Tax Relief for Low Income Earners For FY 23-24", June 26, 2023 *available at*, <https://www.caclubindia.com/guide/rebate-u-s-87a/> (last visited on May 9, 2024).

<sup>18</sup> "FAQs on New vs. Old Tax Regime", *available at*: <https://www.incometax.gov.in/iec/foportal/sites/default/files/202407/New%20vs.%20Old%20Regime%20FAQs%20approved%20final.pdf> (last visited on May 9, 2024).

20%	INR 1,000,000 – 1,250,000	INR 1,200,000 – 1,500,000
25%	INR 1,250,000 – 1,500,000	-
30%	INR 1,500,000 and above	INR 1,500,000 and above

This restructuring makes the tax liability more predictable and generally lowers the tax burden compared to the previous structure under both the old and earlier new tax regimes.

- **Standard Deduction and Family Pension Deduction:** The new tax regime now includes a Standard Deduction of ₹50,000 for salaried employees, a feature previously exclusive to the old regime. This effectively raises the threshold of non-taxable income to ₹7.5 lakhs when combined with the tax rebate. Additionally, beneficiaries of a family pension can claim a deduction of ₹15,000 or one-third of the pension received, whichever is lower, providing relief to families after the loss of a breadwinner.<sup>19</sup>
- **Reduced Surcharge for High-Net-Worth Individuals:** Addressing the tax concerns of high-net-worth individuals, the surcharge rate for incomes over ₹5 crores has been reduced from 37% to 25%. This adjustment lowers their effective tax rate significantly from 42.74% to 39%. This reduction is a strategic move aimed at maintaining fiscal attractiveness and fairness in the taxation of the higher income brackets.<sup>20</sup>
- **Higher Leave Encashment Exemption for Non-Government Employees:** The exemption limit on leave encashment at the time of retirement for non-government employees has seen a substantial increase from ₹3 lakhs to ₹25 lakhs. This eightfold increase extends significant financial benefits at the retirement stage, aiding in a more comfortable transition from active employment to retirement.<sup>21</sup>
- **Default Regime and Flexibility:** Starting from fiscal year 2023-24, new regime has

<sup>19</sup> “Exemptions & Deduction under New Tax Regime for FY 2023-2024”, April 16, 2024, available at: <https://taxguru.in/income-tax/exemptions-deduction-new-tax-regime-fy-2023-24-ay-2024-25.html> (last visited on May 9, 2024).

<sup>20</sup> “What is impact of Surcharge reduction from 37% to 25% for High Income HNIs?”, Feb.05, 2023, available at: <https://stableinvestor.com/financial-planning-services> (last visited on May 9, 2024).

<sup>21</sup> “Tax exemption limit on leave encashment increased to Rs 25 lakh for non-government salaried employees, July 31, 2023, available at: <https://economictimes.indiatimes.com/wealth/tax/tax-exemption-limit-on-leave-encashment-increased-to-rs-25-lakh-for-non-government-salaried-employees/articleshow/100505182.cms> (last visited on May 9, 2024).

been set as default option for taxpayers. Those preferring to stick with old regime need to explicitly opt out by submitting the income tax return along with Form 10IEA before the stipulated due date. Taxpayers retain the flexibility to switch between the regimes annually, allowing them to choose the option that offers the most financial advantage in a given year.<sup>22</sup>

Table 2 below reflects the comparative study of tax regime announced in the Union Budget of 2020 and 2023.

**Table 2: Comparative Study of Tax Regime announced in Union Budget 2020 and 2023**

<b>Basis of Comparison</b>	<b>Tax Regime (2020)</b>	<b>Tax Regime (2023)</b>
Budget	Introduced in Budget 2020	Changes made in Budget 2023
Rebate	Rebate limits in Rs.500000	Rebate limits is Rs. 700000
Deduction	No benefits of deductions	Standard deduction allowed of Rs. 50000
National Pension Scheme	No benefits of National Pension Scheme	National Pension Scheme allowed up to Rs. 50000

These key changes illustrate the government's initiative to simplify the tax structure, reduce financial burdens, and encourage compliance. The move not only seeks to make the new regime more attractive but also aligns with broader economic goals of increasing disposable incomes and fostering economic growth.

Therefore, while the new tax regime offers the advantages of a simplified tax structure and potentially lower tax payments, it requires taxpayers to forego various deductions that could lead to significant tax savings. The choice between the two tax regimes is thus a balance between simplicity and the opportunity to reduce taxable income through various exemptions

<sup>22</sup> "Old vs New Tax Regime – Which is Better?", available at: <https://www.tankhapay.com/blog/old-vs-new-tax-regime/> (last visited on May 10, 2024).



and deductions. It prompts taxpayers to carefully evaluate their financial strategies and choose the option that best suits their economic and personal circumstances. Therefore, it is equally significant to understand the impact of tax levied on different income groups, viz, low; middle; and high income earners with respect to new tax regime.

#### IV. Impact of New Tax Regime on different Income Groups: A Comparative Analysis

##### Low-Income Earners

In the older tax regime, individuals earning a lower income could benefit significantly from various tax deductions and exemptions specifically designed to lower their tax burden. These financial reliefs were critical in making essential services and living expenses more affordable, allowing low-income earners to allocate more of their resources towards daily needs and possibly saving.

Conversely, under the new tax regime, although nominal tax rates have been reduced, elimination of these deductions and exemptions might lead to an increased financial burden for this group. This change means that while the surface-level tax rate appears more favourable, the actual out-of-pocket tax cost may increase due to the inability to reduce taxable income through previously available deductions. This could result in a net decrease in the disposable income of low-income earners, affecting their overall financial stability.<sup>23</sup>

**Table 3: A Comparative Study of Old and New Tax Regime for Low Income Earners**

Low Income Groups	
Old Tax Regime	New Tax Regime
Benefits from various tax deductions	Only nominal tax rates have been reduced
Lowered down tax burden	Might lead to increased financial burden
Essential and living expenses were more affordable	Essential and living expenses are not affordable due to increased pocket tax

<sup>23</sup> “Old Tax Regime v. New Tax Regime: Here’s Guide on Which Tax System to Choose if Your Salary is Rs 80,000”, *Business Today*, May 04, 2024, available at: <https://www.businesstoday.in/personal-finance/tax/story/old-tax-regime-vs-new-tax-regime-heres-guide-on-which-tax-system-to-choose-if-your-salary-is-rs-80000-428267-2024-05-04> (last visited on May 9, 2024).

Allows to allocate resources towards needs and savings	Does not allow to allocate resources towards needs and saving and affects overall financial stability
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### ***Middle-Income Earners***

In the old tax regime, those in the middle-income bracket found substantial benefit in utilizing the range of deductions available, such as those for home loan interest, education and health insurance, to effectively reduce their taxable income and thereby optimize their tax savings. This ability to tailor deductions to personal financial commitments allowed for more flexible financial planning and potential savings.

With new regime, these middle-income earners face a changed landscape. The simplified, lower tax rates are designed to reduce the complexity of filing taxes but at the cost of losing personalized deductions. For some, this new structure may result in financial gain if the lower rates adequately compensate for the lack of deductions, leading to a lower overall tax payment. However, the actual impact would vary widely based on individual financial situations, such as levels of expenditure that previously qualified for deductions.

**Table 4: A Comparative Study of Old and New Tax Regime for Middle Income Earners**

<b>Middle Income Groups</b>	
<b>Old Tax Regime</b>	<b>New Tax Regime</b>
Tax deductions in home loan interest, education and health insurance are available	Tax deductions in home loan, education and health insurance are not available
Financial commitments for more flexible financial planning and potential savings were allowed	Financial commitments may vary widely based on individual's financial situation and level of income

### ***High-Income Earners***

Under the old tax regime, high-income earners had advantage of employing various sophisticated tax planning strategies. They could maximize deductions and exemptions,

ranging from investments in tax-saving instruments to deductions for larger charitable donations, which not only helped in reducing their taxable income but also in aligning with their financial growth strategies. However, the shift to the new tax regime presents a different scenario for this group. While the tax rates have been lowered, the absence of options to reduce taxable income through deductions could lead to a higher overall tax liability. This change might erase the benefits which the lower tax rates intend to provide, particularly for those who previously leveraged significant deductions to minimize their tax outlay. For high-income earners, this could mean higher effective tax rate and less incentive to engage in tax-driven investments, potentially altering their approach to financial planning.<sup>24</sup>

**Table 5: A Comparative Study of Old and New Tax Regime for High Income Earners**

<b>High Income Groups</b>	
<b>Old Tax Regime</b>	<b>New Tax Regime</b>
Advantage of employing various sophisticated tax planning strategies	Options to reduce taxable income through deductions could lead to a higher overall tax liability
Maximize deductions and exemptions for investments in tax-saving instruments to deductions for larger charitable donations	Higher effective tax rate and less incentive to engage in tax-driven investments

## **V. Implications and Considerations**

As the financial year 2024-2025 approaches, taxpayers are presented with a decision that could significantly impact their financial well-being: choosing between old and new regimes. This choice is not merely a procedural one; it involves a careful consideration of one's income, financial aspirations, and the strategic objectives behind one's tax planning.

The old tax regime allows for various deductions and exemptions which can be leveraged to reduce taxable income. These include deductions under Section 80C of the Act for investments in Provident Funds, life insurance premiums, home loan principal repayments,

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<sup>24</sup> *Id.*

etc., and exemptions like house rent allowance and leave travel allowance.<sup>25</sup> On the other hand, the new tax regime offers lower tax rates but does away with most of these deductions and exemptions. Therefore, an individual needs to evaluate which option leads to greater tax efficiency. For someone who avails substantial deductions and exemptions under the current tax laws, sticking to the old regime may be beneficial. Conversely, for those who have fewer deductions or find the process of claiming these deductions cumbersome, the new regime might prove to be advantageous due to its simpler structure and lower tax rates.

This aspect focuses on the ease of compliance versus potential savings. The new tax regime is designed to be simpler, reducing the need for extensive documentation and the hassle of keeping track of investments and expenditures eligible for tax breaks. This could appeal to taxpayers who prefer minimalism in their tax filing process. However, for taxpayers who have the means and the willingness to engage in detailed tax planning and who typically maximize their deductions, the old regime could offer more substantial tax savings. The decision here hinges on personal preferences concerning simplicity and effort versus the financial benefits of active tax planning.<sup>26</sup>

It is crucial to not only assess one's current financial situation but also to anticipate future changes. Life events such as marriage, childbirth, higher education, or retirement could alter one's financial landscape and tax obligations. Similarly, any expected change in income, whether through salary hikes, new income sources or windfalls, should be factored in. Projecting one's financial future can help in determining which tax regime could prove more beneficial in the long run. For instance, if one expects a significant increase in income that might push them into a higher tax bracket under the new regime, sticking with the old regime and its deductions might be more favourable.<sup>27</sup>

## VI. Conclusion and Suggestions

Tax planning is an essential yet evolving aspect of personal financial management, intricately linked with both individual financial circumstances and shifting economic

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<sup>25</sup> "Income tax slabs FY 2024-25: Experts share these 8 benefits for taxpayers in new income tax regime", April 20, 2024, *available at*: <https://www.livemint.com/money/personal-finance/income-tax-slabs-fy-2024-25-experts-share-these-8-benefits-for-taxpayers-in-new-income-tax-regime-11713589919281.html> (last visited on May 9, 2024).

<sup>26</sup> *Supra* note 4.

<sup>27</sup> *Supra* note 6.

conditions. The fiscal year 2024-2025 in India presents a clear illustration of these complexities, with the coexistence of both old and new tax regimes, each with its own set of rules and implications. This situation has emerged from the government's on-going efforts to fine-tune fiscal policies that would aim to stimulate economic growth while ensuring a fair distribution of the tax burden among its citizens.

The existence of these two distinct tax frameworks introduces a substantial degree of complexity into the decision-making process for taxpayers. Each regime has its own merits and demerits, tailored to accommodate the diverse financial landscapes of India's vast populace. The old tax regime, for instance, is characterized by its allowance for various deductions, such as those for home loan interest or educational expenses, which can significantly reduce taxable income for those who have considerable deductible expenses and this regime, may be particularly favourable for taxpayers who have high potential deductions, offering them reliefs that significantly lower their tax liabilities.

In contrast, the new tax regime proposes a simplified tax structure with fewer tax brackets and eliminates many deductions and exemptions. This streamlined approach may appeal to individuals who prefer simplicity in their tax filings or those whose financial situations do not allow for substantial deductions and while this regime offers the ease of compliance and reduced paperwork, it may lead to higher tax outlays for some as the removal of deductions could increase the overall taxable income.

The choice between these regimes is not one-size-fits-all but rather a decision that should be carefully weighed and aligned with one's personal financial situation, future goals, and potential benefits. The complexity and nuance of this decision underscore the critical need for personalized financial advice. Professional guidance can provide invaluable insights into how different tax strategies align with individual economic circumstances and long-term aspirations.

In this evolving landscape, individuals must remain proactive and informed about the changing tax laws and their implications. Engaging with a knowledgeable financial advisor who understands the nuances of each tax regime can provide tailored advice that maximizes the financial benefits while minimizing the tax liabilities. This approach not only ensures compliance with current tax laws but also strategically positions the individual for their future financial health.