

## A Study of Tax Planning Behaviour Under the Old and New Tax Regimes

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### Abstract

Tax planning behavior has become a significant area of study in the context of India's dual personal income tax structure, where taxpayers can weigh the advantages of the traditional deduction-oriented system against the concessional-rate system established under Section 115BAC. The transition from a deduction-heavy framework to a more straightforward and increasingly default system has transformed individuals' perspectives on savings, exemptions, liquidity, documentation, and long-term financial planning. This study offers a comprehensive literature review concerning tax planning behavior, taxpayer perception, tax complexity, fairness, knowledge, compliance, and reform acceptance, specifically in relation to the old and new tax regimes in India. The review adheres to PRISMA 2020 principles and integrates conceptual, empirical, and policy-oriented literature to delineate the principal factors influencing regime selection and tax planning decisions. The review shows that people don't just plan their taxes to pay less; they also do it because they think it's easy, they know about deductions, they are financially literate, they trust the government, it's easier for them to do it, and they have certain preferences about how they save and invest. The old system tends to attract taxpayers who like structured deductions and predictable ways to save on taxes. The new system, on the other hand, appeals to taxpayers who value simplicity, flexibility, and a lower compliance burden. The study finds that tax planning in India is becoming more about how people act and what they know than just math. It suggests that better taxpayer education, better decision-support tools, and more focused policy communication would help people make smart choices about their regime.

**Key words:** Tax planning behavior; Old tax regime; New tax regime; Section 115BAC; Taxpayer perception; Tax complexity; Financial literacy; Systematic literature review

## 1. Introduction

Taxes are not just a way for the government to get money; they also change how people save, spend, invest, and report their income. In personal income tax, taxpayers don't just care about rates and slabs. They also respond to how much paperwork they have to do, how fair they think the system is, how much they know about deductions, how much they trust the tax system, and how well the system helps them reach their financial goals. This behavioral aspect is particularly significant in India, where individual taxpayers must evaluate two concurrent systems: the traditional or "old" regime, which permits numerous deductions and exemptions, and the "new" regime, initially established under Section 115BAC and subsequently adopted as the default option through further reform. According to official guidance from the Income Tax Department, the new system was put in place to offer lower rates with some conditions. Later reforms added benefits similar to standard deductions and made it more appealing as the default structure. The fact that the new regime under the Income-tax Act, 2025, still applies after the changes in 2026 shows that the old-versus-new comparison is still an important policy and behavioral issue in India[1].

The new system is based on the idea of making things easier. Under the old system, people who used exemptions, allowances, and tax-saving investments carefully were rewarded. The new system, on the other hand, tries to lower the burden of compliance and calculation by relying less on deductions. This change has effects that go beyond figuring out taxes. Tax planning used to be linked to decisions about contributions to a provident fund, insurance, tuition, housing, and other deduction-linked instruments. The new system shifts the focus of behavior toward directly comparing tax brackets, keeping liquidity, and not being forced to use tax-saving products. Recent research on India's new government shows that the reform has changed how people save and invest, and it has made experts very concerned about simplification, losing deductions, and changing how people handle their money.

The extensive behavioral tax literature offers a valuable framework for examining this issue. Studies consistently demonstrate that taxpayer decisions are influenced by tax knowledge, perceived complexity, fairness, trust, and the context of enforcement[2]. Taxpayers who encounter significant complexity frequently either inadequately leverage legal deductions or become increasingly susceptible to errors and evasion opportunities. Research on compliance intention also underscores that perceived fiscal exchange, equity, complexity, and authority significantly influence taxpayer decisions. So, choosing a regime in India shouldn't be seen as a simple math problem. It is more accurately characterized as a behavioral decision wherein taxpayers assess their preference for optimization via deductions versus simplicity through concessional slabs[3].

This study conducts a systematic literature review to analyze the conceptualization and explanation of tax planning behavior within dual-regime tax structures, particularly focusing on India's previous and current personal income tax regimes. The review is driven by three primary concerns. First, the academic literature on regime choice in India is still developing and is dispersed across behavioral tax research, tax compliance studies, reform literature, and policy commentary. Second, numerous analyses of the old and new regimes are either normative or computational, whereas a smaller number of studies integrate the behavioral factors influencing regime selection. Third, a synthesis grounded in literature is instrumental for the development of future empirical research tools, including taxpayer perception scales, awareness metrics, and models of regime preference.

This paper aims to achieve the following review objectives: to integrate the literature on tax planning behavior and taxpayer decision-making; to pinpoint the primary factors affecting the preference for deduction-based versus simplified tax systems; to examine the interplay between tax complexity, knowledge, fairness, and compliance motivations with financial planning behavior; and to extract implications for comprehending taxpayer choices within India's old and new tax regimes. The paper is structured into methodology, thematic review findings, discussion, implications, and conclusion.

## 2. Review Methodology

This study employs a systematic literature review methodology informed by the PRISMA 2020 framework. PRISMA 2020 offers a revised reporting framework for systematic reviews and advocates for clear articulation of search strategies, screening processes, eligibility criteria, and synthesis methodologies. It also stresses the need for clear rules on how to find, choose, and understand records. PRISMA was first used a lot in health and intervention research, but now its reporting logic is used a lot for structured literature reviews in many fields, such as social science and management research[4].

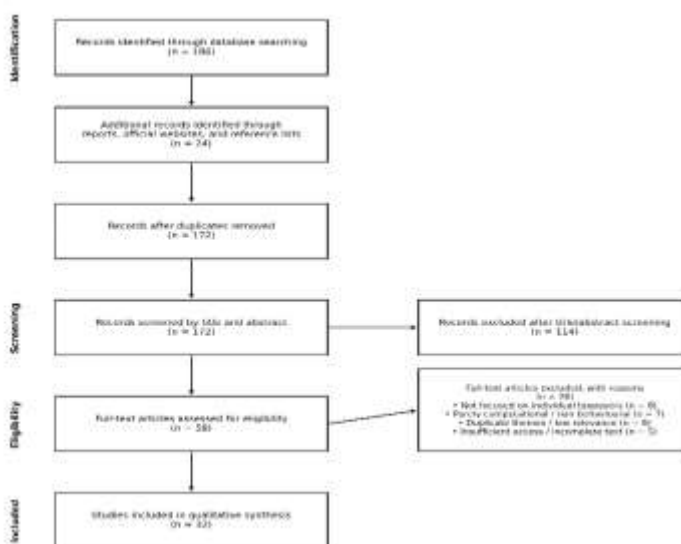
For this review paper, the literature was conceptually organized into six keyword clusters: “tax planning behaviour,” “taxpayer perception,” “tax complexity,” “tax fairness,” “tax knowledge/compliance,” and “new tax regime/old tax regime India.” The review concentrated on English-language sources pertinent to personal taxation, taxpayer behaviour, tax reform, and tax compliance. Peer-reviewed journal articles, books or book chapters in the behavioral tax tradition, official tax-policy documents, and recent studies focused on India discussing the new regime were

given priority[5]. The official policy background came from the Income Tax Department's published FAQs, explanatory materials, and tools that compare the old and new systems. These official sources are important because the way the regime is set up and what it does by default have a direct effect on how people understand how taxpayers act.

The review's inclusion criteria favored studies that examined at least one of the following: individual taxpayer decision-making, tax planning or compliance behavior, the influence of complexity and knowledge on tax choices, perceptions of fairness and trust, or the acceptance of tax reform. The synthesis did not focus on studies that only looked at corporate tax avoidance but also on how it could be applied to individuals. However, it did look at broader tax-planning literature when it helped to make conceptual boundaries clearer. The review occupies a position at the convergence of public finance, accounting behavior, and taxpayer psychology[6].

In a comprehensive empirical systematic literature review (SLR) submitted to a journal, the researcher typically delineates precise database names, the years encompassed, record tallies, inclusion-exclusion phases, duplicate elimination procedures, and quality assessment scores. In this draft of the paper, the review is presented as a structured SLR-style synthesis that can be used for academic writing, dissertation writing, or turned into a formal review manuscript after the data has been gathered. The strength of this approach is that it brings together policy design, behavioral tax theory, and regime choice in India, rather than treating them as separate areas of study[7].

**Figure 1: PRISMA**



### 3. Conceptual Background: Tax Planning Behaviour in a Dual-Regime System

Tax planning behavior can be generally defined as the legal arrangement of financial matters to reduce tax obligations while maintaining overarching economic objectives, including savings discipline, risk management, consumption smoothing, and wealth accumulation. Tax planning is a strategic behavior that aims for tax efficiency by making legal choices and timing decisions, according to conceptual overviews. When it comes to individual taxpayers, this means choosing allowances, deductions, savings tools, and filing options that lower the amount of tax they have to pay[8]. But with a dual-regime system, tax planning goes beyond just using deductions. It also means deciding whether to stay in a system that lets you take deductions or switch to a simpler system with lower rates but fewer ways to avoid paying taxes.

**Table 1: Review protocol of the study**

| Component          | Description                                                                                                            |
|--------------------|------------------------------------------------------------------------------------------------------------------------|
| Review type        | Systematic Literature Review (SLR)                                                                                     |
| Topic              | Tax Planning Behaviour Under the Old and New Tax Regimes                                                               |
| Context            | Individual income taxpayers, primarily in India                                                                        |
| Review guideline   | PRISMA 2020 framework                                                                                                  |
| Nature of sources  | Journal articles, policy papers, official tax documents, review studies                                                |
| Language           | English                                                                                                                |
| Major themes       | Tax planning behaviour, tax complexity, tax knowledge, tax fairness, compliance, savings behaviour, regime choice      |
| Inclusion focus    | Studies related to individual taxpayers, behavioural taxation, tax regime preference, compliance and reform perception |
| Exclusion focus    | Purely corporate tax studies, non-behavioural computational papers, irrelevant policy commentary                       |
| Synthesis approach | Thematic and narrative synthesis                                                                                       |

The old tax system in India makes it easier for people to do what could be called "incentive-linked planning." Taxpayers are encouraged to put money into tax-saving tools and claim deductions that they are eligible for. This means that tax planning is part of how people handle their money. Saving money on taxes isn't just a side effect of good money management; it can also be a reason to choose certain savings products[9]. The new regime, on the other hand, weakens this link by making many deductions and exemptions less important. Because of this, tax planning changes. Taxpayers may start to plan around post-tax cash flow, flexibility, and easier compliance instead of maximizing deductions. The behavioral inquiry thus transforms into: do taxpayers favor organized tax-saving regulation, or do they prefer diminished complexity and expanded discretionary authority over income? This differentiation aligns closely with behavioral tax theory. Previous behavioral tax studies have indicated that taxpayers do not consistently function as completely informed rational decision-makers[10]. They make decisions based on how they see things, what they know, what is normal in their social group, how much they trust others, and how much experience they have in administration. Reviews and theoretical frameworks in tax compliance contend that moral values, perceptions of fairness, knowledge, and deterrence collectively influence taxpayer behavior. In the context of regime choice, these variables affect taxpayers' confidence in managing deductions versus their preference for the certainty offered by a simplified tax structure.

A second conceptual issue is the distinction between tax minimization and financial optimization. Under the old system, a taxpayer could lower their taxes by putting money into eligible savings accounts. However, this might not always be the best choice in terms of liquidity or return. On the other hand, a taxpayer might pay a little more or a little less under the new system, but they will have more freedom in choosing investments and less hassle with paperwork. Recent research on sentiment in India regarding the new regime specifically highlights its association with evolving savings and investment behaviors, particularly among younger or more market-oriented taxpayers. This means that the choice between old and new isn't just about taxes; it's also about bigger changes in how households handle their money[11].

## **4. Thematic Review of Literature**

### **4.1 Tax Complexity and the Search for Simplicity**

One of the most common topics in research on taxpayer behavior is how complicated taxes are. Research indicates that taxpayers frequently regard the tax system as technically complex,

procedurally onerous, and demanding in terms of documentation. Saad's research on tax knowledge, complexity, and compliance found that many taxpayers don't have enough technical knowledge and think the system is too complicated, which can lead to non-compliance and confusion[12]. Krause also said that complexity leads to uncertainty and paperwork, which makes some taxpayers less likely to claim legitimate deductions and gives others the chance to be creative in avoiding taxes in unclear situations. These insights are pertinent to India's previous regime, which incentivizes comprehensive knowledge and meticulous record-keeping[13].

**Table 2: Search strategy used for the review**

| Database / Source Type                   | Indicative Search Terms                                         |
|------------------------------------------|-----------------------------------------------------------------|
| Scopus / Web of Science / Google Scholar | “tax planning behaviour”                                        |
| Scopus / Web of Science / Google Scholar | “taxpayer perception AND tax regime”                            |
| Scopus / Web of Science / Google Scholar | “old tax regime AND new tax regime India”                       |
| Scopus / Web of Science / Google Scholar | “tax complexity AND taxpayer behaviour”                         |
| Scopus / Web of Science / Google Scholar | “tax knowledge AND compliance”                                  |
| Official sources                         | Income Tax Department notifications, FAQs, comparison tools     |
| Supporting literature                    | PRISMA 2020, tax compliance, tax fairness, behavioural taxation |

In this context, the new regime can be seen as a way to make things easier. By making fewer exemptions and deductions necessary, it makes tax planning easier for both the brain and the office. Official departmental materials stress that the new system has lower rates but only under certain conditions[14]. It has also been increasingly seen as the default structure. This can help taxpayers who don't have a lot of deductions or who find the old system hard to use make decisions less often. The literature on tax reform also says that successful reform needs good administration and

fewer chances for people to cheat or delay; making things easier can help both compliance and acceptance.

But from the taxpayer's point of view, simplicity isn't always better. People who know a lot, are good at keeping records, and have access to advisory support can also find planning opportunities in complexity[15]. For these taxpayers, the old system may still be appealing because it lets them legally use tools to lower their taxes on purpose. So, the literature says that there is a segmentation effect: taxpayers who don't like a lot of complexity may like the new system better, while taxpayers who are good with money may still benefit from the old one. This suggests that tax planning behavior differs not only by income but also by tax literacy and record-keeping proficiency.

#### **4.2 Tax Knowledge, Financial Literacy, and Decision Quality**

Taxpayer knowledge is another important factor that affects how people plan their taxes. Studies have repeatedly demonstrated that tax knowledge influences individuals' perceptions of fairness, comprehension of obligations, and the development of compliance attitudes. Previous research established connections between tax knowledge and perceptions of fairness and compliance orientation, while recent studies persist in recognizing knowledge as a crucial factor in voluntary compliance[16]. In short, taxpayers who know more are more likely to accurately compare regimes, make credible estimates of benefits, and choose based on their own financial situation instead of what they hear or see others do.

In the Indian dual-regime context, knowledge serves two functions. First, taxpayers need to know how the two systems are different. The old system rewards deductions that are allowed, while the new system makes these deductions less important and relies on simplified slabs and default treatment. Second, taxpayers need to compare their own profiles to these rules. This includes things like how much you make, whether you can take deductions, whether you have a housing loan, whether you have insurance, how much you need to save for retirement, and how much cash you need[17]. People who don't know much about taxes might stay in a familiar system without making the most of it, or they might switch to the new system without realizing how much money they could have saved by not taking deductions. The Income Tax Department's official comparison tools implicitly recognize this decision problem by allowing calculations to be done side by side. Financial literacy expands the conversation beyond just tax literacy. Taxpayers who have a better understanding of money can better decide if tax-saving products are really useful or just tax-

attractive. Recent studies have also connected financial literacy and perceptions of fairness to how people say they follow the rules. When it comes to choosing a regime, this means that well-informed taxpayers are more likely to know the difference between tax planning and just saving money on taxes. They might understand that the old system is only good when the deductions are big and make sense financially. The new system, on the other hand, might be better when flexibility, liquidity, and lower documentation costs are more important[18].

#### **4.3 Perceived Fairness, Trust, and Reform Acceptance**

Taxpayer behavior is not solely dictated by calculation. In the compliance literature, beliefs about fairness and trust in government come up over and over again as important factors that explain why people do what they do. Research on compliance intention indicates that tax equity, fiscal reciprocity, and authority substantially influence taxpayer intentions. Research on voluntary compliance also shows that knowledge, fairness, and trust are all important. This is important because taxpayers look at reform not only in terms of how much they will have to pay, but also in terms of whether the system seems fair, open, and in line with public-purpose taxation. In the past, fairness could mean recognizing responsibilities at home, saving for the future, buying insurance, spending on education, and making commitments to housing. Taxpayers who care about these social and financial responsibilities may think that deduction-linked taxation is fair because it takes into account different situations[19]. With the new rules, fairness might mean being open and treating everyone the same: lower rates, fewer special rules, less confusion, and less chance for strategic manipulation. So, the two regimes tell different stories about fairness. One rewards spending that is socially and financially "desirable," while the other focuses on low-friction, neutral taxation.

The literature on tax reform also says that reforms can fail or be met with resistance if the people who are affected don't agree with their logic or see gaps in their implementation. The new government's policy appeal in India comes from making things easier to run and from getting more people to follow the rules. But taxpayers will only accept it if the rules are clear, easy to understand, and in line with what they think they need at different points in their lives. Acceptance of reform thus emerges as a behavioral consequence of communication, trust, and experience, rather than merely a product of statutory design[19].

#### **4.4 Compliance, Morality, and Behavioural Intentions**

Tax planning exists on a spectrum, with lawful minimization as its legitimate endpoint and evasion and aggressive avoidance as its problematic extremes. The behavioral tax literature consistently underscores that compliance is influenced by factors beyond the mere fear of penalties. Moral values, perceptions of fairness, social exchange, trust, and authority all influence individuals' willingness to comply. Both book-length syntheses and empirical studies contend that tax morale and perceived justice are pivotal to taxpayer behavior.

Compliance behavior interacts with the system's structure in relation to the old and new regimes. The old regime needs proof of deductions, so it relies more on paperwork and accurate self-assessment. This can motivate disciplined taxpayers to follow the rules, but it can also make things more complicated, which can lead to mistakes or cheating. The new rules may make these problems smaller by cutting down on the number of deduction claims that need to be interpreted and documented. If complexity leads to non-compliance, then making the rules simpler might make compliance better in an indirect way. This reasoning aligns with research linking complexity to compliance difficulties and tax administration reforms to enhanced results. At the same time, the behavioral meaning of compliance varies depending on the type of taxpayer. For a taxpayer who has been using deductions as part of a disciplined financial life for a long time, staying in the old system may be a legal and clear way to stay in compliance through careful planning. For another taxpayer with few deductions and a low tolerance for paperwork, choosing the new regime may be a way to make things easier for them to follow the rules. In both instances, tax planning behavior is influenced by the intention to comply with legal requirements while reducing perceived burdens. This supports the idea that regime choice should be looked at as a way to adapt to rules rather than just a way to save money on taxes.

#### **4.5 Savings Behaviour, Investment Flexibility, and Household Finance**

One of the most important policy issues in the new literature about India is the link between the choice of tax system and how families handle their money. The old system encouraged tax-saving investments by making deductions a key part of paying less tax. This probably made people more likely to sign up for insurance, provident funds, certain savings accounts, and other ways to save that qualify for tax deductions. The new rules make these tools less important for figuring out taxes, which could change the reasons people used to save money for taxes. Recent sentiment-

based research on the new regime indicates alterations in savings and investment behaviors, as well as a transition among certain taxpayers towards market-oriented returns and enhanced liquidity.

This change has big effects. The old regime may strengthen the discipline of forced savings, particularly for salaried taxpayers who utilize tax-advantaged investments as a means of commitment. These taxpayers may like the old system not only because it lowers their taxes, but also because it encourages smart financial behavior. The new system, on the other hand, may be more appealing to younger, more mobile, or liquidity-sensitive taxpayers who want to be able to move their money around instead of putting it into products that only give them tax breaks. So, the choice is between having someone help you with your money and being free to make your own decisions about it.

The literature indicates that tax planning behavior cannot be understood independently of life-cycle finance. A taxpayer who has to pay for school, a mortgage, insurance, and plan for retirement may think that the old system fits in well with their household budget. A taxpayer in an earlier stage of life, with fewer fixed obligations and a greater desire for flexible allocation, may logically favor the new system. This is why studies of regime preference should look at tax variables as well as demographic and financial ones. In this case, tax planning is a way that people manage their money based on their age, how stable their income is, their family structure, and their reasons for saving.

#### **4.6 Taxpayer Segmentation and Regime Preference**

The literature suggests that no single regime is universally superior; instead, regime preference arises from taxpayer segmentation. One group is made up of taxpayers who have a lot of deductions, big claims, stable paperwork, and a good understanding of taxes. These taxpayers often like the old system because it rewards people who make structured financial commitments. Another group is made up of taxpayers who don't want to deal with a lot of paperwork, want to have more cash on hand, or find it easier to do math. This group is more likely to be interested in the new system. Official comparison tools show this division by making taxpayers figure out how much they owe under both systems.

A second way to divide people up is by their behavior. Some taxpayers are planners who feel more secure when they have a plan for how to get the most out of their taxes each year. Others are simplifiers who like things to be predictable and easy to handle. The behavioral tax literature substantiates this distinction by demonstrating that tax knowledge, perceptions of fairness, tolerance for complexity, and moral attitudes vary among individuals, thereby influencing their decisions. Therefore, tax planning behavior in dual regimes ought to be analyzed through a multidimensional model rather than solely through income brackets.

## 5. Discussion

The literature examined in this paper leads to a primary conclusion: tax planning behavior under India's old and new tax regimes is optimally interpreted as a behavioral-financial decision rather than a solely computational one. Tax liability is still an important factor, but choosing a regime is also strongly affected by how much complexity someone can handle, how much they know, how fair they think things are, how they save money, and their financial needs at different points in their life. The old system is appealing when planning that is linked to deductions is significant and has a real financial impact. The new system is better for people who care more about making things easier, having more money available, and having less paperwork. This understanding elucidates the inability to forecast taxpayer preference solely based on slab rates.

**Table 3: Inclusion and Exclusion criteria**

| Criteria Type    | Included                                                                | Excluded                                              |
|------------------|-------------------------------------------------------------------------|-------------------------------------------------------|
| Population       | Individual taxpayers, salaried taxpayers, personal income taxpayers     | Corporate-only tax avoidance studies                  |
| Theme            | Tax planning, taxpayer perception, compliance, tax complexity, fairness | Unrelated fiscal policy studies                       |
| Geography        | India-focused and transferable international behavioural tax studies    | Studies with no relevance to taxpayer decision-making |
| Publication type | Peer-reviewed articles, official reports, review papers                 | Blog posts without academic or policy credibility     |

|           |                                                          |                                                        |
|-----------|----------------------------------------------------------|--------------------------------------------------------|
| Language  | English                                                  | Non-English sources not accessible for review          |
| Relevance | Strong conceptual or empirical link to tax regime choice | Purely descriptive, repetitive, or low-relevance texts |

A second important point is that making taxes simpler doesn't get rid of tax planning; it changes the way people plan their taxes. Some stories about reform say that a simpler system makes tax planning harder by lowering deductions. The literature suggests that planning is reorganized instead. Planning used to be all about exemptions, proofs, and products that were eligible. Planning changes to include salary structuring, cash flow management, flexible investment allocation, and strategic comparison of filing options when possible under the new rules. Tax planning, then, still exists after regime simplification, but the reasons and methods for doing it change. The review also says that the new regime could have bigger effects on how households save money. Regimes that are linked to deductions often encourage people to save money and buy insurance for the long term. As these incentives diminish, taxpayers may either acquire beneficial flexibility or forfeit essential financial discipline, contingent upon their self-regulation, literacy, and economic status. This makes it hard for policymakers to make a decision. A simplified regime could make things easier for taxpayers and cut down on inefficiencies caused by too much complexity, but it could also weaken the behavioral incentives that encouraged people to save money in a socially responsible way under the old system. The developing Indian literature regarding the new regime's influence on savings and investment behavior is particularly significant and warrants further empirical scrutiny.

Another important effect has to do with teaching taxpayers. The literature strongly suggests that knowledge and perceptions of fairness influence compliance and preferences for governance. If taxpayers can't accurately compare regimes, then policy design alone can't make sure they make the best choice. In this case, digital tax calculators, easy-to-understand notes, pre-filled comparison tools, and targeted awareness campaigns are all very important ways to change people's behavior. Official calculators and FAQ resources already help with this, but the literature suggests that there is still a lot more that can be done to help salaried workers, self-employed people, and taxpayers with low literacy levels understand the rules.

Finally, the review proposes a prospective research agenda. Empirical studies ought to examine whether regime preference varies significantly across age, occupation, tax literacy, family stage, housing loan status, and savings orientation. They ought to examine whether perceived fairness mediates the relationship between regime design and taxpayer satisfaction, as well as whether tax complexity moderates the influence of financial literacy on regime selection. This work would go beyond just comparing things and start making predictions about how people in India plan their taxes.

## 6. Implications of the Study

This review has effects on academics, policy, and real life. Academically, it demonstrates that tax planning behavior ought to be amalgamated with behavioral taxation, public policy, and household finance, rather than being regarded as a mere accounting concern. It shows that dual-regime systems need to be backed by strong informational infrastructure, because the quality of decisions affects the welfare of taxpayers. The review says that taxpayers shouldn't pick regimes just because their friends told them to or because they think the rates will be lower. Instead, they should look at their deduction profile, liquidity needs, and long-term financial discipline before making a decision. The paper also says that tax advisors, employers, and tax administrators should talk to different groups of taxpayers in different ways instead of saying that one system is better than all the others.

**Table 4: Summary of Major findings**

| Dimension          | Old Tax Regime                                            | New Tax Regime                                                   |
|--------------------|-----------------------------------------------------------|------------------------------------------------------------------|
| Tax planning style | Deduction-oriented                                        | Simplicity-oriented                                              |
| Main attraction    | Exemptions, deductions, tax-saving investments            | Lower complexity, reduced paperwork, concessional slabs          |
| Suitable for       | Taxpayers with high deductions and structured savings     | Taxpayers with fewer deductions and greater liquidity preference |
| Behavioural impact | Encourages disciplined savings and long-term tax planning | Encourages flexibility and easier tax decision-making            |

|                     |                                         |                                                  |
|---------------------|-----------------------------------------|--------------------------------------------------|
| Compliance burden   | Higher due to records and documentation | Lower due to fewer deduction claims              |
| Perceived challenge | Complex and calculation-heavy           | May reduce incentives for tax-saving investments |

## 7. Conclusion

This systematic literature review analyzed tax planning behavior within the old and new tax regimes, specifically focusing on the Indian context. The review shows that tax planning is not just about lowering taxes; it is a way of thinking about taxes that takes into account a person's knowledge, preferences, savings goals, and ideas of fairness. The old system encourages planning based on incentives by offering deductions and exemptions. The new system, on the other hand, encourages simplification, less friction, and more freedom. These differences make behavioral ecosystems that are different from each other, not just a simple high-tax versus low-tax comparison.

The literature indicates that tax complexity, knowledge, fairness, trust, and compliance motivations are pivotal in elucidating taxpayer decisions. Taxpayers who know about deductions, have their finances in order, and are okay with paperwork may logically prefer the old system. Taxpayers who prioritize simplicity, reduced cognitive burden, and liquidity may rationally gravitate toward the new regime. So, the main policy problem is not to make everyone move toward one regime, but to make it possible for people to choose for themselves by providing clear information and good administrative design.

To sum up, tax planning in India shows a shift from optimizing taxes based on deductions to a more behavioral model of tax choice. The new regime's ongoing presence in current law shows that the issue will still be important to researchers, policymakers, and taxpayers. Future empirical research should now expand upon this review to evaluate models of regime preference across income strata, professions, and stages of household life. Such research can significantly enhance the understanding of how tax reform influences not only revenue outcomes but also the financial behavior and decision-making quality of citizens.

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