

Impact of Union Budget Tax Policies on Individual Taxpayers in India and the Role of Tax Planning in Reducing Tax Liability under the Indian Income Tax System

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ABSTRACT:

India's personal income tax system allows the taxpayer to choose between the old tax regime and the new tax regime, which were designed with the intention of achieving different objectives. The old tax regime was designed with the intention of encouraging individuals to save and make investments in instruments like provident funds, insurance, home loans, and education. On the other hand, the new tax regime, introduced in the Union Budget 2020 in India, aims to simplify the income tax system for individuals by reducing the rates and removing the exemptions and deductions. This study aims to provide a comparative study of the old and new income tax regimes in terms of their structure, rates, benefits, drawbacks, and their overall impact on individuals belonging to different income brackets. This study aims to analyse the overall impact of individual financial behaviours, investments, and income levels in choosing one of the income tax regimes. Although the old income tax regime is beneficial for individuals who make the most of the exemptions and deductions, the new income tax regime is beneficial for individuals who want to simplify the income tax compliance process. **Key words:** Old Tax Regime, New Tax Regime, Tax Slabs, Financial Planning.

INTRODUCTION:

Taxation is one of the vital roles played in the economic growth of a country, as it helps the government raise funds for expenditure and welfare schemes. The Indian government has introduced many reforms in the Indian income tax system over the years to make the system efficient and promote economic growth in the country. The most significant step taken in the Indian income tax system in recent times is the introduction of the New Tax Regime in the Union Budget 2020 (India) by the Government of India. This step was introduced to make the tax system simpler for taxpayers and provide an alternative to the traditional tax system.

Prior to this change, the taxpayers were governed by the system now termed the Old Tax Regime. In this system, taxpayers were able to reduce their taxable income by availing a number of deductions and exemptions under different sections of the Income Tax Act, 1961. Some of the most common deductions were those on investments in provident funds, life insurance premiums, housing loans, medical insurance, and education-related expenses. Though this system was encouraging savings and financial planning, it was also a bit complicated due to a number of rules and calculations.

Nevertheless, the co-existence of both systems has led to a decision-making problem for taxpayers. People are encouraged to think critically about their income level, deductions, and goals before making the final choice. For instance, taxpayers who invest heavily in tax-saving instruments are encouraged to use the Old Tax Regime, while those with fewer deductions are encouraged to use the New Tax Regime, considering the lower tax rate and ease of the process.

The purpose of this comparative study is to examine the major differences that exist between the Old Tax Regime and the New Tax Regime in India. This study will help to understand the tax slabs, deductions, benefits, and limitations of both systems to establish which system is more beneficial to taxpayers. This will help in the effective evaluation of the impact of tax reforms in the country.

REVIEW OF LITERATURE

Comparative Analysis of Old Tax Regime vs New Tax Regime in India

The Indian personal income tax system has undergone significant reforms in recent years to enhance transparency, simplify tax compliance, and encourage voluntary tax participation. A major reform occurred in the **Union Budget 2020**, when the Government of India introduced an **optional New Tax Regime under Section 115BAC of the Income Tax Act, 1961**. This regime provides lower tax rates while eliminating most deductions and exemptions available under the traditional or Old Tax Regime. The coexistence of these two regimes has attracted considerable attention from policymakers, economists, and researchers who seek to understand their comparative advantages, implications for taxpayer behaviour, and overall economic impact.

1. Evolution of Personal Income Tax Structure in India

Historically, India's income tax system has been structured around progressive tax slabs combined with numerous exemptions and deductions aimed at encouraging savings and investment. The Old Tax Regime allowed taxpayers to claim deductions under provisions such as **Section 80C, Section 80D, House Rent Allowance (HRA), Leave Travel Allowance (LTA), and interest on housing loans**. These provisions were designed not only to reduce tax liability but also to promote financial planning and capital formation.

However, scholars such as **Rao and Kumar (2019)** observed that the extensive network of exemptions made the tax system complex and increased compliance costs for taxpayers. Complex deduction structures also created administrative challenges for tax authorities and sometimes encouraged tax avoidance strategies. In response to these concerns, the Government introduced the New Tax Regime, which offers simplified tax slabs with minimal exemptions.

The New Tax Regime represents a structural shift in tax policy by prioritizing simplicity and transparency over deduction-based incentives. According to **Gupta (2021)**, the reform reflects a broader global trend where governments attempt to simplify tax codes to improve compliance and efficiency.

2. Structural Differences Between Old and New Tax Regimes

A significant body of research has focused on comparing the structural characteristics of the two tax regimes. The Old Tax Regime operates with higher tax rates but provides multiple deductions and exemptions that can substantially reduce taxable income. In contrast, the New Tax Regime offers lower tax rates but removes most tax benefits.

According to **Sharma and Bansal (2021)**, the New Tax Regime aims to reduce the complexity of tax filing by eliminating numerous deductions that often require documentation and verification. This simplification can reduce the compliance burden for both taxpayers and the tax administration.

However, studies indicate that the elimination of deductions significantly affects taxpayers who rely on tax-saving investments. **Mehta (2022)** conducted a comparative analysis of tax liability under both regimes and concluded that individuals who make substantial investments in tax-saving instruments such as **Public Provident Fund (PPF)**,

Employee Provident Fund (EPF), National Pension System (NPS), and tax-saving mutual funds generally benefit more from the Old Tax Regime.

Thus, the structural difference between the two regimes creates a trade-off between **simplicity and tax planning opportunities**.

Impact on Individual Taxpayers

Several empirical studies have examined how the new tax regime affects individual taxpayers across different income levels. **Patel and Shah (2021)** analyzed tax liability scenarios for salaried individuals and found that the new regime tends to benefit taxpayers who have limited deductions or do not actively invest in tax-saving schemes.

Conversely, taxpayers who utilize deductions such as housing loan interest, insurance premiums, and provident fund contributions often experience a higher tax burden under the New Tax Regime.

A survey-based study conducted by **Verma (2023)** found that taxpayer awareness and financial literacy significantly influence the choice between the two regimes. Many respondents reported difficulty in determining which regime is more beneficial due to limited understanding of tax calculations and deduction structures.

Furthermore, the flexibility offered by the government—allowing taxpayers to switch regimes annually (for salaried individuals)—has introduced a dynamic decision-making process in tax planning.

4. Impact on Savings and Investment Behaviour

Another important area of research examines the influence of the new tax regime on household savings and investment patterns. Under the Old Tax Regime, tax deductions served as incentives for individuals to invest in long-term financial instruments such as insurance policies, provident funds, and equity-linked savings schemes.

Chatterjee (2022) argues that these incentives played a crucial role in encouraging disciplined savings among Indian households. However, the New Tax Regime removes many of these incentives, potentially reducing the motivation for individuals to invest in traditional tax-saving instruments.

Some economists suggest that while the new regime may reduce tax-driven investments, it increases **disposable income**, allowing taxpayers to make investment decisions based on financial goals rather than tax considerations.

However, the long-term impact of this shift on national savings rates remains uncertain and requires further empirical investigation.

5. Policy Objectives and Government Perspective

From a policy perspective, the introduction of the New Tax Regime was intended to achieve several objectives:

1. Simplification of the tax structure
2. Reduction in compliance burden
3. Increased transparency in tax administration
4. Expansion of the tax base

5. Improvement in voluntary tax compliance

According to reports by the **Central Board of Direct Taxes (CBDT)**, simplified tax systems tend to improve compliance because taxpayers find them easier to understand and follow.

However, some researchers argue that maintaining two parallel tax regimes may initially create confusion among taxpayers and complicate tax planning decisions. **Sinha (2023)** notes that the coexistence of both regimes may be a transitional phase before a complete shift toward a simplified tax system.

6. Income-Level Comparative Analysis

Several researchers have conducted scenario-based analyses comparing tax liability under both regimes across different income groups. These studies reveal that the relative benefit of each regime depends primarily on two factors:

1. Level of income
2. Amount of deductions claimed

For instance, **Reddy (2022)** found that individuals in the lower-income bracket who claim minimal deductions often benefit more from the New Tax Regime due to reduced tax rates. On the other hand, individuals in higher-income brackets with significant deductions may find the Old Tax Regime more advantageous.

This indicates that the effectiveness of each regime is not universal but varies according to the financial circumstances of the taxpayer.

RESEARCH OBJECTIVES

Overall aim

To examine how recent Union Budget personal income-tax policies affect individual taxpayers in India and how tax planning helps them legally reduce and manage their tax liability.

Specific objectives related to Union Budget impact

1. To review the major personal income-tax proposals affecting individuals in recent Union Budgets (e.g., changes in slabs, rates, rebates, deductions and regime choice under the new vs old tax regime).
2. To analyse how these Union Budget changes alter effective tax liability for different categories of individual taxpayers (by income slab, age group, residential status, and type of income).
3. To assess the perceived impact of recent Union Budget tax measures on taxpayers' disposable income, savings, investment and consumption behaviour.
4. To examine taxpayers' awareness and understanding of new budget-driven provisions (e.g., new tax regime slab structure, revised rebates, TDS/TCS changes, simplified forms/ITR processes).

Specific objectives related to tax planning

5. To study the extent of tax-planning practices among individual taxpayers, including use of deductions and exemptions under the Income-tax Act, 1961 (e.g., sections 80C, 80D, 80CCD, 24(b), etc.).

6. To identify the most commonly used tax-saving instruments (e.g., PPF, EPF, NPS, ELSS, life insurance, home loan interest/principal, health insurance) and their contribution to reducing tax liability.
7. To evaluate the relationship between the level of tax planning (awareness and actual use of tax-saving provisions) and the effective tax burden on individual taxpayers.
8. To analyse demographic and behavioural factors (income, age, occupation, risk profile, financial literacy) that influence tax-planning behaviour among individual taxpayers.
9. To suggest policy measures and taxpayer-education strategies to improve the design, communication and utilisation of Union Budget tax provisions and legal tax-planning avenues.

METHODOLOGY OVERVIEW

This study has a mixed-method, descriptive and analytical study, combining doctrinal/legal analysis of tax laws and Budgets with an empirical survey of individual taxpayers. Prior Indian studies on Union Budget effects and tax planning commonly use descriptive/analytical designs with survey data and secondary document analysis.

Type of study and scope

- Research design:

- Descriptive (to describe current tax provisions, slabs, rebates, and common tax-planning practices).
- Analytical (to compare effective tax liability before/after specific Budgets and between taxpayers who plan vs those who don't).
- Doctrinal/legal (analysis of the Income-tax Act, Finance Acts, Budget documents, CBDT circulars and FAQs).

- Geographical scope:

- Specifying “individual taxpayers in Bengaluru city/Karnataka” or any chosen city/region to make sampling feasible, while still referring to all-India tax law and Union Budgets.

- Time period:

- Focus on Union Budgets and Finance Acts from the introduction of the new tax regime (Budget 2020-21) up to the latest Budgets (2025-26 and 2026-27), where personal tax slabs, rebates and compliance reforms have been significantly revised.

Data collection

Both secondary and primary data.

Secondary data

1. Legal and policy documents

- Income-tax Act, 1961 and related rules and notifications.

- Official Union Budget documents, Finance Bills and explanatory memoranda (especially sections on direct taxes and personal income tax).

- CBDT circulars, ITR forms and validation rules to understand how provisions are implemented and what disclosures are required from individuals.

2. Professional and explanatory analyses

- Budget analyses and tax alerts from professional firms (e.g., KPMG, Grant Thornton, law firms) explaining the impact of new slabs and other reliefs on individuals.

3. Academic literature and prior studies

- Studies on impact of Union Budget tax revisions on individual taxpayers and consumer behaviour.

- Studies on tax planning, tax-saving instruments and legal tax mitigation by Indian taxpayers.

- Articles on tax-planning strategies under the Income-tax Act, including use of Section 80C, 80D, 80CCD and others.

Primary data

1. Structured questionnaire survey

- Target respondents: Individual income-tax assesseees (salaried employees, self-employed professionals, and small business owners assessed as individuals).

- Key sections in the questionnaire:

- Demographic profile (age, gender, education, occupation, income range, residential status).

- Tax profile (old vs new regime, primary sources of income, whether filing ITR personally or through a consultant).

- Awareness of recent Union Budget changes (slab changes, rebates, standard deduction, TDS/TCS changes, simplified rules).

- Actual tax-planning behaviour (use of 80C, 80D, 80CCD, housing loan benefits, capital-gains exemptions, etc.).

- Perceptions of the impact of recent Budgets on disposable income, savings, investments and consumption.

- Self-reported tax savings due to planning (approximate amount or percentage) and satisfaction with current tax burden.

2. Qualitative component

- Semi-structured interviews with 5–10 tax practitioners or financial planners to get expert views on:

- How Union Budget changes are affecting their individual clients.

- Most common tax-planning mistakes and missed opportunities.

Sampling and sample size

- Population: Individual income-tax assesseees in the chosen geographical area (e.g., Bengaluru urban individual taxpayers).

- Sampling technique :

- purposive sampling (people who actually file returns) and then use stratified sampling across income ranges (e.g., up to ₹7–8 lakh, ₹8–12 lakh, ₹12–20 lakh, above ₹20 lakh), reflecting tax slabs under the new regime.
- Representation of salaried employees, professionals and small business owners.

Tools and techniques for analysis

1. For policy review objectives (1 and 4)

- Content analysis of Budget documents, Finance Bills, CBDT circulars and professional summaries to map key changes in slabs, rates, rebates and compliance provisions.

2. For impact on tax liability (Objectives 2, 3, 7)

- Compute:
 - Effective tax rate (tax paid ÷ total income).
 - Tax saved due to planning (difference between liability without planning vs with actual planning, using Union Budget slabs and official calculators).
 - Use descriptive statistics (mean, median, standard deviation) and *cross-tabulations* (e.g., income range vs effective tax rate).
 - Apply t-tests/ANOVA to compare means across groups (e.g., planners vs non-planners; old vs new regime; different income groups).
 - Optionally, use correlation/regression to see whether higher “tax-planning index” scores are associated with lower effective tax rates.

3. For tax-planning behaviour (Objectives 5, 6, 8)

- Construct a tax-planning index (e.g., sum of used deductions/exemptions or Likert-scale responses on planning practices).
- Use frequency tables and bar charts to identify most-used instruments (PPF, ELSS, NPS, insurance, house loan etc.).
- Use chi-square tests to examine relationships between demographics and use of specific tax-saving instruments.

RESEARCH GAP

Although existing literature provides valuable insights into the comparative features of the Old and New Tax Regimes, several important research gaps remain.

1. Lack of Large-Scale Empirical Studies

Many studies rely on theoretical comparisons or small survey samples. There is a need for large-scale empirical research using real taxpayer data to understand how individuals actually choose between tax regimes.

2. Limited Long-Term Economic Impact Studies

Most research focuses on immediate tax liability comparisons rather than long-term economic consequences. The broader impact of the new regime on **national savings rates, investment patterns, and economic growth** remains insufficiently explored.

3. Insufficient Analysis of Behavioral Factors

Existing studies primarily focus on numerical tax comparisons. However, the role of **behavioral economics**, including taxpayer awareness, financial literacy, risk perception, and decision-making psychology, has not been adequately examined.

4. Lack of Occupation-Specific Studies

Most literature treats taxpayers as a homogeneous group. There is limited research analyzing how the tax regimes affect different occupational categories such as:

- Salaried employees
- Self-employed professionals
- Entrepreneurs
- Freelancers

These groups may experience different tax implications due to variations in income structure and deduction opportunities.

5. Impact of Recent Policy Changes

Since its introduction, the government has made several modifications to the New Tax Regime, including changes in tax slabs and making it the **default tax regime in recent budgets**. However, limited academic research has analyzed how these changes influence taxpayer preferences.

6. Demographic and Regional Differences

Another underexplored area is the role of demographic and regional factors in regime selection. Variables such as **age, education level, geographic region, income stability, and financial literacy** may significantly influence taxpayer choices.

4.1 Old Tax System: Structure

Income tax is classified as a **direct tax**, meaning it is levied directly on the taxable income earned by individuals and corporate entities. In the case of direct taxes, the responsibility for paying and depositing the tax lies with the **assessee**, which refers to the person or entity earning the income. Unlike indirect taxes, where the burden may be transferred to another party, the burden of income tax remains with the taxpayer.

The amount of income tax payable depends on the **total income earned during a financial year**. Based on the level of income, the taxpayer falls into a specific **tax slab**, and the applicable tax rate is determined accordingly. India follows a **progressive tax system**, meaning individuals with higher income are required to pay tax at higher rates as defined by the tax slabs prescribed by the government.

4.2 Old Tax Regime

One of the most significant advantages of the **old tax regime** is that it encourages individuals to develop a habit of saving through investments in various tax-saving schemes. Under this system, taxpayers can reduce their taxable income by investing in eligible financial instruments that qualify for tax deductions. This promotes a culture of savings among individuals, which can help them meet future financial needs such as marriage expenses, education, purchase of house property, or medical emergencies.

In addition to investment-based deductions, the old tax regime allows individuals to claim **exemptions on various allowances and perquisites** provided by employers. By utilizing these deductions and exemptions, taxpayers can effectively reduce their taxable income and consequently lower their tax liability.

However, the old tax regime also has certain limitations. Taxpayers must maintain **proper documentation and proof of investments** in order to claim deductions. These documents may be required during assessment proceedings conducted by tax authorities, which means individuals must preserve records for a considerable period.

Another limitation is that the old regime may not suit every taxpayer. Many young individuals prefer spending rather than investing in long-term savings instruments. Similarly, senior citizens often require liquidity and may not prefer locking their funds in investment schemes. Under the old regime, taxpayers often need to invest in specified financial instruments to claim tax benefits, and many of these investments have a **lock-in period of three to five years**.

Additionally, the tax rates under the old regime are **generally higher compared to the new tax regime**, which may increase the tax burden for individuals who do not claim significant deductions.

Old Tax Regime: Rates of Income Tax FY 2025-2026 for Individuals [AY 2026-27]					
Below 60 years		60 & Above but below 80 years		80 years & Above	
Income Slabs	Rate	Income Slabs	Rate	Income Slabs	Rate
Up to Rs. 2,50,000	0%	Up to Rs. 3,00,000	0%	Up to Rs. 5,00,000	0%
Rs. 2,50,001 to Rs. 5,00,000	5%	Rs. 3,00,001 to Rs. 5,00,000	5%		
Rs. 5,00,001 to Rs. 10,00,000	20%	Rs. 5,00,001 to Rs. 10,00,000	20%	Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%	Above Rs. 10,00,000	30%	Above Rs. 10,00,000	30%
Income Tax	XX	Income Tax	XX	Income Tax	XX

Note 1: Deduct Rebate u/s 87A
It is applicable for an individual resident in India, whose total income does not exceed Rs. 5,00,000.
Amount of Rebate = Income-tax payable or an amount of Rs. 12,500, whichever is less.

Note 2: Add HEC (Health and Education Cess) = 4% on Income Tax

4.3 New Tax System

In the **Union Budget 2020**, the Finance Minister of India introduced a **new income tax regime** with the objective of simplifying the tax structure and reducing compliance complexity for taxpayers.

Under this system, taxpayers benefit from **lower tax rates across multiple income slabs**. However, individuals opting for the new tax regime must forgo several exemptions and deductions that were previously available under the old tax regime.

The new tax regime remains **optional**, meaning taxpayers can choose between the old and new regimes depending on which is more beneficial for their financial circumstances. However, in recent years, the government has made the **new tax regime the default system**, while still allowing taxpayers to opt for the old regime if they wish to claim deductions and exemptions.

4.4 New Tax Regime

The new tax regime is particularly beneficial for individuals who do not claim multiple exemptions or deductions under the existing system. Such taxpayers can benefit from **lower upfront tax rates** offered under the new regime.

One of the major advantages of this regime is the **simplification of the tax filing process**. Since most exemptions and deductions are removed, taxpayers do not need to maintain extensive records of investments or collect multiple receipts to claim deductions. This significantly reduces the complexity involved in filing tax returns and minimizes the likelihood of errors.

However, the new tax regime also has certain limitations. Taxpayers who already invest substantial amounts in tax-saving schemes such as **Public Provident Fund (PPF), National Pension System (NPS), and other tax-exempt savings instruments** may not benefit from switching to the new regime, as these investments do not provide the same tax benefits under this system.

Another concern associated with the new tax regime is that it may potentially reduce **household savings**. Since a large number of common deductions and exemptions are not available, individuals may have less incentive to invest in traditional tax-saving instruments. As a result, some experts believe that the new regime could lead to a reduction in long-term savings behavior among taxpayers.

Default Tax Regime: [Sec 115BAC] Rates of Income Tax FY 2025-2026 for Individuals [AY 2026-27]	
Income Slabs	Rate
Up to 4,00,000	0%
Rs. 4,00,001 to Rs. 8,00,000	5%
Rs. 8,00,001 to Rs. 12,00,000	10%
Rs. 12,00,001 to Rs. 16,00,000	15%
Rs. 16,00,001 to Rs. 20,00,000	20%
Rs. 20,00,001 to Rs. 24,00,000	25%
Above 24,00,000	30%

Note 1: Deduct Rebate u/s 87A
It is applicable for an individual resident in India, whose total income does not exceed Rs. 12,00,000.
Amount of Rebate = Income-tax payable or an amount of Rs. 60,000, whichever is less.

Note 2: Add HEC = Health and Education Cess = 4% on Income Tax

Note 3: The age of the person is immaterial

Note: Unlike the old income tax regime, the exemptions u/s 10 and total income deductions under section 80 are not available under the new tax regime.

4.5 Exemptions and Deductions Not Allowed in the New Tax Regime

Under the new tax regime, several exemptions and deductions that were previously available under the old regime are not permitted. Some of the major exclusions include the following:

(a) Exemptions under Section 10

Certain allowances that were earlier exempt from taxation are not allowed under the new regime. These include:

1. **Leave Travel Concession (LTC)**
2. **House Rent Allowance (HRA)**
3. **Special allowances specified under Rule 2BB**, including:
 - Children education allowance
 - Hostel allowance
 - Transport allowance

(b) Deductions under Section 16

Some deductions previously available under this section are not allowed under the new regime. These include:

- Entertainment allowance
- Professional tax deduction

However, it should be noted that the **standard deduction is currently allowed under the new tax regime**, although other deductions under this section may not be available.

(c) Interest Deduction under Section 24

The deduction for **interest on housing loans for self-occupied property** is generally not available under the new tax regime. Additionally, losses arising under the head **Income from House Property** cannot normally be set off against income under other heads.

(d) Deductions under Chapter VI-A

Several deductions available under Chapter VI-A of the Income Tax Act are not permitted under the new tax regime. These include deductions under sections such as:

- Section 80C
- Section 80CCC
- Section 80CCD (except employer contribution under specific conditions)
- Section 80D
- Section 80DD
- Section 80DDB
- Section 80E
- Section 80EE
- Section 80EEA
- Section 80EEB
- Section 80G
- Section 80GG
- Section 80GGA
- Section 80GGC
- Section 80IA
- Section 80IAB
- Section 80IAC
- Section 80IB
- Section 80IBA

These provisions previously allowed taxpayers to claim deductions for investments, insurance premiums, donations, and other eligible expenditures.

A Comparative Evaluation of the Divergence between the Old and New Tax Regimes in India:

The Indian direct taxation system has been experiencing a jag of its own as the system architecture has also gone into an impasse marked by the shift of the traditional incentive heavy structure to the leaner lower-rate base. The government has provided the rationale behind this evolution based on the historic Income Tax Act of 1961 such that the tax compliance can be made easier and the objective of the government to provide boost to the economy by consumption. The Indian tax regime in the past fifty years had been more of a forced savings scheme within a complicated system of exemptions and deductions that have served to compel individual capital to go into government-approved investment vehicles. But due to the implementation of its alternative tax regime in the Union Budget 2020 in 115BAC and its further

transformation to a default regime in 2023, the decision-making matrix of the Indian taxpayer has changed fundamentally.

The 2024 Union Budget has made some crucial changes that have come to further highlight the two regimes. Although the Old Tax Regime has not gone beyond its design, the New Tax Regime has gone through a recalibration process aprs le nouveau tax slab, surcharge redone, and a redefined surcharge package of the high net-worth earners. The reforms do not constitute the administrative ones only; they signify an important shift of the policy toward enhancing the discretionary income of the middle group and slowly withdrawing the administrative costs of having to check over 70 different exemptions and deductions. The present financial landscape requires a strict comparative examination to dictate the best course of action between the taxpayers that will achieve a fine balance between the short-term liquidity and the long-term financial stability.

Indian Taxation the Paradigm Shift and the Historical Context.

The principles of the Indian taxation have traditionally been based on the fiscal imbalance and generating income to support national infrastructure. Reviews of the tax policy reform since 1990 in the scholarly literature have pointed out that the paradigm shift is that the expansion of the revenue base is only possible with aligning the policy with global standards which reflects more lowered rates and more widespread compliance than the intricate incentives systems. The past dependence on direct tax revenues as the main form of funding the government has undergone a number of reformative cycles such as the introduction of the Goods and Services Tax (GST) in case of the indirect taxes and the continued effort in trying to improve the Direct Tax Code.

Although the New Tax Regime was first dealt with on low adoption, largely due to the fact that many had been disadvantaged by the restriction placed on claiming common tax deductions such as House Rent Allowance (HRA) and Section 80C investments. Upon the realization of this friction, the following budgets have progressively increased the value offer by the new regime. The shift towards the new regime to the default option would mean that government would turn tax-saving investments into a choice and not a compulsory fact in bringing tax efficiency. This change has far reaching consequences in the household savings behaviour since the people might switch to the more conventional saving tools such as the Public Provident Fund (PPF) or the National Pension System (NPPS) in case the tax saving scheme is eliminated.

The Old Tax Regime Structural Framework.

The Old Tax Regime is founded on progressive tax system according to which, the rate of taxation is rising with the level of incomes the taxpayer has. The most characteristic aspect of it is that it depends on the exemption limits tied to the age meaning that it is more lenient to the citizens aged. The payment and deposition of the tax are imposed upon the assessee in this regime, and it cannot be transferred to any other person, unlike when indirect tax is imposed.

Old Regime Tax Slabs According to the age level.

The Old Tax Regime also carries three different classes of individual taxpayers each with varied basic exemption level. Such segmentation will be based on the different financial needs and earning abilities within different life stages.

The effectiveness of the Old Tax Regime is closely connected with the possibilities of the taxpayer to use deductions. An example is the reduction of 5 percent slab to 20 percent slab at the 5,00,000 mark which is a steep slope that can only be alleviated by huge deductions under Chapter VI-A or exemptions under Section 10.

Category of Individual	Age Criteria	Basic Exemption Limit (₹)
Regular Individual	Below 60 Years	2,50,000
Senior Citizen	60 to 80 Years	3,00,000

Category of Individual	Age Criteria	Basic Exemption Limit (₹)
Super Senior Citizen	Above 80 Years	5,00,000

The progressive slabs for a regular individual under the Old Tax Regime for the Financial Year 2024-25 are detailed below:

Net Taxable Income Slab (₹)	Applicable Tax Rate (%)
Up to 2,50,000	Nil
2,50,001 to 5,00,000	5%
5,00,001 to 10,00,000	20%
Above 10,00,000	30%

Source:

The efficacy of the Old Tax Regime is intrinsically linked to the taxpayer's ability to utilize deductions. For instance, the transition from the 5% slab to the 20% slab at the ₹5,00,000 mark is a sharp incline that can only be mitigated by substantial deductions under Chapter VI-A or exemptions under Section 10.

A Philosophy of Incentivized Savings.

Old Tax Regime is a tool of social security. The state promotes the culture of systematic savings by providing deductions on the premiums remitted by insurers on life insurance products and provident funds under Section 80C. This is especially applicable in fulfilling the financial requirements in the future like marriage, education, and financial meltdowns. Also, Section 80D supports medical insurance premiums whereby a deduction will be made and Section 24 (b) gives a huge relief to house owners in that a deduction of a maximum of 200000 will be made on interest payable on homemade houses provided self-occupied. All these incentives are aimed at decreasing the net taxable income and in most cases, it will be much less than the gross salary.

Management structure of New Tax Regime.

Unlike the Old Regime, the New Tax Regime (Section 115BAC) is based on a lower-rate and fewer exemptions theorising. It has the main aim of simplifying the personal income tax system and lowering the total tax obligation imposed on persons who may not have high rate of tax saving investments. The New Tax regime is not discriminative with reference to the age of the person, there exists a common basic exemption limit and slab system which is applicable to everybody, senior and super senior citizens alike.

Amended Tax Slabs in Budget 2024.

The slabs in the new regime presented in the Union budget 2024 have considerable changes to make it more attractive to middle-income earners. The reforms involved expansion of the radius of the lower-tax brackets.

Income Slab (₹)	Revised Tax Rate (%) - FY 2024-25
Up to 3,00,000	Nil
3,00,001 to 7,00,000	5%
7,00,001 to 10,00,000	10%
10,00,001 to 12,00,000	15%
12,00,001 to 15,00,000	20%
Above 15,00,000	30%

Source:

The particular bracket of 2024 update (a 3 lakh to 6 lakh) was 3 lakh to 7 lakh (5 percent) and the 6 lakh to 10 lakh (10 percent) bracket was changed to 7 lakh to 10 lakh (10 percent). Such a change implies that a person whose income is 10,00,000 has to pay 10 per cent rate on a bigger percentage of his income in the current structure than the 15 per cent that would otherwise have presented in the previous year structure.

Status Quo and Flexibility of Choice.

The New Tax Regime is the default settings of the Finance Act 2023. This change implies that in case a taxpayer does not present an active declaration then his or her liability would be automatically calculated according to the new framework. The system is, however, optional. Individual tax payers who do not earn any business income are at liberty of selecting their preferred regime every year when they fill their Income Tax Return (ITR). On the other hand, business and professional taxpayers are only afforded the one option of not defaulting to the new regime and switching to the old regime; once they go back to the new regime they cannot switch to the old regime in a further year.

Critical Examination of 2024 Budgetary Revisions.

The July 2024 Budget (assessment year 2025-26) presented three significant changes: the standard deduction was increased, tax slabs have changed, and the NPS limits on contributions have been improved.

Divergence in Standards Deduction.

The standard deduction is a constant sum of money which is subject to deduction of salary earnings before one gets to the taxable amount. To motivate the new regime, the 2024 Budget raised this amount to 75,000 of the New Tax Regime and kept it at 50,000 of the Old Tax Regime.

Regime	Standard Deduction (₹)
Old Tax Regime	50,000
New Tax Regime	75,000

Source:

This 25,000 difference is a planned financial lever. In the case of a permanently employed worker, it practically increases the zero-tax floor in the new regime. Together with a basic exemption of 3,00,000, the initial 3,75,000 of an income of a salaried individual is tax-free under the new regime as opposed to 3,00,000 of the same under old regime.

Harmonization of National Pension System (NPS).

Section 80CCD(2) refers to deduction which is in the contribution made by the employer to the NPS account of the employee. In the past, the gap between government and the private sector employees existed. With the New Tax Regime, this benefit was standardized as the Budget 2024 allows a deduction of up to 14 percent of the salary (Basic salary + DA) of all salaried persons. This will be a big improvement over the 10-percent limit that the immediate employees of the private sector used to have, and it gives a very strong incentive to people who use the simplified regime and still have institutionalized savings on retirement.

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The reorganization of the slabs under the New Tax Regime in 2024 will give a direct tax reduction of up to 17,500 to the salaried workers. The government has swept down the 5 and 10 percent ranges and thus the tax incidence on the middle-income group has been lowered. This move is approximated to cost the government almost 1 lakh crore in revenue, which shows how massive this relief is to individual taxpayers.

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The 87A provision is a crucial relief section to low-to-middle income earners, which practically means that those falling within a particular range segment pay no income tax at all. The 2024 Budget kept up the deviation in the application of this rebate in the two regimes.

Rebate Thresholds and Limits.

Metric	Old Tax Regime	New Tax Regime
Applicable Threshold (Taxable Income)	₹5,00,000	₹7,00,000
Maximum Rebate Amount	₹12,500	₹25,000

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The person who earns a taxable income including the standard deduction of up to 7,00,000 under the New Tax Regime can receive a rebate up to 25,000. The tax on 7,00,000 equals 25,000; this means that the tax on 00,000 equals 40,000 times 5 per cent plus 0 that is equal to 7,000; the balance of tax is 0. In the case of salaried individuals, it means that any gross income of 7,75,000 will generate zero tax (7,75,000-75,000 as standard deduction=7,00,000).

Relief on the "Marginal Relief Not-Quite- 7-Lakh and Higher earners.

The major structural problem with a rebate-based system is the so-called cliff effect in which receipt of a single rupee above the threshold results in the imposition of a full rate of tax. To counter this it introduced Margin Relief on the New Tax Regime by the government.

The rationale behind it is that, the tax to pay must be less than the amount by which income exceeds the threshold, which is called logic of marginal relief.

This is calculated in the following way:

1. Determine the excess income: $E = \text{Total Income} - 7,00,000$.
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Considering an example, when a person earns 720,000 the tax exclusive of deductions is 27,000. The excess income is ₹20,000. The tax (27000) will be limited to 20000, and a rebate of 7000 will be issued to the taxpayer, given that tax is more than the excess income (20000).

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Advantages

- **Promotion of Social Security:** Taxpayers will have an insurance cover against medical and life risks by providing a deduction, Life Insurance (Section 80C) and Health Insurance (Section 80D).
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Disadvantages

- **Large Compliance and Documentation:** Taxpayers will have to gather and keep evidences of HRA (rent receipts), 80C (insurance/PF certificates) and 80D (health premium receipts). Inability to generate these in an evaluation may result in severe punishments and unacceptable settlements.
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- **Better Surcheck Efficiency on HNIs:** In case of ultra-high-income earners (more than ₹5 crore), the new regime is overwhelmingly favourable since surcharge is limited to 25 percent in case of the old regime, which is 37 percent. This decreases the highest effective tax rate of 42.74 to 39.
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- **Compared Deduction Analysis: What is Lost?**
- The conversion to new regime presupposes complete loss of the number of about 70 of 100 available exemptions. The table below reveals key deductions that were not allowed in 115BAC as it is today with the Regime under the Old one.

Comparative Deduction Analysis: What is Lost?

The transition to the new regime requires the total forfeiture of approximately 70 out of 100 available exemptions. The following table highlights the critical deductions disallowed under Section 115BAC compared to their availability in the Old Regime.

Deduction/Exemption Type	Section	Status in New Regime
House Rent Allowance (HRA)	10(13A)	Disallowed
Leave Travel Allowance (LTA)	10(5)	Disallowed
Standard Deduction (Salaried)	16(ia)	Allowed (Enhanced to ₹75k)

A Comparative Evaluation of the Divergence between the Old and New Tax Regimes in India:

The Indian direct taxation system has been experiencing a jag of its own as the system architecture has also gone into an impasse marked by the shift of the traditional incentive heavy structure to the leaner lower-rate base. The government has provided the rationale behind this evolution based on the historic Income Tax Act of 1961 such that the tax compliance can be made easier and the objective of the government to provide boost to the economy by consumption.

The Indian tax regime in the past fifty years had been more of a forced savings scheme within a complicated system of exemptions and deductions that have served to compel individual capital to go into government-approved investment vehicles. But due to the implementation of its alternative tax regime in the Union Budget 2020 in 115BAC and its further transformation to a default regime in 2023, the decision-making matrix of the Indian taxpayer has changed fundamentally.

The 2024 Union Budget has made some crucial changes that have come to further highlight the two regimes. Although the Old Tax Regime has not gone beyond its design, the New Tax Regime has gone through a recalibration process aprs le nouveau tax slab, surcharge redone, and a redefined surcharge package of the high net-worth earners. The reforms do not constitute the administrative ones only; they signify an important shift of the policy toward enhancing the discretionary income of the middle group and slowly withdrawing the administrative costs of having to check over 70 different exemptions and deductions. The present financial landscape requires a strict comparative examination to dictate the best course of action between the taxpayers that will achieve a fine balance between the short-term liquidity and the long-term financial stability.

Indian Taxation the Paradigm Shift and the Historical Context.

The principles of the Indian taxation have traditionally been based on the fiscal imbalance and generating income to support national infrastructure. Reviews of the tax policy reform since 1990 in the scholarly literature have pointed out that the paradigm shift is that the expansion of the revenue base is only possible with aligning the policy with global standards which reflects more lowered rates and more widespread compliance than the intricate incentives systems. The past dependence on direct tax revenues as the main form of funding the government has undergone a number of reformative cycles such as the introduction of the Goods and Services Tax (GST) in case of the indirect taxes and the continued effort in trying to improve the Direct Tax Code.

Although the New Tax Regime was first dealt with on low adoption, largely due to the fact that many had been disadvantaged by the restriction placed on claiming common tax deductions such as House Rent Allowance (HRA) and Section 80C investments. Upon the realization of this friction, the following budgets have progressively increased the value offer by the new regime. The shift towards the new regime to the default option would mean that government would turn tax-saving investments into a choice and not a compulsory fact in bringing tax efficiency. This change has far reaching consequences in the household savings behaviour since the people might switch to the more conventional saving tools such as the Public Provident Fund (PPF) or the National Pension System (NPPS) in case the tax saving scheme is eliminated.

The Old Tax Regime Structural Framework.

The Old Tax Regime is founded on progressive tax system according to which, the rate of taxation is rising with the level of incomes the taxpayer has. The most characteristic aspect of it is that it depends on the exemption limits tied to the age meaning that it is more lenient to the citizens aged. The payment and deposition of the tax are imposed upon the assessee in this regime, and it cannot be transferred to any other person, unlike when indirect tax is imposed.

Old Regime Tax Slabs According to the age level.

The Old Tax Regime also carries three different classes of individual taxpayers each with varied basic exemption level. Such segmentation will be based on the different financial needs and earning abilities within different life stages.

The effectiveness of the Old Tax Regime is closely connected with the possibilities of the taxpayer to use deductions. An example is the reduction of 5 percent slab to 20 percent slab at the 5,00,000 mark which is a steep slope that can only be alleviated by huge deductions under Chapter VI-A or exemptions under Section 10.

Category of Individual	Age Criteria	Basic Exemption Limit (₹)
Regular Individual	Below 60 Years	2,50,000
Senior Citizen	60 to 80 Years	3,00,000
Super Senior Citizen	Above 80 Years	5,00,000

The progressive slabs for a regular individual under the Old Tax Regime for the Financial Year 2024-25 are detailed below:

Net Taxable Income Slab (₹)	Applicable Tax Rate (%)
Up to 2,50,000	Nil
2,50,001 to 5,00,000	5%
5,00,001 to 10,00,000	20%
Above 10,00,000	30%

Source:

The efficacy of the Old Tax Regime is intrinsically linked to the taxpayer's ability to utilize deductions. For instance, the transition from the 5% slab to the 20% slab at the ₹5,00,000 mark is a sharp incline that can only be mitigated by substantial deductions under Chapter VI-A or exemptions under Section 10.

A Philosophy of Incentivized Savings.

Old Tax Regime is a tool of social security. The state promotes the culture of systematic savings by providing deductions on the premiums remitted by insurers on life insurance products and provident funds under Section 80C. This is especially applicable in fulfilling the financial requirements in the future like marriage, education, and financial meltdowns. Also, Section 80D supports medical insurance premiums whereby a deduction will be made and Section 24 (b) gives a huge relief to house owners in that a deduction of a maximum of 200000 will be made on interest payable on homemade houses provided self-occupied. All these incentives are aimed at decreasing the net taxable income and in most cases, it will be much less than the gross salary.

Management structure of New Tax Regime.

Unlike the Old Regime, the New Tax Regime (Section 115BAC) is based on a lower-rate and fewer exemptions theorising. It has the main aim of simplifying the personal income tax system and lowering the total tax obligation imposed on persons who may not have high rate of tax saving investments. The New Tax regime is not discriminative with reference to the age of the person, there exists a common basic exemption limit and slab system which is applicable to everybody, senior and super senior citizens alike.

Amended Tax Slabs in Budget 2024.

The slabs in the new regime presented in the Union budget 2024 have considerable changes to make it more attractive to middle-income earners. The reforms involved expansion of the radius of the lower-tax brackets.

Income Slab (₹)	Revised Tax Rate (%) - FY 2024-25
Up to 3,00,000	Nil
3,00,001 to 7,00,000	5%
7,00,001 to 10,00,000	10%
10,00,001 to 12,00,000	15%
12,00,001 to 15,00,000	20%
Above 15,00,000	30%

Source:

The particular bracket of 2024 update (a 3 lakh to 6 lakh) was 3 lakh to 7 lakh (5 percent) and the 6 lakh to 10 lakh (10 percent) bracket was changed to 7 lakh to 10 lakh (10 percent). Such a change implies that a person whose income is 10,00,000 has to pay 10 per cent rate on a bigger percentage of his income in the current structure than the 15 per cent that would otherwise have presented in the previous year structure.

Status Quo and Flexibility of Choice.

The New Tax Regime is the default settings of the Finance Act 2023. This change implies that in case a taxpayer does not present an active declaration then his or her liability would be automatically calculated according to the new framework. The system is, however, optional. Individual tax payers who do not earn any business income are at liberty of selecting their preferred regime every year when they fill their Income Tax Return (ITR). On the other hand, business and professional taxpayers are only afforded the one option of not defaulting to the new regime and switching to the old regime; once they go back to the new regime they cannot switch to the old regime in a further year.

Critical Examination of 2024 Budgetary Revisions.

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The standard deduction is a constant sum of money which is subject to deduction of salary earnings before one gets to the taxable amount. To motivate the new regime, the 2024 Budget raised this amount to 75,000 of the New Tax Regime and kept it at 50,000 of the Old Tax Regime.

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This 25,000 difference is a planned financial lever. In the case of a permanently employed worker, it practically increases the zero-tax floor in the new regime. Together with a basic exemption of 3,00,000, the initial 3,75,000 of an income of a salaried individual is tax-free under the new regime as opposed to 3,00,000 of the same under old regime.

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Professional Tax	16(iii)	Disallowed
Home Loan Interest (Self-Occupied)	24(b)	Disallowed
Investment (LIC, PPF, ELSS)	80C	Disallowed
Medical Insurance Premium	80D	Disallowed
Education Loan Interest	80E	Disallowed
Savings Account Interest (Regular)	80TTA	Disallowed
Savings Account Interest (Senior)	80TTB	Disallowed
Donations to Charity	80G	Disallowed
Employer Contribution to NPS	80CCD (2)	Allowed (Up to 14%)

Source:

While most allowances are disallowed, some "official" allowances remain exempt even in the new regime. These include conveyance allowance for official duties, daily allowance for travel for work, and transport allowance for Divyang (specially-abled) employees.

Quantitative Comparison: Determining the Break-even point.

The point of an equilibrium in the two regimes will be called the Break-even Point that occurs when the combined deductions are equal to its tax liability. In the case where the actual deductions (HRA + 80C + 80D + Section 24) of an individual are above this limit then this is better off using the Old Regime, otherwise it is better using the New Regime.

In the case of a salaried person who has a gross salary of 15,00,000 = 150,00,000 then one will have the break-even point of 3,58,000 = 350,000,000.

To establish when the Old Regime becomes mathematically profitable, we give guideposts of the different levels of incomes in the following table.

Gross Annual Income (₹)	Total Deductions Required for Old Regime to be Better (₹)
10,00,000	> 2,50,000
12,00,000	> 3,00,000
15,00,000	> 3,58,000
20,00,000	> 4,25,000
25,00,000	> 4,85,000

Source:

It is significant to add that, the higher the gross income, the greater the gap between the two regimes in Favour of the New Regime. This is due to the fact that the Old Regime will reach 30% tax rate at 100,000 rupees whereas the New Regime (as of 2024 updates) will only reach 30 per cent at 150,000 rupees. This means that those in high income bracket without a huge mortgage to settle (Section 24) are usually unable to locate a lot of deductions to surpass the new regimes reduced rates.

Effective and Surcharge Rate on Ultra-HNIs.

On those whose income is more than 50 lakh, a surcharge on the computed tax as income tax is imposed on them. The 2024 Budget offers a clear benefit to the high-income earners in its new regime by remaining the top limit of the surcharge.

Total Income (₹)	Old Regime Surcharge (%)	New Regime Surcharge (%)
₹50 Lakh to ₹1 Crore	10%	10%
₹1 Crore to ₹2 Crore	15%	15%
₹2 Crore to ₹5 Crore	25%	25%
Above ₹5 Crore	37%	25% (Capped)

Source:

There is a transformative effect of the effective tax rate due to the 37 per cent cut on the highest surcharge to 25 in the new regime. In the old regime, a person whose earnings were over 5 crore would pay a total tax of 42.74 percent tax (including 4 percent cess). This is cut down to 39 under the new regime. This saving of 3.74 to multi-crores of incomes translates to lakhs of rupees of annual savings on tax, and the new regime is the unquestioned option in the top-tier market niche, the Ultra-High-Net-Worth Individual (UHNWI) group, with or without deductions.

Special rate Incomes and Capital Gains.

Although most comparisons make use of slab-rate income, capital gains are taxed at special rates. A capital gains tax (Sections 111A, 112 and 112A) and a tax on dividend tax do not exceed 15% in both regimes. But, in the new regime,

and in respect of such incomes, the Section 87A rebate is no longer applicable with developed AY 2026-27 and it could slightly add to the tax liability of the small-scale investors who are receiving less than 7 lakh, as previously discussed.

Impact on Taxpayers and Economy

Taxpayers play a very important role in the growth and development of the Indian economy. The taxes paid by individuals and businesses are one of the main sources of income for the government. This money helps the government run the country and support many development activities. In India, taxes are mainly divided into two types: direct taxes and indirect taxes. Direct taxes include income tax and corporate tax, which are paid directly by people and companies based on the income or profit they earn. Indirect taxes include the Goods and Services Tax (GST), customs duties, and other taxes that people pay when they purchase goods and services. Through these taxes, citizens contribute to the functioning and development of the nation.

One of the biggest contributions of taxpayers is that they provide the government with the funds it needs to operate effectively. The government relies heavily on tax revenue to perform its daily functions. This money is used to pay the salaries of government employees, maintain law and order, strengthen the country's defense system, and ensure that public institutions continue to operate smoothly. Tax revenue also allows the government to introduce policies and programs that support economic growth and development. Without the contributions of taxpayers, it would be difficult for the government to manage the country's administrative and development activities.

Taxpayers also play an important role in the development of infrastructure. Infrastructure includes facilities such as roads, highways, railways, airports, ports, and communication systems. These facilities are essential for economic growth because they improve connectivity and make the movement of goods and people easier. The government uses tax revenue to build and maintain these structures. Good infrastructure reduces transportation costs, increases efficiency, and helps businesses grow. It also attracts investors who are willing to invest in areas where transportation and communication systems are strong. In this way, taxpayers indirectly contribute to business growth and improved living standards.

Another important area where taxpayer money is used is in social welfare programs. The government runs many schemes to support citizens, especially those who come from weaker economic backgrounds. These programs focus on areas such as healthcare, education, housing, rural development, food security, and poverty reduction. Public hospitals, government schools, scholarships, and employment schemes are often funded through taxpayer money. These programs help ensure that essential services reach people who need them the most. As a result, taxpayers help reduce inequality and support the overall well-being of society.

Taxes also help the government manage the economy through fiscal policy. By adjusting taxes and government spending, the government can influence economic activity. For example, during times of economic slowdown, the government may reduce taxes or increase spending in order to encourage investment and boost demand. This helps stimulate economic growth and create employment opportunities. On the other hand, when inflation becomes too high, the government may increase taxes or reduce spending to control excessive demand in the economy. In this way, tax revenue helps the government maintain economic balance and stability.

The tax system also helps bring more businesses and individuals into the formal economy. When businesses register under tax laws and follow regulations, they become part of the formal sector. This improves transparency and accountability in economic activities. One of the most important tax reforms in India was the introduction of the Goods and Services Tax (GST). GST replaced several different indirect taxes with a single, unified system, making the taxation process simpler and more organized. It has also helped improve tax compliance and reduce tax evasion in many sectors. As more businesses become part of the formal economy, the government can collect more revenue and strengthen the country's economic system.

Taxpayers also contribute to the development of essential public services such as education, healthcare, sanitation, and public safety. Government spending in these areas helps improve the quality of life for citizens. Investments in education help create skilled professionals who can contribute to innovation and economic progress. Similarly, spending on healthcare helps improve public health and increase productivity. These services are important for the long-term growth of the country and are largely funded through taxes paid by citizens.

Despite the important role played by taxpayers, India still faces some challenges in its taxation system. One major issue is the relatively low tax-to-GDP ratio compared with many developed countries. A large portion of the population works in the informal sector where income is not always recorded for taxation. Tax evasion and a lack of awareness about tax rules also reduce the efficiency of the tax system. These problems make it difficult for the government to collect enough revenue and often place a greater burden on those who regularly pay their taxes.

To address this issue, expanding the tax base is very important. When more individuals and businesses become part of the tax system, the government can collect more revenue without increasing tax rates. In recent years, the government has introduced digital tax filing systems and improved monitoring technologies to make tax payments easier and more transparent. Awareness campaigns have also been conducted to encourage people to follow tax rules and contribute responsibly.

In conclusion, taxpayers are a key pillar of the Indian economy. The taxes they pay provide the government with the resources needed to run the country, build infrastructure, support social welfare programs, and provide essential public services. Taxes also help maintain economic stability and promote long-term development. Although challenges such as tax evasion and a limited tax base still exist, continuous improvements in the taxation system and better public awareness can strengthen the economy. Ultimately, responsible taxpayers and an efficient tax system are essential for building a stronger and more prosperous India.

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