

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO. 1352
ANSWERED ON 11.03.2025

IMPACT OF REDUCTION IN TAX RATES

1352. SHRI NARHARI AMIN:
SMT. REKHA SHARMA:
SHRI BABURAM NISHAD:

Will the Minister of FINANCE be pleased to state:

- (a) how the reduction in tax rates and the standard deduction for salaried individuals will specifically benefit the middle class in terms of overall financial relief;
- (b) the measures being taken to monitor the long-term impact of these tax changes on household consumption; and
- (c) whether there will be any additional reforms aimed at including lower-income groups or those in rural areas who may not fully benefit from the proposed changes, particularly in terms of the tax rebates?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) The Finance Bill, 2025 has proposed to revise tax rate structure in the new tax regime as follows: -

Total income	Rate of tax
Upto Rs. 4,00,000	Nil
From Rs. 4,00,001 to Rs. 8,00,000	5 per cent
From Rs. 8,00,001 to Rs. 12,00,000	10 per cent
From Rs. 12,00,001 to Rs. 16,00,000	15 per cent
From Rs. 16,00,001 to Rs. 20,00,000	20 per cent
From Rs. 20,00,001 to Rs. 24,00,000	25 per cent
Above Rs. 24,00,000	30 per cent

Slabs and rates are being changed across the board to benefit all taxpayers. The new structure will substantially reduce the taxes of the middle class and leave more money in their hands, boosting household consumption, savings and investment.

Further, Finance Bill, 2025 has also proposed to increase the rebate for the resident individual under the new regime of an amount equal to the tax payable under the above slabs on income up to Rs. 12,00,000. Marginal relief as provided earlier under the new tax regime is also applicable for income marginally higher than Rs. 12,00,000.

These measures will play a big role in the creation of fair, equitable direct taxation regime that ensures no additional burden of direct taxes on the working and middle-class population of the country.

(b) There are no specific or separate measures to monitor the long-term impact on domestic consumption of these reforms in taxation.

(c) There is no such proposal in this regard. The revised tax structure proposed in the Finance Bill 2025 positively impacts all earning sections of the population and shall benefit all taxpayers.
