

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO. 3431

ANSWERED ON 01.04.2025

EXEMPTION FROM INCOME TAX ON ANNUAL INCOME UP TO ₹ 12 LAKH

3431 SHRI NARESH BANSAL:

Will the Minister of FINANCE be pleased to state:

- (a) the manner in which the reduction in tax rates and standard deduction for salaried individuals will specifically benefit the middle class in terms of overall financial relief;
- (b) the measures being taken to track the long-term impact of such tax changes on household consumption; and
- (c) whether any additional reforms have been proposed to target lower-income groups or people in rural areas, who may not fully benefit from the proposed changes, particularly in terms of 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. Further standard deduction of Rs 75,000 is also available to the salaried taxpayers.

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.
