

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA

UNSTARRED QUESTION NO. 1546

TO BE ANSWERED ON MONDAY, FEBRUARY 9, 2026/ MAGHA 20, 1947 (SAKA)

BENEFICIARIES OF INCOME TAX LIMIT HIKE

1546. DR. MANNA LAL RAWAT:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has increased the income tax exemption limit in the current financial year;
- (b) if so, the details thereof along with the new limit and the effective date; and
- (c) the estimated number of taxpayers likely to be benefited from the increase in the income tax limit along with its excepted impact on the Government's revenue?

ANSWER

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

(a) & (b) The income-tax slabs and rates were revised and considerably made liberal by the Finance Act, 2025 and they apply in respect of any income for FY 2025-26 and subsequent financial years for all taxpayers filing Income Tax Returns under the new tax regime as per section 115BAC(1A) of the Income-tax Act, 1961 (the Act).

Finance Act, 2025 has increased the rebate for the resident individual under the new regime so that they do not pay tax if their total income is up to ₹ 12,00,000. Marginal relief as provided earlier under the new tax regime is also applicable for income marginally higher than ₹ 12,00,000.

For salaried individuals, standard deduction of ₹ 75,000 is available. Therefore, salaried individuals do not pay tax if their gross total income is up to ₹ 12,75,000.

The details of the slab rates are as follow and apply for AY 2026-27 and onwards:

Total Income (in ₹)	Rate of tax u/s 115BAC of the Act for AY 2026-27 onwards (%)
Up to 4,00,000	Nil
From 4,00,001 to 8,00,000	5
From 8,00,001 to 12,00,000	10
From 12,00,001 to 16,00,000	15
From 16,00,001 to 20,00,000	20
From 20,00,001 to 24,00,000	25
Above 24,00,000	30

The aforesaid slab structure applies to all individuals. Full Rebate is allowed upto an extent of ₹ 12 lakhs to resident individual. Marginal relief is provided on total income upto ₹ 12,70,588. Thereafter, taxes computed as per the above slabs shall be payable in full.

(c) As slab rates have been modified along with rebate on total income, all taxpayers filing Income Tax Returns in the new tax regime and having income more than seven lakh rupees during the financial year 2025-26 are likely to be benefitted from the increase in the income-tax limit. Further, revenue of about ₹ 1 lakh crore in direct taxes would be foregone.
