

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA

UNSTARRED QUESTION NO. 2412

TO BE ANSWERED ON MONDAY, AUGUST 4, 2025/SRAVANA 13, 1947 (SAKA)

REDUCTION OF TAX RATES FOR SALARIED INDIVIDUALS

2412. Shri Dushyant Singh

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 are likely to benefit the middle class in terms of overall financial relief; and
- (b) the measures being taken by the Government to monitor the long-term impact of these tax changes on domestic consumption and economic growth?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

- (a) Finance Act, 2025 has provided substantial relief under the new tax regime with new slabs and tax rates as under: -

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 have been changed across the board to benefit all taxpayers. The new structure substantially reduces the taxes of the middle class and leaves more money in their hands, boosting household consumption, savings and investment.

Finance Act, 2025 has increased the income threshold for claiming a tax rebate under section 87A of the Income-tax Act, 1961 ('the Act') for resident individual taxable under the new tax regime under section 115BAC of the Act from Rs 7 lakhs to Rs 12 lakhs, and the maximum rebate amount has been raised from Rs 25,000 to Rs 60,000. 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 significant role in creating a fair and equitable system of direct taxation 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 taken to monitor the long-term impact of these reforms in taxation on domestic consumption and economic growth.
