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AN ANALYSIS OF HOW THE CURRENT OPTIONAL TAXATION SYSTEM AFFECTS TAXPAYERS

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ABSTRACT:

Every year, tax laws are updated to provide a more simplified tax system for every Indian taxpayer. This paper makes a modest attempt to assess whether the new tax regime being implemented by the Indian government will make it easier for individuals and HUFs to comply with income tax laws and whether it will be more advantageous (tax-saving) than the current tax system. This research paper discusses the new optional tax system, a comparison to the previous tax system, and the applicability of optional tax in the current situation. Understanding tax payers' attitudes toward optional tax and educating them about the new regime, the drawbacks of optional tax, and its implications for the upcoming fiscal year are among the objectives of this paper. The current study shows that the new tax regime introduced through Section 115BAC for the assessment year 2021–2022 has given individual and HUF taxpayers an option for a simpler and more compliance-friendly tax structure in comparison to the existing tax structure, but due to certain conditions stated therein, the new tax regime might not be beneficial for taxpayers claiming deductions and exemptions from their income. However, the majority of respondents concurred that the new scheme is superior to the old because it is completely dependent on the level of income and level of investment of each individual. Overall, it can be said that the new tax scheme is the right step toward becoming a major tax reform in recent years.

Keywords:Income tax, Optional tax regime, Section 115BAC, Indian tax payer, Old tax structure, Individual and HUF taxpayers, Relevance.

INTRODUCTION:

Many people are sceptical of the tax system.In India, there are two types of taxes: direct and indirect taxation. Our tax system exists to generate revenue and to create a unified structure that eliminates illegal dealings. The Union Budget recently provided Indian taxpayers with an optional tax regime in which they can choose between the new and old tax regimes. The new tax structure simplifies tax calculations by reducing tax slabs in comparison to the old system and assigning a fixed rate of tax to each slab. Because it eliminates seventy deductions from sections 80C to 80U, the new scheme benefits all taxpayers who do not have any investments.Individuals and HUFs are subject to a new tax regime.The government may suffer significant losses as a result of the new tax structure, but it can always recover from another source. The government has made numerous changes to taxation throughout the years, and each time there has been widespread alarm as a result of the various adjustments. It gradually but steadily proves that the government's judgement was correct. The same is true for the optional tax regime; it is up to the individual taxpayer to decide which system to use. If he wants to claim as many deductions as possible, the old system is best suited; however, the high tax rates and rebate under Section 87A will continue under both schemes.Tax planning is essential, but the new simplified version of the tax provides very little space for it. Taxpayers are very interested in lowering their taxes, so they may not opt for the new system. One of the advantages of the new tax structure is that you no longer need the assistance of a third party to calculate your tax liability. Starting with the upcoming fiscal year, the government will test this optional system.If it is found to be successful, they may make it mandatory.

LITERATURE REVIEW:

Alagappan, S.M. (2019). Indian tax structure- An Analytical perspective. International journal of management. pp (36-43).: Stated that To raise money and develop policy plans for the expansion of the economy as a whole, the government relies heavily on taxation.

Yan, C. (2009). Government expenditure, Taxation and long run growth.: The taxation and spending structures mentioned may influence a household's choice of work-life balance, consumption priorities, and the ratio of government spending to GDP.

Gautham, L. (2013). Income tax planning: A study on tax saving instruments.: Says that since financial planning is a key component, tax planning is crucial. In order to do this, you must legitimately take advantage of all tax breaks, allowances, rebates, and exemptions while making sure that your investments are in line with long-term objectives.

Gale, W. (2016). Effects of income tax changes on economic growth.: It has been stated that changes to the individual income tax have an impact on long-term economic growth, and that the structure and financing of a tax change are essential for achieving that growth because tax rate cuts may motivate people to work, save, and invest more.

OBJECTIVE OF THE STUDY:

1. To create awareness among taxpayers about the newly introduced optional tax regime.
2. To know the choices made by Indian taxpayers while choosing their tax system.
3. To explore the impact of the optional tax system on tax regime simplification under Income Tax Law in the next fiscal year.
4. To compare the new tax regime to the old one.
5. To study the pros and cons of opting for the optional tax regime for the individual and HUF taxpayers.

SCOPE OF THE STUDY:

The area of this research study is Raipur district, located in the middle part of the state of Chhattisgarh, which is located in the central parts of India. The impact of changes in taxation policies cannot be overlooked. In the coming years, we may foresee more advancements in tax slabs, which are currently simplified for individual assessment. Taxation is a broad issue that is constantly subject to the inclusion of new provisions and the removal of old ones.

RESEARCH METHODOLOGY :

This research study provides an overview of the optional tax system, including data obtained from both primary and secondary sources. A questionnaire was distributed to respondents in order to receive their responses. Secondary data is collected from various websites, journals, and newspapers. The study is completely based on self-analysis, and it provides a clear picture of the alternative tax regime and its relevancy in the current scenario.

INTRODUCTION OF OPTIONAL TAX REGIME :

In order to implement a new tax regime with fewer provisions and compliances, the Government of India added a new Section 115BAC to the Income Tax Act, 1961, through the Finance Act, 2020. The government has defended its introduction as a significant step towards simplifying India's tax laws. The provisions of the new section 115 BAC shall apply to income earned beginning on April 1, 2020 (FY 2020–21), which means that this new tax system shall be effective beginning on April 1, 2021, or the assessment year 2021–22. Individual and HUF taxpayers will be subject to the new tax system. The government proposes a simplified tax structure with lower tax rates for individual and HUF tax payers through the new tax regime. They will have to give up some deductions and exemptions if they choose to go with the same option. A new system under Section 115(b) is introduced in Budget 2020, giving taxpayers who are individuals or HUFs the option to pay income tax at a lower rate.

Applicability of the new tax scheme:

This scheme is applicable to an individual or a HUF. It is optional for the assessee to apply for this scheme.

TAX RATES UNDER THE SCHEME:

Under this scheme, the tax rates applicable are as follows –

TOTAL INCOME	TAX
Up to Rs. 2,50,000	Nil
Rs. 2,50,001 – Rs. 5,00,000	5% of total income exceeding Rs. 2,50,000
Rs. 5,00,001 – Rs. 7,50,000	Rs. 12,500 + 10% of total income exceeding Rs. 5,00,000
Rs. 7,50,001 – Rs. 10,00,000	Rs. 37,500 + 15% of total income exceeding Rs. 7,50,000
Rs. 10,00,001 – Rs. 12,50,000	Rs. 75,000 + 20% of total income exceeding Rs. 10,00,000
Rs. 12,50,001 – Rs. 15,00,000	Rs. 1,25,000 + 25% of total income exceeding Rs. 12,50,000
Above Rs. 15,00,000	Rs. 1,87,500 + 30% of total income exceeding Rs. 15,00,000

Note:The total income of an individual or a HUF, for the purpose of applying the above tax slabs, excludes the special incomes like LTCG, Lottery income, etc. because those special incomes are taxable at special rates.

THE NEW TAX REGIME IMPLIES DEDUCTIONS AND EXEMPTIONS:

Certain specified tax deductions are not available. The taxpayer cannot deduct certain specific expenses under the new tax system. The illustrative list is as follows:

(a) Clauses referred to in Section 10 as follows:

(i) Clause (5) - Leave travel allowance;

(ii) Clause (13A) - House rent allowance;

(iii) Clause (14) - Special allowance detailed in Rule 2BB (such as child education allowance, hostel allowance, transport allowance, per diem allowance, uniform allowance, and so on);

(iv) Clause (17) - Allowances to MPs and MLAs;

(v) Clause (32): Allowance for combining a minor's income;

(b) Exemption for SEZ unit under Section 10AA;

(c)Standard deduction, deduction for entertainment allowance, and employment/professional tax as contained in Section 16;

(d) Interest under Section 24 in respect of self-occupied or vacant property (loss under the heading IFHP for a rented house shall not be allowed to be set off under any other heading and would be allowed to be c/f as per extant law);

(e) Additional depreciation under section 32(1)(iia);

(f) Deductions under sections 32AD, 33AB, and 33ABA;

(g) Various deductions for donations or expenditures on scientific research contained in sub-clause (ii) or sub-clause (iia) of sub-section (1) or sub-section (2AA) of section 35;

(h) Deduction under section 35AD or 35CCC;

(i) Deduction from family pension under clause (iia) of section 57;

(j) Any deduction under chapter VI-A (like section 80C, 80D, 80B, 80IAC, 80IAC, However, deductions under sub-section (2) of section 80CCD (employer contribution on account of an employee in a notified pension scheme) and section 80JJAA (for new employment) can be claimed.

Consequences Of Not Fulfilling The Conditions:

If the assessee (who has opted to pay tax under the optional taxation scheme) fails to satisfy the above conditions in any previous year, the optional taxation scheme becomes invalid for that previous year, and the assessee is treated as having not opted for the optional taxation scheme for that previous year, and all the provisions of the Act apply accordingly.

Note: If an assessee (who has opted to pay tax under the optional taxation scheme) fails to satisfy the above conditions in any previous year and his or her total income includes income under the heading Profits and Gains of Business or Profession, the optional taxation scheme becomes invalid not only for that previous year but also for subsequent years, and all the provisions of the Act apply accordingly.

Time-limit to opt for optional taxation scheme:

An assessee (who wants to pay tax as per the optional taxation scheme) has to exercise this option of paying tax as per this scheme for the previous year until the due date of furnishing the return of income under Section 139(1).

Example :If Mr. X wants to opt for the optional taxation scheme for the previous year 2021–22, he has to exercise this option until the due date of filing his return of income for the assessment year 2022–23.

Opting for the applicable tax regime:

An individual or HUF taxpayer may opt for the new tax regime based on their specific situation and sources of income. Switching to the new tax regime can be done either on a year-to-year basis or only once. However, the frequency mostly depends on the source of income during the year. Whether the assessee (who wants to pay tax as per the optional taxation scheme) has to exercise this option only once oon a n yearly bass, depends upon the following situation:

***If total income of an assessee includes income under the head Profits and Gains of Business or Profession –**

If an assessee's total income includes income under the heading Profits and Gains of Business or Profession, the option once exercised by him for any previous year shall apply to subsequent years as well, which means he is required to opt only once for this optional taxation scheme and the scheme applies automatically for subsequent years.

***If total income of an assessee does not include income under the head Profits and Gains of Business or Profession –**

If the total income of an assessee (who wants to pay tax as per the optional taxation scheme) does not include income under the head Profits and Gains of Business or Profession, the option exercised by him for any previous year shall apply to that previous year only, which means he is required to opt on a yearly basis for this optional taxation scheme.

Which Tax Regime is Better?

Since the allowed deductions, sources, and amount of income change for each individual, one rule cannot be applied to all. Taxpayers will need to examine and compare their tax burden under both systems before deciding which to use.

If a taxpayer has investments in tax-saving instruments, pays premiums on life or medical insurance policies, children's school fees, home loan principal repayment, etc., and takes advantage of the deduction for HRA, LTA, etc., it may be more advantageous to opt for the old tax regime because the benefit of deduction/exemption can be taken advantage of in the old tax regime. All taxpayers who do not have any investments may choose the new tax regime because it eliminates seventy deductions from sections 80C to 80U.

A COMPARATIVE SUMMARY OF INCOME TAX SLAB RATES UNDER THE NEW AND EXISTING INCOMETAX REGIME:

This section compares the newly introduced optional tax regime to the previous tax regime. Taxpayers who choose the new tax system will receive a new income tax slab rate to calculate their tax burden based on their total income. A comparison of income tax slab rates under the new and present income tax regimes is shown in

TAX LIABILITY (Excluding Surcharge And Education Cess)					
Annual Income (Rs.)	AS PER NEW TAX REGIME		AS PER EXISTING TAX REGIME		Benefit (As Per The New Tax Regime) (Rs.)
	Slab Rates (%)	As Per New Tax Regime (No Deduction/Exemption Available) (Rs.)	Slab Rates (%)	As Per Existing Tax Regime (Deduction/Exemption Available, But Not Considered) (Rs.)	
2,50,000	-	-	-	-	-
5,00,000	*5%	37,500	*5%	62,500	25,000
7,50,000	10%	45,000	20%	72,500	27,500
10,00,000	15%	75,000	20%	1,12,500	37,500
12,50,000	20%	1,25,000	30%	1,87,500	62,500
15,00,000	25%	1,87,500	30%	2,62,500	75,000
50,00,000	30%	12,37,500	30%	13,12,500	75,000
1,00,00,000	30%	27,37,500	30%	28,12,500	75,000
5,00,00,000	30%	1,47,37,500	30%	1,48,12,500	75,000

* There is no tax due on taxable income up to Rs. 500,000 due to a Section 87A rebate.In the existing tax regime, the basic exemption income slab for a resident individual who is 60 years of age or more (a senior citizen) and a resident individual who is 80 years of age or more (a very senior citizen) at any time during the previous year continues to remain the same as before at Rs 3 lakh and Rs 5 lakh, respectively. The table above compares the working for individual tax.

The table reveals that a different set of income tax slab rates has been provided under the new tax regime. However, the basic exemption limit up to a total income of Rs. 2,50,000 and the tax rate of 5% for the income slab of Rs. 2,50,001 to Rs. 5,00,000 are the same in both the tax regimes.

The new tax regime has seven income slabs with different tax rates in comparison to four income slabs under the existing tax structure. The highest income slab under the existing tax structure is 10 lacs and above in comparison to 15 lacs under the new tax regime. And the maximum tax rate in both cases is 30%. The tax structure in both cases is progressive in nature.

Conditions to be satisfied for the purpose of applicability of this scheme

While computing the total income of an assessee for the purpose of the optional taxation scheme, the following are relevant benefits that are not allowed:

Benefits not allowed while computing income under the head Salaries –

a) Exemption in respect of leave travel concession/ assistance [Section 10(5)]

b) Exemption in respect of house rent allowance [Section 10(13A)]

c) Exemption in respect of children education allowance/ hostel expenditure allowance/ transport allowance/ conveyance allowance, etc. [Section 10(14)]

Note:The following exemptions, however, related to the following allowances are allowed: A transport allowance is given to a Divyang employee to cover the cost of commuting between his or her place of residence and place of duty.

d)Standard deduction of Rs. 50,000[Section 16(ia)]

Benefits not allowed while computing income under the head House Property –

Deduction in respect of interest on capital borrowed up to Rs. 2,00,000 in respect of any two self-occupied house properties [Section 24(b)]

Benefits not allowed while computing income under the head Income from Other Sources –

Deduction in respect of family pension of Rs. 15,000 [Section 57(iia)]

Benefits not allowed while applying the provisions of clubbing of income –

Exemption in respect of clubbing of income of minor child [Section 10(32)]

Benefits not allowed while applying the provisions of set off or carry forward and set off of losses –

a) Carry forward loss under the head House Property (in respect of self-occupied properties) is not allowed.

b)Current year loss under the head House Property (whether in respect of self-occupied properties or other properties)cannot be set off.

Deductions not allowed under section 80 given below –

Only the deduction under Section 80CCD(2) in respect of the employer's contribution will be allowed under the optional taxation scheme, and all other deductions under Section 80 will not be allowed.

EXAMPLE:

Below is an example of how two taxpayers have the same gross income but are eligible for different tax deductions and exemptions.

Taxpayer 1 & Taxpayer 2 are salaried taxpayers with no other sources of income

Details for FY 2021-22	**Taxpayer 1 (in INR)**	**Taxpayer 2 (in INR)**
Income from Salary	25,00,000	25,00,000
Exemption for HRA	1,20,000	Nil
Exemption for LTA	50,000	Nil
Standard Deduction	50,000	Nil
Deduction u/s 80C for EPF, PPF	150,000	150,000

Let us understand which tax regime is more beneficial for both the taxpayers

TAXPAYER 1:

Particulars	**Old Tax Regime (in INR)**	**New Tax Regime (in INR)**
Income from Salary	25,00,000	25,00,000
Less: Exemption for HRA	1,20,000	Not applicable
Less: Exemption for LTA	50,000	Not applicable
Less: Standard Deduction	50,000	Not applicable
Less: Deduction u/s 80C for PF	1,50,000	Not applicable
Net taxable Income	**21,30,000**	**25,00,000**
Tax on the above	4,51,500	4,87,500
Education Cess (4%)	18060	19,500
Total tax payable	**4,69,560**	**5,07,000**

We can see in the above example that the old tax regime is beneficial to Taxpayer 1 as taxes are less by INR 37,440.

TAXPAYER 2:

Does not have eligible exemptions for HRA, LTA

Particulars	**Old Tax Regime (in INR)**	**New Tax Regime (in INR)**
Income from Salary	25,00,000	25,00,000
Less: Standard Deduction	50,000	Not applicable
Less: Deduction u/s 80C for EPF	150,000	Not applicable
Net Income chargeable under the head salary	**23,00,000**	**25,00,000**
Tax on the above	5,02,500	4,87,500
Education Cess (4%)	20,100	19,500
Total tax payable	**5,22,600**	**5,07,000**

In the case of taxpayer 2, where deductions for HRA and LTA are not applicable, the new tax regime is more beneficial by INR 15,600.

It reveals that the new tax regime has prohibited a number of important tax-saving options for taxpayers.A salaried individual opting for the new tax regime will have to forego exemptions from allowances such as HRA, leave travel concession, entertainment allowance, etc. The standard deduction of Rs. 50,000 has to be forgone. The deduction from house property income for interest on housing loans under Section 24(b) significantly reduced the taxable income of those who took out housing loans.Further, disallowance of the deductions under Chapter VIA with respect to various tax-saving investments usually availed of by all individuals and HUFs has also been observed.

PROS AND CONS OF THE OLD AND NEW TAX REGIME: The various pros and cons of the new tax regime vis-à-vis the existing tax regime have been highlighted below:

PROS :-

OLD TAX REGIME:

The old income tax regime encouraged saving habits, investment served as a source of passive income, and investment helped to overcome inflation. The former income tax regime, by requiring investments in specific tax-saving instruments, instilled a savings culture in individuals over time, leading to savings for any future inevitabilities such as marriage, education, property purchase, medical expenses, and so on.

In March 2019, India's gross savings rate was about 30%, with domestic savings by individuals accounting for a significant portion of the overall savings rate. If more people choose the new regime, the savings rate will fall, but the consumption cycle and demand will be revitalised.

NEW TAX REGIME:

a) Reduction in tax rates:

It has been observed that taxpayers are offered lower tax rates under the new tax regime as compared to tax rates under the old tax regime.

b) Greater disposable income:

After taxes and social security levies are deducted, there is more disposable income in the new administration. so that the available money can be spent or stored as desired.

c) Reduced compliance:

Many exemptions and deductions have been eliminated under the new tax regime, making it simpler and with fewer provisions. As a result, the new tax regime makes it easier to comply with income tax rules.

d) Increased liquidity:

Lower tax rates and no scope for tax-saving investments under the new tax regime would improve tax payers' liquidity.

e) Greater flexibility in making the objective-based investment portfolio:

Under the existing tax regime, taxpayers are required to make investments in certain specified tax-saving options in order to claim deductions from their total income, restricting their investment options. However, the new tax structure does not allow for tax-saving investments, and taxpayers are now free to invest their resources in plans and schemes of their choosing.

f) Reduced dependence on tax professionals:

The new tax regime is intended to make it easier for small taxpayers to comply with income tax laws. Taxpayers can comply with income tax laws without the support and aid of tax specialists due to significant reductions in provisions under the new tax regime.

CONS :-

OLD TAX REGIME:

Tax benefits are available under the old regime on investments in particular instruments, and most instruments have a specific lock-in period of three to five years before the investment hits liquidity. This may not be a suitable tax-saving option for millennials, who want to spend rather than save, and senior citizens, who prefer to have liquidity in their hands and invest in instruments with a flexible and open-ended tenure. There was less disposable income after taxes and social security levies in the previous regime, which could be spent or saved as desired. Since there are few options for tax-saving investments The investor cannot choose other star-rated funds that may perform better than the specified instruments, which are mostly risk-averse and may not provide significant returns over the investment period.

In the old regime, documentation and proof of investments were required to be retained in case of assessment proceedings before the tax authorities, so assessees faced the hassle of retaining proof of claimed deductions that may not be required in the new regime.

NEW TAX REGIME:

a)Non-availability of tax deductions and exemptions:

Several deductions and exemptions available to taxpayers under the current tax regime have been eliminated under the new tax regime. Salaried people who have been taking advantage of a variety of important deductions and exemptions will have to forego them if they choose the new tax regime.

b)Non-availability of carry forward and set off of losses:

In addition to deductions and exemptions, the new tax regime prohibits carryforward and loss setting off.Under the new tax regime, losses from residential property, as well as losses from business, cannot be written off or carried forward.

c)Increased complexity:

The desire to identify a better alternative among the two options may necessarily require an in-depth analysis and calculation of taxes under both tax regimes, thereby increasing the complexity of the tax structure as a result of the optional tax regime's introduction.

d)Reduced flexibility in choosing the new regime for those having business income.

Individual and HUF taxpayers with business income have been restricted from exercising the option for an appropriate tax regime every year. The option for a new tax regime is valid for that previous year and all subsequent years. And then it can be withdrawn only once for a previous year other than the year in which it was exercised.

e)Absence of automatic mechanism of inculcating saving habits:

In the old tax regime, tax was levied on the income earned by an individual. In the new tax regime, tax is levied on the total income of an individual. This means that people who are used to saving money to pay taxes will have a lot of money in their hands. Moreover, there is no tax on interest earned on savings. This may lead to people spending money unnecessarily and not saving it.

f)Requirement for Tax Planning:

Identification of an appropriate tax regime for a taxpayer may necessitate computation of tax liability under both regimes, as well as proper tax planning. The goal of introducing the new tax regime, which was to simplify income tax law and make it easier to comply, should be reconsidered.

g)Increased complexities in TDS compliances for employer:

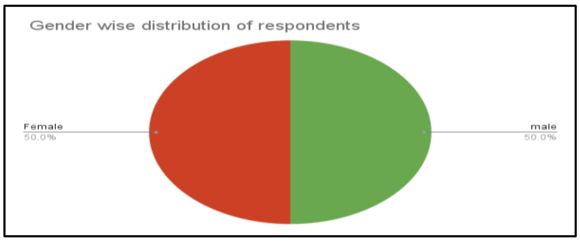
The employer may have two types of employees: those who prefer the new tax regime and those who prefer the existing tax regime. Compliance with TDS provisions on the part of the employer is expected to become more complicated than ever in such circumstances.

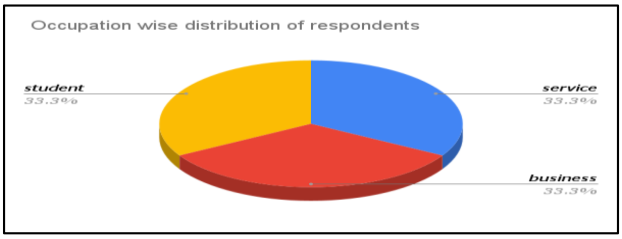
According to the preceding discussion, the new tax regime introduced through Section 115BAC has provided an option for individual and HUF taxpayers for a simpler and more compliant tax structure in comparison to the existing tax structure; however, due to certain conditions stated therein, the new tax regime may not be beneficial for taxpayers claiming deductions and exemptions from their income. The new tax regime has benefits, but the conditions imposed on its implementation are likely to put taxpayers in a dilemma about whether to accept it.

SAMPLE SIZE AND SAMPLING METHOD:

Sample size taken for the research study is 60 and convenience sampling method was used.

Gender & Occupation wise distribution of respondents:





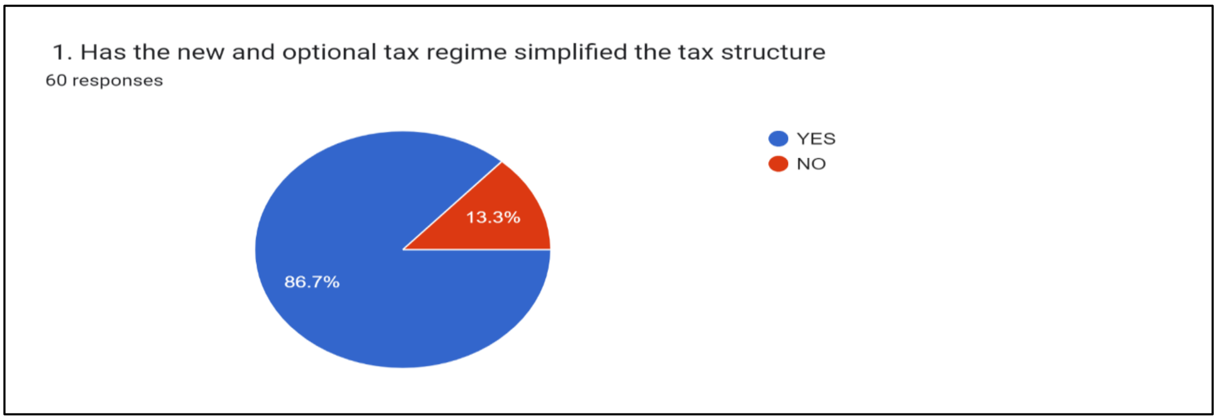
Interpretation: According to the results of the above analysis, male and female respondents were equally distributed, and it clearly shows that responses were collected from a variety of occupational respondents, with an equal distribution of service, business, and student respondents.

DATA ANALYSIS:

The steps of analysis and interpretation are critical in the research process. It entails breaking down existing complex factors into simple parts and arranging the parts in novel ways for interpretation. As a result, the goal of analysis is to summarise the collected data in such a way that it answers the questions that prompted the research.

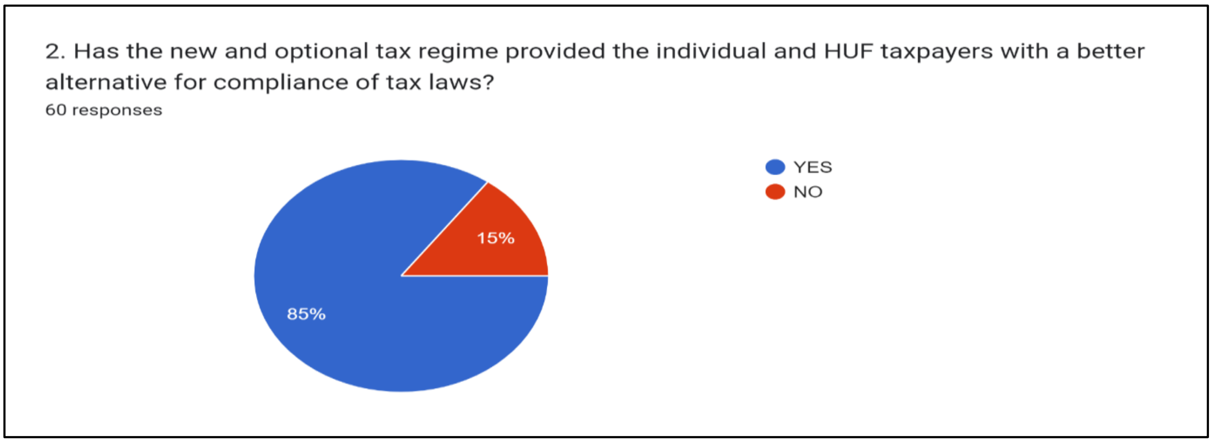
The analysis and interpretation of the data collected from the Google Form questionnaire are as follows:

Analysis : 1



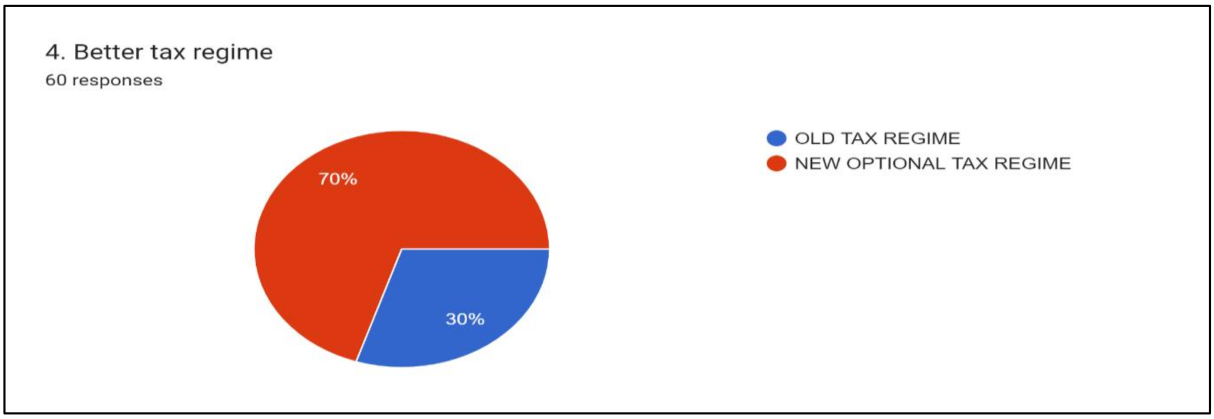
Interpretation: The above chart clearly indicates that 86.7% of the respondents agree with the fact that tax slabs are shortened to simplify the tax system.

Analysis : 2



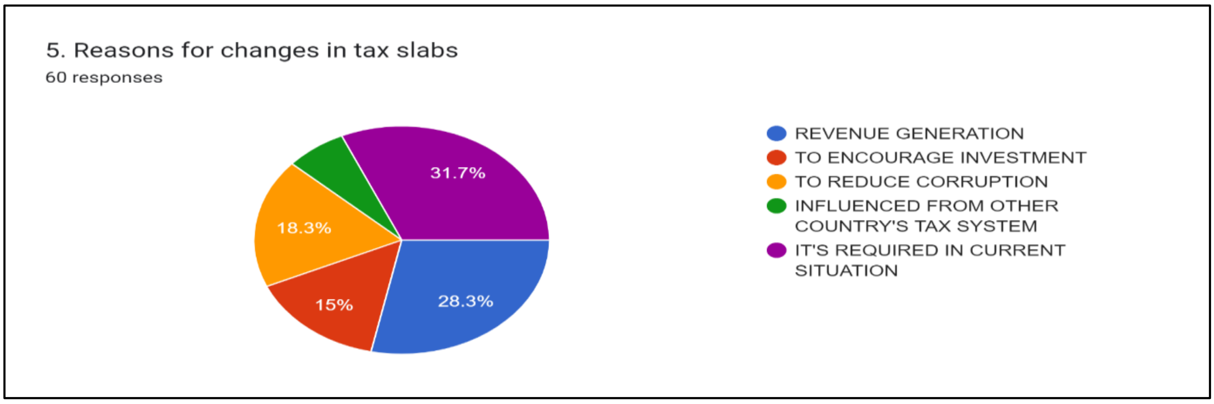
Interpretation: The above chart clearly shows that the majority of respondents agree that the new tax regime will provide a better alternative for individual and HUF taxpayers to comply with tax laws.

Analysis : 3



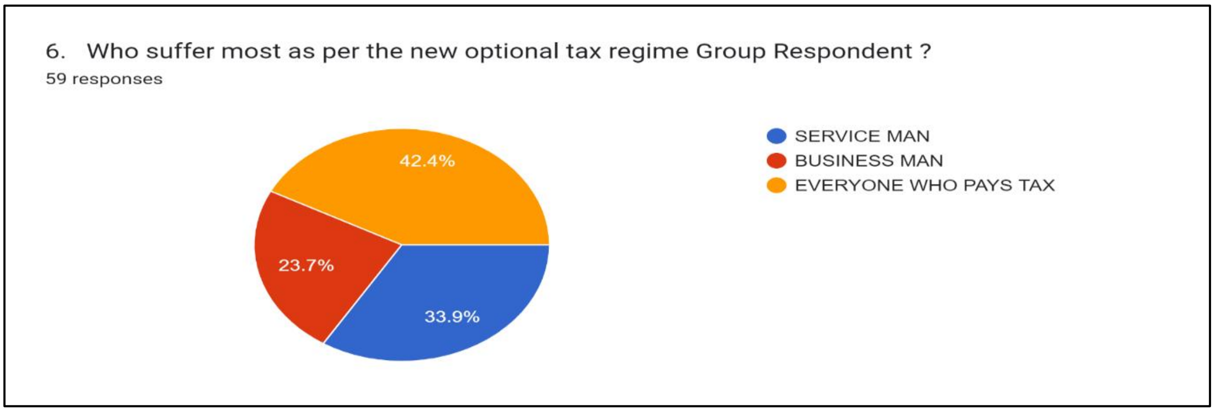
Interpretation:The graph above clearly shows that 70% of respondents believe the new tax system is superior to the old tax system.

Analysis : 4



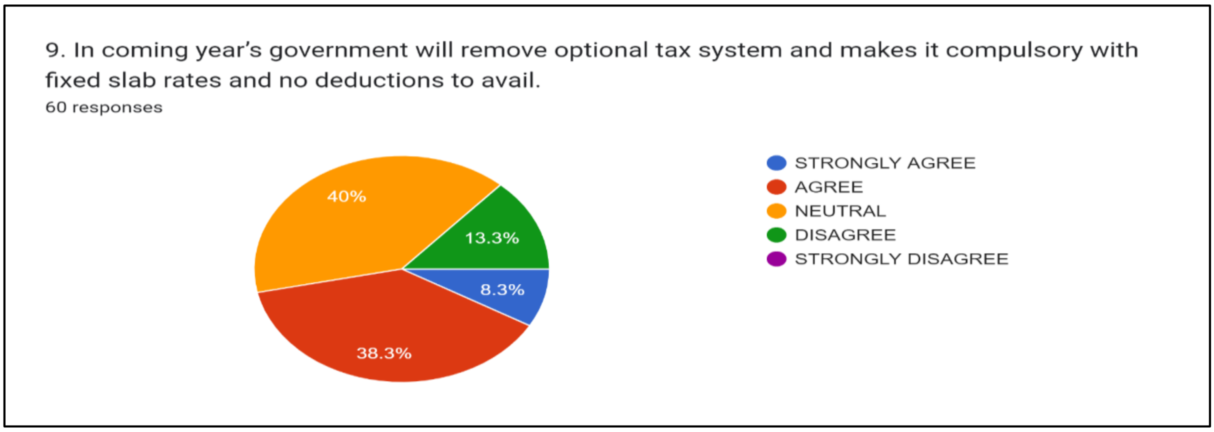
Interpretation: From the above chart, it is clear that most of the respondents (31.7%) believe revenue generation is the main reason behind changes in the tax slabs, and 28.3% believe it's required in the current situation.

Analysis : 5



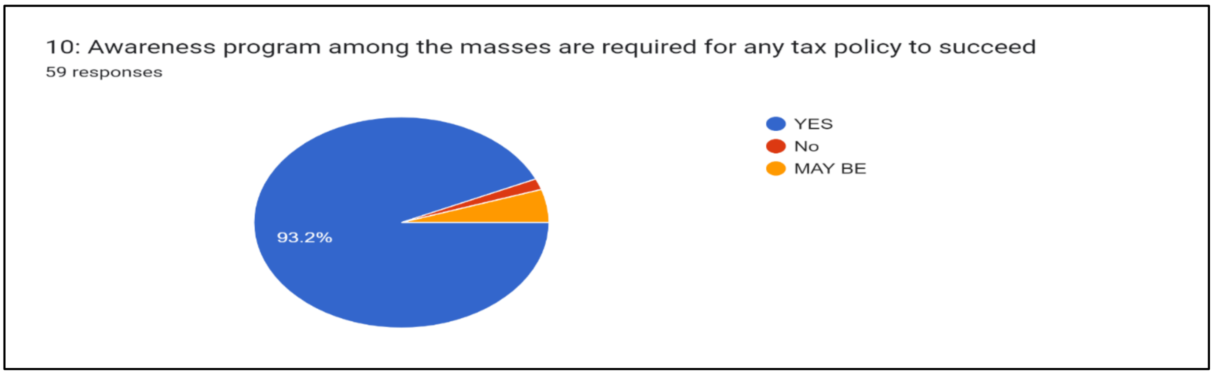
Interpretation: It is clear from the above chart that everyone who pays tax suffers most because of the optional tax system.

Analysis : 6



Interpretation: It is clear from the above chart that the majority of the respondents were not sure that the government would remove the optional tax system in the coming years.

Analysis : 7



Interpretation: Most of the respondents believe that an awareness programme is required for tax policy to succeed.

SUGESSTIONS:

1.The government must implement a progressive tax system.

2.If funds raised by the government must be used for productive purposes, then more people will pay taxes on time.

3.Tax reforms are subject to changes; however, it is better not to alter tax slabs every year.

4.Eliminate loopholes and deductions.

5.The government should broaden the tax base while lowering overall tax rates and simplifying the tax code.

6.Rather than allowing Indian taxpayers to choose between systems, it is preferable to establish a single stabl e tax system for tax payment.

7.The government must create awareness programmes before making changes to the tax slabs.

LIMITATIONS:

1. Data is collected with the help of a questionnaire, which lacks detailed insight into the problems.

2. The study's sample size is 60 respondents, which is not a large number.

3. The perception of individuals differs from one another, which may result in a lack of accuracy in data.

4. Conclusions and suggestions are given strictly based on responses and self-analysis.

CONCLUSION:

A new optional tax system with simplified tax slabs and no deductions is introduced to reap the benefits of the scheme.that have taken place in the tax slabs are appreciable considering how middle-income groups suffered in recent years.However, it entirely depends on the individual which system he is going to adopt, subject to his level of investment, level of income, etc.It will be interesting to see whether Indian taxpayers will move in the new direction or else stick with the same old structure.The new tax regime has been kept optional, and the taxpayer can choose either of the two tax regimes.The Government of India has justified the introduction of the new tax regime as a major step towards simplification of income tax law in India and plans to further review and rationalise the tax structure, making it easier to comply with.

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