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IMPACT OF THE NEW REGIME ON SALARIED EMPLOYEES; A STUDY OF TAX SAVING AND COMPLIANCE

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Abstract: The New Tax Regime which was introduced in the union budget in the year 2020 was revised with new slab rates in the union budget 2023. Which brought the biggest change in the personal tax régimes in many years. The paper reviews the effect of new tax regime on individuals in India in relation to their tax saving aspects, tax compliance and overall satisfaction. The study collects primary data through the use of a structured questionnaire which was collected from 250 salaried employees from different income brackets, from different employment sectors and different age groups to gauge the awareness, regime preferences and perceptions about financial benefit. The study reveled that the new tax regime offers significant advantages in terms of easier compliance and simplified tax administration. However, many middle- and high-income salaried individuals continue to prefer the old tax regime due to the availability of various exceptions and deductions that help reduce their tax burden. The study concludes by providing policy suggestions aimed at improving taxpayer awareness, promoting wider acceptance of the new tax regime, and strengthening the overall tax compliance system among salaried individuals in India.

1. INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Taxation is an important instrument of fiscal policy and serves as major source of revenue for the government to support social welfare activities, public services, and economic development. In India, direct taxes, particularly personal income tax, contribute significantly to government revenue and effect millions of salaried individuals. Over the years, the Indian income tax system has followed a structure involving various exemptions, deductions, and allowances, which has created discussions among taxpayers, policymakers, and economists regarding its complexity and effectiveness.

The introduction of an alternative personal income tax system, known as the New Tax Regime, marked an important change in India's income tax structure from the financial year 20 – 21. Introduced under section 115BAC of the income Tax Act, 1961, the new system provided option to choose between the traditional old tax regime, which allowed various deductions and exemptions, and a simplified tax structure with lower tax rates but fewer tax benefits. This reform was introduced with the aim of simplifying tax procedures, making compliance easier for individual taxpayers, expanding the tax base, and providing out and is providing tax relief particularly to know and middle income groups

The Union Budget 2024 introduced further changes to the new tax regime by revising the Income Tax Act and increasing the basic exemption limit to 3 lakhs. It also extended the benefits of standard deductions of ₹50,000 to salaried individuals. Another major change was making the new tax regime the default tax option, where individuals who do not specifically choose the old tax regime would automatically be taxed under the new tax system. This significantly improved the appeal of the new tax system across different income and added new dimensions to taxpayers preference and acceptance of the revised tax structure.

1.2 SIGNIFICANCE OF THE STUDY

Salaried employees represent one of the largest and most compliant taxpayer groups in India. Since income tax is deducted directly from their salaries though the Tax deducted at source mechanism, they contribute consistently tot the country's tax revenue. Unlike self-employed individuals or business owners, salaried employees have limited scope for altering their taxable income, making their choice between the Old and New Tax Regimes an important financial decision. Their level of awareness, preferences, and adoption of the available tax regimes not only influence their personal tax planning but also have wider implications for public revenue and tax policy.

The introduction of the New Tax Regime marked a significant reform aimed at simplifying the personal income tax structure and encouraging voluntary compliance. While the policy has attracted considerable attention form policy makers and researchers, empirical evidence on its impact from the per perspective of salaried employees remains limited. Exiting studies have largely relied on conceptual discussions, comparative analyses, or secondary data which relatively few investigations based on the experiences of individual taxpayers

To address this gap, the present study employs a primary data approach by collecting Reponses from 250 salaried employees. The study examines their level of awareness, factors influencing the choice of tax regime, satisfaction with the existing provisions, and the perceived financial implications of the reform. By capturing the views and experiences of tax payers at the individual level, the research provides practical insights into the effectiveness of the New Tax Regime and contribution to a better understanding of its acceptance and implementation among salaried employees in India.

1.3 OBJECTIVE OF THE STUDY

The present study seeks to achieve the following objectives:

1. To examine the extent to which salaried employees are aware fo the New Tax Regime and understand its major provisions.
2. To compare the tax savings realized or perceived by salaried employees under the New Tax Regime with those available under the the Old Tax Regime.
3. To evaluate the experience of salaried employees with respect to tax compliance, filling procedure, and the overall ease of administering taxes under the New Tax Regime.
4. To analyze how factors such as income level and demographic characteristics influence the choice between the Old and New Tax Regimes among salaried employees.
5. To provide evidence based insights and practical policy recommendations that can enhance the effectiveness, acceptance, and wider adoption of the New Tax Regime.

1.4 SCOPE AND LIMITATIONS

This study focuses on salaried employees residing in urban and semi-urban regions of India. A purposive sample of 250 respondents was selected to capture a diverse representation of income levels, age, groups, educational qualifications, and employment sectors, including government, private, and public sector organizations. The study examines employee awareness, preferences, and perceptions of the Old and New, Tax Regimes, along with the factors influencing their choice of tax regime.

The research is cross sectional in nature and reflects respondents' views at a specific point in time. As the findings are based on self- reported data, they may be influenced by individual perceptions, recall, or response bias. In addition, tax-related decisions are shaped by personal financial circumstances, family responsibilities, and prevailing tax policies, all of which may change over time . Consequently, while the findings provide meaningful insights into the perceptions and decision making of the selected respondents, they should be interpreted within the context of the study and may not be generalized to the entire population of salaried in India.

2. REVIEW OF LITERATURE

2.1 THEORETICAL FRAMEWORK

The study is anchored in the principles of tax elasticity, taxpayer behaviour theory, and the theory of optimal taxation. Mirrlees(1971) laid the intellectual groundwork for modern income tax design by proposing that an ideal tax system minimizes the trade-off between equity (redistribution) and efficiency (minimizing distortions to labour supply decisions). The New Tax Regime's philosophy of lower rates with fewer exemptions align with this optimal tax tradition, emphasizing economic neutrality over incentive-driven behaviour.

Alligham and Sandmo (1972) proposed the foundational model of tax compliance, Suggesting that taxpayers make rational calculations comparing the expected benefits of non-compliance (tax saved) against expected penalties and probability of detection within the framework, a simple tax regime with transparent slab reduces opportunities for evasion while simultaneously reducing the psychological and administrative costs of compliance, potentially improving voluntary tax adherence.

2.2 EMPIRICAL LITERATURE ON TAX REFORMS IN INDIA

Kumar and Singh (2021) in their analysis of personal income tax reforms in India noted that the proliferation of exemptions and deductions under the pre – 2020 regime had created significant heterogenicity in effective tax rates, distorting investment decisions and complicating tax administration. They argued that a regime featuring flat, lower rate could improve horizontal equity and reduce administrative costs for both the government and the taxpayers.

Sharma and Mehta (2022) conducted a comparative analysis of tax liability under both regimes for different income brackets, concluding that the New Tax Regime was particularly advantageous for individuals with income up to Rs.7 lakhs and those with minimal investment in tax saving instruments. Their study highlighted that salaried individuals claiming substantial deductions under section 80C, 80D, House Rent Allowance, and LTA continued to benefit from the old tax regime.

Gopal and Krishnamurthy (2022) examined tax payers psychology in the context of tax regime choice and found that inertia, familiarity with existing systems, and lack of professional tax advice were key determination of tax payers behavior. Many salaried individuals, they found defaulted to the old tax regime not because of rational tax liability comparison but because of habitual investment pattern and general aversion to financial change.

Rao and Nair (2023) studied the post-Budget 2023 landscape and evaluated the revised NTR with standard deduction inclusion. Their findings suggested that the revised NTR had significantly improved its competitiveness Vis-à-vis the OTR for the Rs.10-15 lakh income bracket – a finding that is directly relevant to the income distribution of respondents in the present study.

2.3 TAX COMPLIANCE LITERATURE

Kitchler et al (2008) introduced the slippery slope framework for tax compliance, posting that both coercive power (enforcement) and legitimate power (trust) influence tax payer compliance. Simplified tax systems, such as the new tax regime are argued to enhance legitimacy by demonstrating that the government respects taxpayers time and cognitive resources. Empirical evidence from multiple countries shows that simpler tax codes correlate with higher voluntary compliance rates.

In the Indian context, James and Alley (2004) and subsequent researchers have emphasized that tax complexity is a lending cause of non compliance among individual tax payers. The multiplicity of forms schedules and exemption proofs required under the old regime has been a consistent pain point for salaried people, many of them rely on chattered accountants or employers' payroll department for accurate filling.

Bawa (2020) investigated the financial literacy of the salaried employees vis-à-vis income tax and found significant knowledge gaps, particularly regarding permissible deductions under chapter VIA, the mechanism of TDS computation and the deadline-driven compliance calendar. This underscores the importance of examining awareness as a precondition for studying regime choices.

2.4 RESEARCH GAP

Although several studies have compared the old tax regime and new tax regime from a theoretical and tax saving perspective, only a limited number of studies have examined how salaried employees perceived and experience the new tax regime after the changes introduced in 2023. Most of the existing research is based on hypothetical tax calculation or secondary data,with little attention given to taxpayers' awareness, preferences, satisfaction, and the factors influencing their choice of tax regime. As a result, there is a need for empirical evidence based on the views and experiences of salaried employees. The present study seeks to bridge this gap by collecting primary data to understand taxpayers' perception, decision making process, and the practical challenges associated with the new tax regime.

3 RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

The study adopts a descriptive research design to examine the perception and preferences of salaried employees towards the new tax regime. Both primary and secondary data were used for the study. Primary data were collected using a structured questionnaire containing 30 questions covering demographic details, awareness of the new tax regime, tax regime preference, perceived tax savings, ease of compliance , and over satisfaction. Secondary data were gathered from the provisions of the Income Tax Act, CBDT circulars, Union Budget documents, research articles, journals, books, and official government publications to provide the necessary theoretical and policy background.

3.2 SAMPLE AND SAMPLING TECHNIQUE

The study was conducted among 250 salaried employees selected using purposive and convenience sampling techniques. Respondents represented government, private and public sector organizations and belonged to different income levels, age groups and educational backgrounds to ensure a diverse sample. Data were collected through both online questionnaires using Google forms and printed questionnaires distributed directly to respondents. All 250 questionnaires were received without any missing responses and were found suitable for analysis.

3.3 TOOLS OF ANALYSIS

The collected data were analyzed using appropriate statistical tools. Frequency distribution, percentage analysis, and cross-tabulation were used to summaries the demographic profile and responses of the participants. Perception-related statements were measured using a five-point Likert scale, and weighted average scores were calculated to compare the opinions of different income groups. The Chi-square test was employed to examine the relationship between selected demographic variables and the respondents' preference for the tax regime.

4. DATA ANALYSIS AND INTERPRETATION

4.1 DEMOGRAPHIC PROFILE OF RESPONDENT

Table 1 : Age- wise Distribution of Respondents

Age Group	No. of Respondents	Percentage(%)
Below 25 years	32	12.8
25 – 35 years	88	35.2
36 – 45 years	74	29.6
46 – 55 years	41	16.4
Above 55 years	15	6.0
Total	250	100

Table 1 shows the age distribution of the respondents. A majority of the respondents (35.2%) belongs to the 25 -35 years age group, followed by those in the 36-45 years category (29.6%). This indicates that most participants are in the prime working years of their careers. The distribution also represents employees across different age groups, ensuring that the study captures a broad range of perspectives from the salaried workforce in India

Table 2 : Income-wise Distribution of Respondents

Annual Income Range	Respondents	Percentage
Upto ₹5 lakhs	28	11.2
₹5 – 10 lakhs	79	31.6
₹10 – 15 lakhs	82	32.8
₹15 – 25 lakhs	43	17.2
Above ₹25 lakhs	18	7.2
Total	250	100

Table2 presents the annual income distribution of the respondents. A majority of the respondents (64.4%) earn between ₹5 lakh and ₹15 lakh per year. This income group is particularly relevant to the study as it is among the most effected by the revised tax slabs introduced under the New Tax Regime in the Union Budget 2023. The distribution therefore provides a suitable basis for examining taxpayers' awareness, preferences, and perceptions of the revised tax regime.

4.2 AWARENESS OF THE NEW TAX REGIME

One of the fundamental prerequisites for a meaningful tax regime selection is adequate awareness of its provisions, implications, and benefits. Table 3 presents the awareness profile of the respondents.

Table 3: Level of Awareness Regarding the New Tax Regime

Level of Awareness	Respondents	Percentage(%)
Fully Aware	67	26.8
Partially Aware	118	47.2
Minimally Aware	48	19.2
Not Aware	17	6.8
Total	250	100

The Table 3 indicate that awareness of new tax regime among respondents is moderate rather than comprehensive. Only 26.8% of the respondents reported being fully aware of its provisions, including the revised tax slabs, the standard deduction, and the fact that the new tax regime is the default tax regime. Nearly half of the respondents (47.2%) had only partial awareness, suggesting that while they were familiar with the regime in general, they lacked a clear understanding of important provisions such as the applicability of section 115BAC, the treatment of perquisites dn the tax benefits related to employer contributions to the National Pension System (NPS). In addition, 26% o fthe respondents possessed little or no awareness of the regime, highlighting a considerable knowledge gap that may limit taxpayers' ability to make informed decisions and reduce the effectiveness of the policy.

Further the table revealed a noticeable relationship between annual income and awareness levels, Respondents with annual income above ₹15, lakhs exhibited substantially higher awareness, with 52.3% reporting that they were fully aware of the new tax regime. In contrast, only 14.7% of respondents earning below ₹ 10 lakhs reported the same level of awareness. This difference suggested that higher-income individual are more likely to seek professional tax advice or financial planning services, enabling them to better understand recent tax reforms and their implications. Conversely, taxpayers in lower income groups may have limited access to such guidance, emphasizing the need for greater awareness programmes and simplified communication from tax authorities.

4.3 REGIME PREFERENCE AMONG SALARIED EMPLOYEES

A Central inquiry of the study was determine which tax regime salaried employees prefer, and what factors underpin that preference. Table 4 presents the distribution of regime preference.

Table 4 : Tax regime preference of respondents

Tax Regime	Respondents	Percentage
New Tax Regime	137	54.8
Old Tax Regime	98	39.2
Undecided/ Neutral	15	6.0
Total	250	100

The table shows that 54.8% of respondents preferred the new tax regime, mainly due to its simplicity and reduced compliance burden. However, 39.2 % continued to favor the old tax regime because of the tax saving benefits available through deduction and exemptions. A small proportion (6%) remained undecided, largely due to difficulty in comparing the financial benefits of the two regimes. This suggest that while the new tax regime is gaining acceptance, many tax payers still require better awareness and guidance to make informed decisions.

4.4 Tax Savings under the new tax regime

Respondents were asked to assess their perceived tax savings (or otherwise) when comparing their experience or estimate of liability under the new tax regime versus the old tax regime. Table 5 presents these perceptions.

Table 4 : Perception of taxpayers'

Perceived tax savings	Respondents	percentage
Significant saving under new regime	89	33.6
Marginal savings under new regime	48	19.2
No difference between regimes	31	12.4
More savings under old regime	82	32.8
Total	250	100

The findings indicate that 33.6% of respondents experienced significant tax savings under the new tax regime, while 19.2% reported only marginal savings. In contrast, 32.8% believed they benefited more from the old tax regime, reflecting the continued importance of deductions and exemptions for many taxpayers. Additionally, 12.4% felt that there was no noticeable difference between the two regimes. Overall, the results suggest that the new tax regime offers greater benefits for some tax payers, whereas the old tax regime remains advantageous for those who actively claim tax saving deductions.

4.5 EASE OF COMPLIANCE

Tax compliance involves not merely the act of filing a return but encompasses the entire cycle of record-keeping, investment planning, document collection, and coordination with employers for TDS declarations. Table 6 presents respondents assessments of how the new tax regime has affected their compliance experience.

Table 6 Perceived Ease of tax compliance under the new tax regime

Ease of compliance	Respondents	Percentage (%)
Much easier	71	28.4
Somewhat Easier	84	33.6
No Change	52	20.8
More Complex	43	17.2
Total	250	100

The majority of respondents (62.0%) felt that the new tax regime made tax compliance easier, with 28.4% describing it as much easier and 33.6% as somewhat easier. About 20.8% reported no change in their filing experience, while 17.2% found the process more complex. There findings suggest that the simplified structure of the new tax regime has reduced the compliance burden for most taxpayers, although a small proportion still face challenges in adapting to the new system.

4.6 Overall satisfaction with the new tax regime

Table 7 presents the overall satisfaction of respondents with the tax regime, assessed on a 5 point scale ranging from highly satisfied to highly dissatisfied.

Table 7 : Overall satisfaction with the new tax regime.

Satisfaction level	Respondents	Percentage
Highly Satisfied	54	21.6
Satisfied	97	38.8
Neutral	49	19.6
Dissatisfied	35	14
Highly Dissatisfied	15	6
Total	250	100

The result show that a majority of respondents (60.4) were satisfied or highly satisfied with the new tax regime, indicating a generally positive perception of the policy. Nearly one fight (19.6%) remained neutral, while 20% expressed dissatisfaction. Overall, the findings suggest that the new tax regime has been well received by most taxpayers, although concerns remains among a section of respondents, highlighting the need for further awareness and improvement to enhance taxpayers satisfaction.

5. DISCUSSION

5.1 THE AWARENESS - ADOPTION GAP.

The findings indicate that although the new tax regime has been in place for several years and has undergone significant revisions, awareness among the salaried employees remains far from satisfactory. Only 26.8% of the respondents reported being fully aware of its key provisions, while nearly 1/4th had either partial or very limited knowledge. This suggests that many taxpayers continue to make tax related decisions without a complete understanding of the available options. The lack of awareness was particularly noticeable among lower income employees, even though this group is more likely to benefit from the lower tax rates and rebates offered under the new tax regime.

These findings support the observations of Gopal and Krishnamurthy (2022), who argued that taxpayer behavior is often influenced by familiarity and routine rather than careful financial evaluation. Many salaried employees continue to follow the same investment and tax planning practices year after year, relying on employer guidance or previous experience instead of comparing the benefits of both tax regimes. Although make the new tax regime the default option has encouraged greater adoption, the result suggest that stronger awareness programmed and clearer communication from tax authorities are still required to enable taxpayers to make well informed choices.

5.2 INCOME DIFFERENTIATED TAX BENEFIT DYNAMICS

The study also demonstrates that the financial benefits of the new tax regime vary considerably across different income groups. The survey findings suggest that employees with lower incomes generally perceive greater benefits from the New Tax Regime because of its lower tax rates and simplified structure. As income increases, however, the choice between the two regimes become more dependent on the deductions and exemptions available to individual tax payers. This explains why respondents in the middle income category sowed mixed preference, with many finding the benefits of both regimes to be almost comparable

For higher-income employees, particularly those who actively invest in tax saving instruments or claim deductions for home loan interest, health insurance, and National Pension System (NPS) contributions, the old tax regime continues to offer greater financial advantages. This is reflected in the finding that 32.8% of respondents believed they achieved higher tax savings under the old tax regime. The results therefore reinforce the view that there is no universally better tax regime; rather, the most suitable option depends on an individual's income level, investment behaviour, and overall financial planning.

5.3 COMPLIANCE SIMPLIFICATION AS POLICY BENEFIT

One of there most encouraging findings of the study relates to the ease of tax compliance under the new tax regime. Nearly 62% of the respondents felt that filing tases has become easier, suggesting that the government's objective of simplifying the tax system has been achieved to a considerable extent. Respondents appreciated the reduced need to maintain investment records, collect exemption documents, and submit supporting proofs to employers during the tax declaration process. This simplified approach not only saves time but also reduces the complexity often associated with income tax filing.

The findings also have broader policy implications. A simpler tax system is likely to encourage voluntary compliance by making the filing process less burdensome and easier to understand. When tax payers can complete their returns without extensive documentation or professional assistance, their confidence in the tax system is likely to improve. In addition, the continued development of Income Tax Department's online filing portal and prefilled return facilities appears to complement the objectives of new tax regime, making tax compliance more convenient for salaried employees.

5.4 BEHAVIOURAL AND PSYCHOLOGICAL DIMENSIONS

The study further highlights that taxpayers' choices are influenced not only by financial consideration but also by behavioural and psychological factors. Although the new tax regime offers advantages for many individuals, 39.2% of respondents still preferred the old tax regime. This preference may not always be driven by higher tax savings alone but also by long established financial habits. Many employees have spent years investing in instruments such as public provident fund (PPF), life insurance policies, Equity Linked Savings Schemes(ELSS), and other tax saving products. As a result, they are often reluctant to move away from a system that rewards these investments.

This behaviour reflects concepts such as status quo bias and loss aversion, where individuals tend to continue with familiar choices and perceive the loss of existing benefits more strongly than potential future gains. Consequently, the transition to the new tax regime is not merely a financial decision but also a behavioral one. These finding suggest that future policy initiatives should focus not only on highlighting the monetary benefits of the new tax regime but also on helping tax payers understand when it is financially advantageous to switch, thereby enabling more confident and informed decision making.

6. FINDINGS

The major findings of the study are as follows:

1. 60.4% of respondents expressing satisfaction. The weighted mean score of 3.54 out of 5 indicates a moderate level of acceptance among salaried employees.

2. A small proportion of respondents (6%) remained undecided when choosing between the two tax regimes, mainly because they found it difficult to compare the tax benefits available under each option.
3. Although most respondents considered the new tax regime easier to follow, 17.2% still experienced difficulties, particularly those with complex salary structures or multiple sources of income.
4. The study also found that awareness of the new tax regime being the default tax regime was relatively low, indicating that many employees may not fully understand the implications of their tax regime selection.
5. The analysis revealed a significant relationship between annual income and tax regime preference, suggesting that income level plays an important role in influencing tax payers' choice between the old and new A slight majority of the respondents (54.8%) preferred the new tax regime, mainly because of its simpler tax structure and reduced compliance requirements.
6. Awareness of the new tax regime was found to be moderate with only 26.8% of respondents being fully aware of its provisions, while 26% reported little or no awareness. This highlights the need for greater tax payer education.
7. The benefits of the new tax regime varied across income groups. Lower income employees generally perceived greater tax savings under the new tax regime whereas higher income employees with substantial deductions continued to prefer the old tax regime.
8. Nearly 62% of the respondents felt that tax compliance had become easier under the new tax regime, indicating that the objective of simplifying the tax filing process has been achieved to a considerable extent.
9. Respondents with higher annual incomes were generally more aware of the new tax regime than those in lower income groups, suggesting that access to financial guidance and tax advisory services may influence awareness levels.

Overall satisfaction with the new tax regime was positive, with tax regimes.

7. SUGGESTIONS

Based on the findings of the study, the following recommendations are proposed to improve awareness, simplify tax compliance, and support informed decision-making salaried employees.

1. Strengthen taxpayer awareness through focussed education programmes: The government should introduce targeted financial literacy and awareness campaigns on the new tax regime in multiple regional language. These campaigns should primarily focus on lower and middle income salaried employees, many of whom still lack adequate knowledge of the regime's provisions, benefits, and implications.
2. Strengthen taxpayers awareness through focused education programmes: The government should introduce targeted financial literacy and awareness campaigns on the new tax regime in multiple regional languages. These campaigns should primarily focus on lower and middle income salaried employees, many of whom still lack primarily focus on lower and middle income salaried employees, many of whom still lack adequate knowledge of the regime's provisions, benefits, and implications.
3. Support informed tax decisions through employer assistance: Employers, particularly payroll and human resource departments, should provide employees with an annual comparision of their estimated tax liability under both the old and new tax regimes. Such personalised comparisons, prepared at the beginning of each financial year, would help employees make well informed choices based on their income and investment plans.
4. Improve digital tools for tax planning: The Income Tax Department could enhance its online tax calculator by making it more use friendly and integrating data from the taxpayer's previous year's income Tax Return (ITR). A pre filled comparison of tax liability under both regimes would simplify the decision making process and reduce the chances of selecting an unsuitable regime.
5. Make the new tax regime more attractive for middle income earners: The government may consider increasing the standard deduction to ₹1,00,000 for tax payers under the new tax regime. This revision would improve its appeal, particularly for salaried employees earning between ₹10 lakhs and 15 lakhs who currently experience limited tax advantages compared with the old tax regime.
6. Simplify guidelines relating to perquisites: The tax treatment of employer provided perquisites under the new tax regime should be presented in a clear and comprehensive manner issuing simplified standalone guidelines through the Central Board of Direct Taxes (CBDT) would reduce confusion and make compliance easier, especially for employees receiving complex salary packages.
7. Encourage professional bodies to promote tax awareness: Professional organisations such as the Institute of Chartered Accountants of India (ICAI) and the Institute of Cost Accountants of India (ICMAI) can play an important role by conducting free tax awareness programmes and workshops. These initiatives should focus on employees working in manufacturing industries, public sector organisations, and medium-sized private companies where access to professional tax advice is often limited.

CONCLUSION

The new tax regime has made income tax filing simpler and more convenient for many salaried employees by reducing compliance and offering a straightforward tax structure. The study shows that while most of respondents appreciate these benefits, awareness about the regime is still limited, preventing many tax payers from making informed choices. It is also highlights that the suitability of the new tax regime varies across different income groups, with some employees continuing to benefit more from the old tax regime. Therefore, increasing taxpayer awareness, providing better comparison tools, and refining the policy to address diverse taxpayer needs are essential. With continuous improvements and effective implementation, the new tax regime has the potential to create a simpler, more transparent, and taxpayer-friendly income tax system in India.

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