



# IJEAST

INTERNATIONAL JOURNAL  
OF ENGINEERING APPLIED SCIENCE  
AND TECHNOLOGY



**VOLUME : 7    ISSUE : 06    Print / Issue Publication Date: 24-Dec-2022**



**ISSN : 2455-2143**



**DOI : 10.33564/IJEAST.2022.v07i06.013**

Indexed In



[WWW.IJEAST.COM](http://WWW.IJEAST.COM)

[editor@ijeast.com](mailto:editor@ijeast.com)



# A STUDY ON EFFICIENT TAX SAVING MANAGEMENT THROUGH DIFFERENT TAX DEDUCTION IN THE OLD REGIME AND COMPARATIVE ANALYSIS BETWEEN “OLD TAX REGIME AND NEW TAX REGIME”.

Som Subhram mahato  
Department of Finance  
Sarla Birla University  
Ranchi, Jharkhand, India

**Abstract—** Comparative analysis of old tax regime and new tax regime with respect to different tax slabs and income section. The paper also shows saving investment is an essential part of one’s life as our government allow tax deduction and exemption in the old tax regime, as a investors which tax regime will be helpful to individual according to their income section and investment purpose has been analysed in this paper. The paper is analysed with secondary data that are collected from various government platforms and analysis of the topic, the research study shows that one individual how can take advantage of Indian tax system by investing in various tax saving scheme and comparative analysis of the old tax regime and new tax regime with different income section illustrates which will be saving more according to the individual.

**Keywords—** Tax Saving Instruments, Tax law, New Tax Regime, Tax Planning, Old Tax Regime vs New Tax Regime. GDP TO DTC, Direct Tax Collection.

## I. INTRODUCTION

The practical concept of taxation laws is to realise the revenue by way of tax to the maximum. Therefore, the perception of tax payer and tax collector are different, the taxpayers do not put effort in maximising his profit or lowering the tax liabilities. Whereas the tax collector tries to maximise revenue within the frame work of the tax system of the nation.

The study provides the findings of descriptive research on different tax saving schemes, perception towards old tax regime and new tax regime of India. The data collection is done from different research papers and ITR government site has also been helpful to complete the research paper. Taxation was already a complex topic for Indians, the government of Indian added new tax regime in the year

2020 and removed the deduction and exemption available for the tax payers despite the government also lower the tax slabs, In the research paper through analysis is done in different tax slabs in consideration to different income section and comparison is done between old tax regime and new tax regime of the country. Where parameters such as Income section and tax rates are taken under consideration to find which will be beneficial for individuals.

The analysis illustrates, old tax regime with deduction taken and new tax regime comparison with old tax regime without deduction and exemption.

## II. RESEARCH OBJECTIVE

A research is designed to access the comparison of both the Tax Regime in the country, for better analysis every tax slab istaken under consideration for the research.

General objective is to identify factors that is affecting or changes in the new tax regime of the country and how this impact the individual salaried tax payers in terms of exemption, deduction and tax rates.

- I. Specific objective is to find which tax regime will be beneficial for whom in different scenario undertaking all the tax slabs.
- II. Change impact analysis over Both the tax regime to rectify all the changes brought in the new tax regime.
- III. DTC (direct tax collection) to analysis the trend of the direct tax collection of past 10 years.
- IV. GDP to DTC ration to understand overall direction of the nationstax policy.

The research are is based on the competitive analysis between the old tax regime and new tax regime, how different tax slabs affected in different income section.

Study illustrates that which regime will be beneficial for whom with respect to different income section. This research work is done over the 20 literature review of papers



related to the topic.

Awareness of tax planning, different tax saving instruments, old tax regime and new tax regime comparison is the major part of the research paper as the new tax regime has been established in the year 2020 there are not much research has been made rather than few article by financial news publishers.

The paper illustrates each literature review with respect of tax education awareness, different tax saving instruments, and other various topics related to Indian taxation.

Topic selected as the comparative analysis between old tax regime and new tax regime because of the less data available in the internet and no prior research paper has been

published in comparison of the old and new tax regime.

Already existing data with respect to the topics are available in some financial new publishers website, which also lacks explanation in some parameters.

**METHODOLOGIES USED IN THE PAPER**

- Methodology used for direct tax collection : trend analysis.
- GDP TO DTC (direct tax collection) ratio analysis.
- Comparative analysis between old tax regime, old tax regime with deduction and new tax regime.
- Change impact analysis : Old tax regime vs new tax regime (changes description of both the regime)..

**III. RESULTS / DATA COLLECTION AND INTERPRETATIONS.**

INCOME SLABS (Rs.)	OLD TAX REGIME	NEW TAX REGIME
up to 2.5 lakh	nil	nil
2.5 to 5 lakh	5%	5%
5 to 7.5 lakh	20%	10%
7.5 to 10 lakh	20%	15%
10 to 12.5 lakh	30%	20%
12.5 to 15 lakh	30%	25%
above 15 lakh	30%	30%

As Both the tax regime has difference tax rates and tax policies. Which will affect the overall tax planning for the individual.

Exemption and deduction removed in the new tax regime:

- Leave travel allowance
- House rent allowance
- Minor child income allowance
- Children education allowance
- Interest paid on house loan.
- Chapter VI-A deduction (80C,80D,80E AND SO ON)(except 80CCD(2) and 80JJA).
- Deduction from family pension income.

**B. Comparison of the tax slabs with old regime and new tax regime taking all the deductions and exemptions in the old tax regime and finding which tax regime will be beneficial for whom.**

The excel sheet : illustrates the different income classes in comparison of the old regime and new regime. Basically

how the taxpayer will be affected.

**LIMITATIONS**

The study has potential limitations. The effects estimated in the model are based on the secondary data collection. And time has also been a limiting factor for the study.

- Comparison is done only in the ITR 1 SECTION.
- Income taken into consideration in the study is up to 50 lakh.
- In the deduction and exemption section (section 80C, section 80D, standard deduction of Rs 50,000 and interest paid on house loan u/s 24, is taken under the consideration in this study.
- Due to the limited number of deduction and exemption is take there is higher chance of saving more in the old tax regime with having more deduction and exemptions.
- All the calculation is done keeping the age of individual below 60 years.



TAX SLABS AND RATES UNDER THE NEW REGIME			
The exemption is given to individual earning upto Rs 5 lakh remains the same.			
<b>CASE I</b>	INCOME 10 LAKHS, DOESNT CLAIM HRA AND IS UNDER 60 YEARS OF AGE GROUP		
OLD REGIME INCLUDING DEDUCTION & NEW REGIME.			
	OLD REGIME WITH DEDUCTION	OLD REGIME WITHOUT DEDUCTION in (Rs)	NEW REGIME
INCOME	10,00,000	10,00,000	10,00,000
DEDUCTIONS 80C	150000	N/A	N/A
DEDUCTIONS 80D	25000	N/A	N/A
INTEREST PAID ON HOME LOAN	30,000	N/A	N/A
STANDARD DEDUC	50000	STANDARD DEDUCTION 50000	N/A
TAXABLE INCOME	7,45,000	9,50,000	10,00,000
<b>TOTAL TAX PAYABLE AS PER THE INCOME TAX SLAB</b>	<b>63,960</b>	<b>1,06,600</b>	<b>78,000</b>
<b>CASE II</b>			
INCOME 15 LAKHS			
INCOME	15 LAKHS	15 LAKHS	15 LAKHS
EXEMPTION / DEDU	(Rs. 1.5 lakhs U/S 80c + Rs.50,000 standard deduction) INTEREST PAID 30,000	STANDARD DEDUCTION 50000	NIL
TAXABLE INCOME	12,45,000	14,50,000	15 LAKHS
<b>TOTAL TAX</b>	<b>1,93,440</b>	<b>2,47,500</b>	<b>1,95,000</b>
<b>CASE III</b>			
INCOME 30 LAKH			
INCOME	30 lakhs	30 lakhs	30 lakhs
EXEMPTION / DEDU	(Rs. 1.5 lakhs U/S 80c + Rs.50,000 standard deduction) INTEREST PAID 30,000	STANDARD DEDUCTION 50000	NIL
TAXABLE INCOME	27,45,000	2950000	30,00,000
<b>TOTAL TAX</b>	<b>6,61,440</b>	<b>697500</b>	<b>6,63,000</b>
**Deduction applicable : Rs 1.5 lakhs u/s 80C ; Rs. 50,000 standard deduction ; Rs. 25,000 U/s 80D ; Rs. 30,000 home loan interest u/s 24			



<b>CASE IV</b>			
<b>INCOME 50 LAKHS</b>			
<b>INCOME</b>	<b>50 lakhs</b>	<b>50 lakhs</b>	<b>50 lakhs</b>
	(Rs. 1.5 lakhs U/S 80c + Rs.50,000 standard deduction)		
<b>EXEMPTION / DEDU</b>	<b>PAID 70,000</b>	<b>STANDARD DEDUCTION 50000</b>	<b>NIL</b>
<b>TAXABLE INCOME</b>	<b>47,05,000</b>	<b>49,50,000</b>	<b>50,00,000</b>
<b>TOTAL TAX</b>	<b>12,52,500</b>	<b>12,97,500</b>	<b>12,87,000</b>
<small>**Deduction applicable : Rs 1.5 lakhs u/s 80C ; Rs. 50,000 standard deduction ; Rs. 25,000 U/s 80D ; Rs. 30,000 home loan interest u/s 24</small>			
<b>All the data provided with cess : 4%</b>			

**CASE I : income 10 lakh**

Illustration shows that the old regime including deduction will be paying less tax rather than change into a new tax regime which will cost the individual more taxes because of the no deduction available.

**CASE II : Income 15 lakh**

Here in this case III individual has been considered :

- Old tax regime with deduction
- Old tax regime with no deduction.
- New tax regime.

The old tax regime with deduction will cost less tax, in comparison to other two regime option.

This case II of income 15 lakh is beneficial for the old tax regime with deduction individuals.

**CASE III : Income 30 lakh**

Here in this case 3 individual has been considered :

- Old tax regime with deduction
- Old tax regime with no deduction.
- New tax regime.

The individual using the old regime with deduction will be paying less amount of tax, other than the new regime, and the highest amount of tax will be paid by the individual using the old regime without having deduction.

**CASE IV : INCOME 50 lakh.**

Here in this case 3 individual has been considered:

- Old tax regime with deduction
- Old tax regime with no deduction.
- New tax regime.

The old regime with deduction and the new regime will be costing similar to the individual taxpayer.

But old regime with deduction will cost slightly lesser tax payable.

Theoretically, the new tax regime is offering lower tax rates and less complicated but taking into consideration the overall tax benefits that one can avail under the available exemption and deductions, the new tax regime doesn't seem to promise as one would end up paying a higher tax amount. Well, the choice remains subjective.

**IV. RESULTS**

Tax payable comparison under three conditions :-

<b>EXAMPLE</b>	<b>OLD REGIME WITH DEDUCTION</b>	<b>OLD REGIME WITHOUT DEDUCTION</b>	<b>NEW REGIME</b>
<b>CASE I INCOME 10 LAKH</b>	<b>Lowest</b>	highest	In between
<b>CASE II INCOME 15 LAKH</b>	<b>Lowest</b>	highest	In between
<b>CASE III INCOME 30 LAKH</b>	<b>Lowest</b>	highest	In between



CASE IV	Lowest	highest	In between
INCOME 50			
LAKH			

## V. CONCLUSION

Change impact analysis of old tax regime and new tax regime.

There is no specific answer to this question as it depend on your financial situation and your annual earnings. Both the taxslab has its own advantages and disadvantages.

Individual using more number of deductions and exemptions according to the tax planning of the individual, thenew tax regime offer a variations of earning buckets and corresponding rates. It depends on wether you are interested in deduction and exemption, then you whiled go for the old tax regime.

A comprehensive study has been done above to provide a better outlook of the both tax regimes in India. In every cases of the analysis the old tax regime with deduction is giving lesstax payable, which with further help the tax payer to opt the best one suits them.

Each of the case is presented in such a manner that the individual will be benefited opting which tax regime among (old regime with deduction, old regime without deduction and new tax regime), all though there is a limitation in the analysisbut then also it could give a proper projection of the practical condition.

If the individual is a salaried employee and having an investing behaviour toward the tax saving schemes, then the individual will be in beneficial in the old tax regime with havethe deduction and exemption available to them.

New tax regime will be benefiting the individual having no investment and not taking any deduction and exemption in this case the individual will be paying the lowest payable tax.

### (POSITIVE)

**New tax regime** : the current tax regime is still in place, and you as a taxpayer have the option to choose the best suitable tax regime for yourself, that is either old tax regime or the new tax regime, the government has not enforced compulsory to switch to the new tax regime.

The new tax regime comes with the flexibility to the tax payer to invest their money as they prefer. With new tax regime there is no obligatory to invest in tax saving schemes as the tax saving exemptions and deductions has been removed from the new tax regime, tax slabs has been increased you can opt for the best meets your yearly income.

### (NEGATIVE)

- With no exemptions, your total taxable amount will be higher as compared during the old tax regime.
- New regime can affect the investment behaviour of the individuals in a different way.

- Individual used to have benefits of different deductions and exemptions will be ending paying higher taxes in the new tax regime.

This comparison is based on ITR-1 as all the data variable are considered under the salaried individuals.

## VI. REFERENCE

- [1]. Saravanan, K. & Lakshmi, K.. (2017). Tax Saving Instruments of Income Tax in India: A Study on Tax Assessee in Trichy City. 1. 2458-2466.
- [2]. Dey, Sanjeeb & Varma, Kamal. (2016). Awareness of Tax Saving Schemes among Individual Assessee: Empirical Evidence from Twin City of Odisha. *Journal of Commerce and Management* 7. 668. 10.5958/0976-478X.2016.00036.7.
- [3]. *International Journal of Scientific & Engineering Research* Volume 10, Issue 3, March-2019 ISSN 2229-5518
- [4]. *Journal of Indian Taxation* Volume 4, Issue 2, Jul-Dec 2017, pp. 112-126 doi: 10.17492/vision.v4i02.11776
- [5]. Bholane, Kishor. (2020). Analytical Study of Tax RevenueCollection in India. 68. 41-45.
- [6]. Sahoo, T. TAX SAVING INVESTMENT UNDER SECTION 80C OF INCOME TAX ACT 1961.
- [7]. *International Journal of Recent Scientific Research* Vol. 8, Issue, 4, pp. 16786-16790, April, 2017
- [8]. *Research Journal of Finance and Accounting* ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online) Vol.6, No.1, 2015.
- [9]. *International Journal of Research in Computer Application & Management*. ISSN 2231-1009 VOLUME NO. 2 (2012), ISSUE NO. 10 (OCTOBER), 2012.
- [10]. *International Journal of Engineering and Management Research* e-ISSN: 2250-0758 | p-ISSN: 2394-6962 Volume- 9, Issue- 2, (April 2019).

# IJEAST

INTERNATIONAL JOURNAL  
OF ENGINEERING APPLIED SCIENCE  
AND TECHNOLOGY

## ABOUT IJEAST

International Journal of Engineering Applied Science and Technology (IJEAST) is a peer-reviewed, open access journal that publishes high-quality research papers in the field of Engineering, Applied Science and Technology.

IJEAST aims to provide a platform for researchers, academicians, and professionals to share their innovative ideas, research findings, and practical experiences with the global scientific community.

## FOCUS AREAS

- Engineering
- Applied Science
- Technology
- Innovation & Development
- Interdisciplinary Studies



### PEER REVIEWED

All submissions are rigorously peer reviewed to ensure quality.



### OPEN ACCESS

Free and unrestricted access to research for all.



### GLOBAL REACH

Connecting researchers and professionals worldwide.



### TIMELY PUBLICATION

We ensure a swift and efficient publication process.



For more information, visit our website  
[www.ijeast.com](http://www.ijeast.com)



INTERNATIONAL JOURNAL  
OF ENGINEERING APPLIED SCIENCE  
AND TECHNOLOGY

✉ [editor@ijeast.com](mailto:editor@ijeast.com)

🌐 [www.ijeast.com](http://www.ijeast.com)

📍 India



2455-2143