



NATIONAL INSTITUTE OF TECHNOLOGY, CALICUT

Finance & Accounts Section

सं फा/ F.No. A8/15660/IT/2024-25

दिनांक/ Dated: 04.12.2025

परिपत्र /CIRCULAR

Subject: Tax Deducted at Source (TDS) on salary for FY 2025-26- Reg.

As per the prevailing Income Tax provisions, Section 115BAC (New Tax Regime) continues to be the default tax regime for all individuals for the Financial Year 2025–26. The new tax regime has 5 income tax slabs (5%, 10%, 15%, 20%, 25% and 30%). The old tax regime remains unchanged and continues to be available as an option. Tax payers may opt for either the old tax regime or the new tax regime, as per their choice.


Employees who wish to opt for the Old Tax Regime are required to upload and submit their tax computation along with self-attested copies of savings/investments eligible for FY 2025-26 (AY 2026-27) on the google form <https://forms.gle/NeJne7C6mRYfcyMe6> on or before 25.12.2025. Non-permanent employees may intimate their option directly to the DH01/Finance and Accounts Section. Employees opting for the New Tax Regime need NOT submit any option, unless they have income other than salary that needs to be considered for monthly TDS computation.

All pensioners opting for the old tax regime shall submit their savings/investment details eligible for FY 2025-26 (AY 2026-27) in Form 12BB (duly filled and signed) to DH01/Finance and Accounts Section on or before 25.12.2025. Proof of investments must also be submitted by this date.

Once selected, the option cannot be changed during the same financial year by the employer. However, individuals may change their option later while filing their Income Tax Returns.

Any investment proof submitted after 25.12.2025 will not be considered for TDS purposes. Such deductions may be claimed directly by the employee/pensioner while filing their Income Tax Return. An annexure regarding tax slabs under both schemes and applicable deductions are attached for reference. (Annexure I)

Employees/Pensioners, who fail to submit the option for tax regime and supporting documents for anticipated savings within the stipulated period, shall be presumed that they have opted for new tax regime and/or they do not have any other income/savings and, therefore, tax shall be deducted accordingly.


4/12/2025
कुलसचिव/ Registrar

Encl: As Above

Distributions:

1. Director (For information pl.)
2. All staff/faculty members
3. Website
4. File.

Annexure I

For Taxpayers below 60

Income Tax Slab (Taxable income)	Tax Rate under Old Tax Regime	Income Tax Slab (Taxable income)	Tax Rate under New Tax Regime
Up to 2,50,000	Nil	Up to 4,00,000	Nil
2,50,001 - 5,00,000	5% above 2,50,000	4,00,001 - 8,00,000	5% above 4,00,000
5,00,001 - 10,00,000	12,500 + 20% above 5,00,000	8,00,001 - 12,00,000	20,000 + 10% above 8,00,000
10,00,000 - 50,00,000	1,12,500 + 30% above 10,00,000	12,00,001 - 16,00,000	60,000 + 15% above 12,00,000
50,00,000 - 1,00,00,000	1,12,500 + 30% above 10,00,000 [Surcharge of 10%]	16,00,001 - 20,00,000	1,20,000 + 20% above 16,00,000
		20,00,001 - 24,00,000	2,00,000 + 25% above 20,00,000
		Above 24,00,000	3,00,000 + 30% of income above 24,00,000

For Taxpayers who are Senior Citizen

Income Tax Slab (Taxable income)	Tax Rate under Old Tax Regime	Income Tax Slab (Taxable income)	Tax Rate under New Tax Regime
Up to 3,00,000	Nil	Up to 4,00,000	Nil
3,00,001 - 5,00,000	5% above 2,50,000	4,00,001 - 8,00,000	5% above 4,00,000
5,00,001 - 10,00,000	10,000 + 20% above 5,00,000	8,00,001 - 12,00,000	20,000 + 10% above 8,00,000
Above 10,00,000	1,10,000 + 30% above 10,00,000	12,00,001 - 16,00,000	60,000 + 15% above 12,00,000
		16,00,001 - 20,00,000	1,20,000 + 20% above 16,00,000
		20,00,001 - 24,00,000	2,00,000 + 25% above 20,00,000
		Above 24,00,000	3,00,000 + 30% of income above 24,00,000

For Taxpayers who are Super Senior Citizen

Income Tax Slab (Taxable income)	Tax Rate under Old Tax Regime	Income Tax Slab (Taxable income)	Tax Rate under New Tax Regime
Up to 5,00,000	Nil	Up to 4,00,000	Nil
5,00,001 - 10,00,000	20% above 5,00,000	4,00,001 - 8,00,000	5% above 4,00,000
Above 10,00,000	1,00,000 + 30% above 10,00,000	8,00,001 - 12,00,000	20,000 + 10% above 8,00,000
		12,00,001 - 16,00,000	60,000 + 15% above 12,00,000
		16,00,001 - 20,00,000	1,20,000 + 20% above 16,00,000
		20,00,001 - 24,00,000	2,00,000 + 25% above 20,00,000
		Above 24,00,000	3,00,000 + 30% of income above 24,00,000

Besides tax at above rate, Health and Education Cess @ 4% is levied on income-tax for the financial year 2025-26

Some of the items of investments/expenditure for which deduction can be claimed under various sections of IT Act are listed below. This is applicable only for those who opt for old tax regime.

80 C	<p>Deduction in respect of certain deposits/payments. The maximum admissible deduction under this section is Rs.1.5 lakh</p> <p>Some of the investment avenues or expenses that can be claimed as tax deductions under section 80C are as below:</p> <ol style="list-style-type: none"> i. PPF (Public Provident Fund) in the name of self, spouse or children ii. GPF (General Provident Fund) iii. Five-year Bank or Post Office Tax saving Deposits iv. NSC (National Savings Certificates) v. ELSS (Equity Linked Saving Schemes) of Mutual Funds vi. Tuition Fees (For maximum of two children) vii. Principal repayment of Home Loan viii. NPS (National Pension System) ix. Life Insurance Premium (for self, spouse or children) x. Sukanya Samridhi Account Deposit Scheme
80 CCC	<p>Contribution to annuity plan of LIC (Life Insurance Corporation of India) or any other Life Insurance Company. The maximum allowable deduction under this section is Rs. 1.5 Lakh</p>
80CCD(1)	<p>Employees contribution to the pension scheme notified by the Central Government (NPS), subject to a maximum of 10% of salary (Salary included Dearness Allowance but excluded all other allowances and perquisites)</p>

80CCD (1B)	Shall be allowed a deduction, whether or not any deduction has been allowed under section 80CCD (1), of the deposit made in a pension scheme notified by the Central Government (NPS) which shall not exceed Rs. 50,000
80CCD (2)	Employers' contribution to the Pension (NPS) account of the employee shall be allowed as a deduction, subject to a maximum of 14% of salary (Salary includes Dearness Allowance but excludes all other Allowances and Perquisites). Note:- Employers contribution to the NPS account of the employee should be included under Gross salary of the employee (Section 17)
80CCE	The aggregate amount of deductions under section 80C, section 80CCC and sub-section (1) of section 80CCD shall not, in any case, exceed Rs.1,50,000
80 D	Section 80D of the Income Tax Act permits deductions on amounts spent by any mode other than cash to effect or to keep in force an insurance on the health of the assessee or his family/parents, or any contribution made to the Central Government Health Scheme, or medical expenditure subjects to limits/conditions specified therein. Maximum of ₹ 25,000 (₹ 50,000 if any person is a Senior Citizen, ₹ 5,000 for preventive health checkup, included in above limit)
80DD	Deduction in respect of maintenance including medical treatment of a dependent who is a person with disability, a) any expenditure for the medical treatment (including nursing), training and rehabilitation of a dependent, being a person with disability; or b) paid or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or any other insurer or the Administrator or the specified company subject to the conditions specified in the section for the maintenance of a dependent, being a person with disability, Provides provisions for tax deductions of Rs. 75,000 for normal disability (40%) and Rs. 1.25 lakh for severe disability (80% and more).
80DDB	Deduction in respect the expense incurred for medical treatment of specified disease or ailment for self or a dependent. The permitted deduction is limited to ` . 40,000 and Rs.1,00,000 if the treatment is for a senior citizen, as well as super senior citizen
80 E	Deduction in respect of interest on loan taken from any financial institution or any approved charitable institution for the purpose of pursuing higher education of self, spouse and children, deduction is admissible for 8 years.
80 EE	Under section 80EE of Income Tax Act, tax exemption up to Rs.0.5 Lakhs on interest paid on loan sanctioned between 1 April 2016 till 31 March 2017 for the purchase of home.
80 EEA	Under section 80EEA of Income Tax Act, tax exemption up to Rs.1.5 Lakhs on interest paid on loan sanctioned between 1 April 2019 till 31 March 2022 for the purchase of home.
80 EEB	Under section 80 EEB of Income Tax Act, tax exemption up to Rs.1.5 Lakhs on interest paid on loan sanctioned between 1 April 2019 till 31 March 2023 for the purchase of electric vehicles.
80 G	Deduction in respect of donations to certain funds, charitable institutions, etc. (eligible for deduction up to either 100% or 50% with or without restriction) subject to limits/conditions specified in the section. a) 100% deductions without any limit: Donations to funds like National Defence Fund, Prime Minister's Relief Fund, National Illness Assistance Fund, etc. qualify for 100% deduction on the amount donated. b) 100% deduction with qualifying limits: Donations to local authorities, associations or institutes to promote family planning and development of sports qualify for 100% deduction, subject to certain qualifying limits.

	<p>c) 50% deduction without qualifying limits: Donations to funds like the PMs Drought Relief fund, Rajiv Gandhi Foundation, etc. are eligible for 50% deduction.</p> <p>d) 50% deduction with qualifying limit: Donations to religious organisations, local authorities for purposes apart from family planning and other charitable institutes are eligible for 50% deduction, subject to certain qualifying limits.</p> <p>e) The qualifying limit refers to 10% of the gross total income of a taxpayer.</p>
80 TTA	Deductions upto Rs.10,000 in respect of interest on Deposits in Savings Accounts.
80 TTB	Deductions upto Rs.50,000 in respect of interest received on deposits by Resident Senior Citizens
80 U	<p>Deduction in the case of a person with disability.</p> <p>A person who, at any time during the previous year, is certified by the medical authority to be a person with disability, there shall be allowed a deduction of a sum of Rs.75,000 (for whom with severe disability the deduction is Rs.1.25 lakh) subject to conditions prescribed in the section.</p>

Interest accrued on contribution to GPF (to the extent of contribution of 5 lakh per annum) is exempted from taxable income.

Under the new tax regime, the contribution made by employer towards Tier 1 NPS account is eligible for tax deduction under section 80CCD (2)

Additionally, a standard deduction of Rs. 75,000 is available for salaried employees opting for the New tax regime from FY 2025-2026. For those choosing the Old tax regime, the standard deduction is Rs. 50,000.

Under both the regime, the amount of the tax rebate u/s 87A for this year has been kept unchanged. Under the old tax regime, assesseees with taxable income up to 5,00,000 would receive a tax rebate of 12,500 or the amount of tax payable, whichever is lower. Under the new tax regime, a resident taxpayer with taxable income up to 12,00,000 would receive a tax rebate of 60,000 or the amount of tax payable, whichever is lower.

Those who received any salary arrears during the financial year 2025-26 and wish to avail tax deduction in the current financial year should submit the copy of form 10 E after online filing by the individual.

In order to claim HRA exemption by those opting for the old tax regime from Gross salary towards rent paid, the officials should produce a rent receipt from the landlord for the rent paid by the employee. If the annual rent paid by the employee exceeds 1,00,000 per annum, it is mandatory for the employee to report the PAN of the landlord to the employer. In case the landlord does not have a PAN, a declaration to the effect from the landlord along with the name and address of the landlord should be filed by the employee. In both the cases, proof of online payment of rent for at least 6 months should be submitted.

This is for reference only.
