



भा.कृ.अनु.प.-भारतीय मृदा विज्ञान संस्थान  
नबीबाग, बैरसियारोड, भोपाल- 462038  
**ICAR-Indian Institute of Soil Science**

Nabibagh, Berasia Road, Bhopal – 462038 (M.P.)  
Tel. No. (0755)2747375 EPABX:2730970/2734221 (Ext. No. 262 & 257) Fax. No. (0755) 2733310



F. No. 6-7/2025-26/C&B/IISS

Dated 07/04/2025

**CIRCULAR**

Sub: Deduction of Income Tax at source from salaries for the financial year. 2025-26 (Assessment year, 2026-27) under section 192 of Income Tax act.

As per the section 192 of Income Tax Act, it is mandatory for an authority responsible for paying any income chargeable under the head “Salary” to deduct the tax at source at the rate appropriate to the estimated salary to be paid in the relevant financial year after allowing permissible deductions.

Further, you all would be aware that as per section 115 BAC inserted by Finance Act 2023, an option has been allowed to Individual and HUF tax payers to pay income tax at lower tax slabs (optional new tax regime) on total income computed without claiming specified exemptions/deductions applicable from F.Y. 2025-26 (A.Y. 2026-276). The tax rate applicable in case of an eligible assesses under the provisions of Section 115BAC of the Act would be as under: -

**# New Regime:-**

Sr. No.	Total Income (‘INR’)	Tax Rate (%) – New regime (Section 115BAC)
1.	0 to 4,00,000	Exempt from tax
2.	4,00,001 to 8,00,000	5
3.	8,00,001 to 12,00,000	10
4.	12,00,001 to 16,00,000	15
5.	16,00,001 to 20,00,000	20
6.	20,00,001 to 24,00,000	25
7.	24,00,001 and above	30

# Rebate of Section 87 would be applicable to officials having annual income below 12,00,000/-

**\* Old Regime:-**

Sr. No.	Total Income (‘INR’)	Tax Rate (%) – Old regime
1.	0 to 2,50,000	–
2.	2,50,001 to 5,00,000	5
3.	5,00,001 to 10,00,000	20
4.	10,00,001 and above	30

\* Rebate of Section 87 would be applicable to officials having annual income below 5,00,000/-

Contd..2

For availing the benefits of new tax regime lower rates, an individual will have to forgo the following Deductions/exemptions: -

01. The Professional tax and entertainment allowance on salaries
02. Leave Travel Allowance (LTA)
03. House Rent Allowance (HRA)
04. Minor child income allowance
05. Helper allowance
06. Children education allowance
07. Other special allowances [Section 10(14)]
08. Interest on housing loan on the self-occupied property or vacant property (Section 24)
09. Chapter VI-A deduction (80C, 80D, 80E and so on) (Except Section 80CCD (2) and 80JJAA)
10. Without exemption or deduction, all prerequisites or allowances will be taxable.
11. Deduction from family pension income

**(For better clarity on the subject, please refer to recent amendments incorporated in Income Tax Act 1961 vide Finance Act 2020 which will prevail on this subject)** Further, refer the circular no. 370142/06/2023-TPL dated 05 April 2023 issued by CBDT (enclosed), which state that "an employee, having income other than the income under the head "profit and gains of business or profession" the new tax regime will be by the default tax regime applicable to all persons mentioned above. However, under sub-section (6) of section 115BAC of the act. A person may exercise an option to opt under sub-section (1) of section 139 of the Act. **"Accordingly, the undersigned would like to request you all to furnish the option for opting tax structure (Old/New) for the purpose of calculation of TDS for the financial year 2024-25 on the attached format on or before 25.04.2024 through e-mail. The option as exercised will be final and can't be changed during the financial year; however official concerned may opt for a change in option at the time of filing of Income tax return for that period.**

*Ganesh Meena*  
7 Apr. 2025

(G.K.Meena)

Drawing & Disbursing Officer

Mob: 9549985227

email- ganesh.meena@icar.gov.in

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**FORMAT TO EXERCISE THE OPTION FOR TAX DEDUCTION FROM SALARY FOR THE  
FINANCIAL YEAR 2025-26 (A.Y 2026-27)**

1	Name :		
2	Designation:		
3	Permanent Account Number :		
4	Option for Tax Regime for TDS (please tick on relevant box)	Old Tax Slab	
		New Tax Slab	
		Amount Rs	Amount Rs
5	i) Probable income from all sources including Salary/Pension, House property, Other Sources, Capital Gain during F.Y.2024-25		
6	(ii) Details of all deductions/ Exemptions to be claimed in F.Y. 2025-26 (please attach separate sheet for details)	H.L.Interest Standard Ded. P.Tax Saving for old regime	
7	<b>Balance (5-6)</b>		
8	<b>Total Tax (approximate) as per opted Tax Structure</b>		
9	Health & Education Cess @ 4%		
10	<b>Total Tax Payable (8+9)</b>		
11	<b>Tax to be deducted at Source (in 11 equal installments From April 2024 to February 2025)</b>		

Date

Place

Signature of the Official