

Standard Deduction for Salaried Individuals in New and Old Tax Regime

Description

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Quick summary

- The standard deduction is a flat amount subtracted from salary or pension income without any proof of expenses.
- It is ?75,000 in the new tax regime and ?50,000 in the old regime, and cannot exceed your salary or pension income.
- For family pension the deduction is ?25,000 in the new regime and ?15,000 in the old regime.
- From Tax Year 2026-27 it is allowed under section 19 of the Income-tax Act, 2025.

The standard deduction is a fixed amount that salaried employees and pensioners can subtract from their income without producing any bills or proof. It was removed years ago, brought back in Budget 2018, and has been increased since, most recently in the new regime to ?75,000.

Amount of standard deduction

Regime	Salary or pension	Family pension
New tax regime (default)	?75,000	?25,000
Old tax regime	?50,000	?15,000

In each case the deduction cannot exceed the salary or pension you actually received. These amounts apply to FY 2025-26 and to Tax Year 2026-27. The Union Budget 2026 did not change income tax rates or slabs for Tax Year 2026-27, and the standard deduction stayed as it was.

Which section gives it?

For FY 2025-26 (assessment year 2026-27) it is section 16(ia) of the Income-tax Act, 1961, whose proviso

substituting ?75,000 for the new regime applies from 01/04/2025. For Tax Year 2026-27 onwards it is section 19 of the Income-tax Act, 2025, which lists all the deductions from salary in one place.

Who can claim?

- Employees who earn salary income, in private or government jobs.
- Pensioners, since pension is taxed as salary.
- Recipients of family pension, at the lower family pension amount.

It is not available for business or professional income, or to someone with no salary or pension.

Why does it matter?

- It reduces taxable income automatically, so it lowers the tax of nearly every salaried person.
- No documents are needed.
- It is available in both regimes, so it does not change the choice between them, but the new regime's higher amount is one reason many salaried taxpayers find it cheaper.

Example

Ms C earns a salary of ?9,00,000 in FY 2025-26 and has no other income. In the new regime her taxable income is ?9,00,000 less ?75,000, which is ?8,25,000. In the old regime it would be ?8,50,000 before any other deductions.

What about the documents for filing the return?

You need no proof for the standard deduction. For the return as a whole, you should still keep Form 16, Form 26AS, the AIS and any proofs for other deductions you claim.

Frequently asked questions

What is the standard deduction for salaried employees?

?75,000 in the new tax regime and ?50,000 in the old tax regime, or the amount of your salary if that is less.

Do I need documents to claim the standard deduction?

No. It is allowed automatically on salary and pension income, without proof of any expense.

Can pensioners claim the standard deduction?

Yes. Pension is taxed as salary, so pensioners can claim it. Family pension has a separate deduction of ?25,000 in the new regime and ?15,000 in the old regime.

Can a self-employed person claim the standard deduction?

No. It is only for income taxed as salary or pension.

Which section gives the standard deduction now?

Section 19 of the Income-tax Act, 2025 from Tax Year 2026-27. Earlier it was section 16(ia).

Official sources

- Income Tax Department: Section 19, Income-tax Act 2025
- Income Tax Department: e-Filing portal
- Union Budget: official website

Related reading

- Section 80C of Income Tax Act: 80C Deduction List, Limit and Examples
- How to Save Tax Other Than 80C: Deductions and Exemptions for 2026-27
- Difference Between Exemption, Deduction and Rebate in Income Tax

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