कुलसचिव कार्यालय
लेखा-I (कटौती अनुभाग)

Office of the Registrar
Accounts –I (Recovery Unit)

No. IIT (BHU)/Accounts-I/IT/2026-27/ 8137

Dated: 16-11-2026
19

IMPORTANT
URGENT

NOTICE

Subject: Guidelines for Submission of Tax Regime Option for Employees/Pensioners for Tax Year 2026–27 and Comparative Overview of Old and New Tax Regimes

Dear Sir/Madam,

The Central Board of Direct Taxes (CBDT), vide Circular No. F. No. 370142/06/2023-TPL dated 5th April 2023, clarified that the New Tax Regime would be the default tax regime for Financial Year 2023-24 with effect from 1st April 2023 for the purpose of computation of income tax.

In accordance with the provisions of the Income-tax Act, 2025, the New Tax Regime shall continue to be the default regime for computation of Tax Deducted at Source (TDS) on salary/pension for Tax Year 2026–27. However, eligible individuals have the option to opt out of the New Tax Regime and choose the Old Tax Regime, subject to the applicable provisions of the Income-tax Act, 2025.

Submission of Tax Regime Option and Investment Details:

1. In case of selection of the Old Tax Regime: Employees/Pensioners who wish to opt out of the default New Tax Regime and select the Old Tax Regime are required to submit the duly filled Option Form for Opting Out of the New Tax Regime (Annexure-I) along with the proposed investment details and supporting documentary evidence in Form No. 124 (Annexure-II) for Tax Year 2026–27.

The completed forms, along with the relevant supporting documents, should be submitted to Accounts-I (Recovery Unit), Registrar's Office, IIT (BHU), Varanasi, on or before ***30th November 2026.***

2. In case of selection of the New Tax Regime: Employees/Pensioners who wish to continue under the default New Tax Regime are not required to take any action or submit any option form. Their TDS on salary/pension shall be calculated automatically under the applicable provisions of the New Tax Regime.

Please be noted that the tax regime option once exercised by an employee/pensioner for the purpose of TDS during the Tax Year shall not be permitted to be changed during the year.

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A brief comparative overview of the Old and New Tax Regimes is provided below for the information and guidance of employees/pensioners:

1. Income Tax Slabs Comparison (Tax Year 2026–27):

OLD TAX REGIME *(Optional)*		**NEW TAX REGIME *(Default)***	
Total Income (in ₹)	**Rate (in %)**	**Total Income (in ₹)**	**Rate (in %)**
From ₹1/- to ₹2,50,000/-	Nil	From ₹1/- to ₹4,00,000/-	Nil
From ₹1/- to ₹3,00,000/- (For Senior Citizen)		From ₹4,00,001/- to ₹8,00,000/-	5%
From ₹2,50,0001/- to ₹5,00,000/-	5%	From ₹8,00,001/- to ₹12,00,000/-	10%
From ₹3,00,0001/- to ₹5,00,000/- (For Senior Citizen)		From ₹12,00,001/- to ₹16,00,000/-	15%
From ₹5,00,0001/- to ₹10,00,000/-	20%	From ₹16,00,001/- to ₹20,00,000/-	20%
Above ₹10,00,000/-	30%	From ₹20,00,001/- to ₹24,00,000/-	25%
		Above ₹24,00,000/-	30%

2. **Health and Education Cess:** Health and Education Cess at the rate of 4% shall be levied on the amount of income tax, including surcharge, if any, under both tax regimes.
3. **Deductions & Rebates:** Under the Old Tax Regime, taxable income is calculated after allowing eligible deductions under Section 80C, other applicable sections and exemptions as prescribed under the Income-tax Act. Under the New Tax Regime, lower tax rates are applicable; however, most of the exemptions and deductions are not allowed, except those specifically permitted under the Act. The major deductions and rebates available under both regimes are as follows:

Feature / Deduction	**Section as per Income tax Act, 1961 *(Old)***	**Section as per Income tax Act, 2025 (New)**	**OLD TAX REGIME *(Optional)***	**NEW TAX REGIME *(Default)***
Standard Deduction	**Section 16(i)**	**Section 19**	**Allowed** ₹50,000 (for salaried / pensioners)	**Allowed** ₹75,000 (for salaried / pensioners)
Tax Rebate	**Sec 87A**	**Section 156**	**Allowed** Up to ₹12,500 rebate. Makes taxable income up to ₹5,00,000 tax-free.	**Allowed** Up to ₹60,000 rebate. Makes income up to ₹12,00,000 tax-free. (With standard deduction, salary up to ₹12.75 Lakhs has zero tax).

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Deduction up to ₹1,50,000	**Section 80C**	**Section 123**	**Allowed** The specific eligible investments (such as PPF, EPF, ELSS mutual funds, life insurance, home loan principal repayment, etc.) are listed under Schedule-XV of the Act.	**Not Available** None of these investments qualify for deductions.
Extra deduction of up to ₹50,000 to NPS or APY	**Section 80CCD(1B)**	**Section 124(3)**	**Allowed** Additional deduction of up to ₹50,000 over and above the ₹1.5 lakh limit.	**Not Available** Self-contributions to NPS/APY do not get this extra deduction.
Employer NPS Contribution	**Section 80CCD(2)**	**Section 124**	**Allowed** Exempt up to 14% of salary (Basic + DA)	**Allowed** Exempt up to 14% of salary (Basic + DA)
HRA (House Rent Allowance)	**Section 10(13A) read with Rule 2A**	**Schedule III, Table Sl. No. 11, read with Section 11**	**Allowed** Exemption on rent paid for salaried individuals living in rented accommodation.	**Not Available** HRA exemption cannot be claimed.
Health Insurance / Mediclaim Premiums	**Section 80D**	**Section 126**	**Allowed** Up to ₹25,000 for self/family (₹50,000 if senior citizens) + additional ₹25,000 to ₹50,000 for parents.	**Not Available** Medical insurance premiums for self, family, or parents cannot be claimed.
Interest on Home Loan for Self-Occupied Property	**Section 24(b)**	**Section 22**	**Allowed** Deduction of up to ₹2,00,000 on home loan interest for a self-occupied property.	**Not Available** Interest paid on home loans for self-occupied properties cannot be claimed.
Donations to Charitable Trusts & Funds	**Section 80G**	**Section 133**	**Allowed** Deductions ranging from 50% to 100% of the donated amount depending on the approved fund/trust.	**Not Available** Donations do not qualify for tax deductions.

4. **Surcharge:** Surcharge is levied on the amount of Income Tax at the following rates if the total income of an assessee exceeds the specified limits:

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Income (In ₹)	OLD TAX REGIME *(Optional)*	NEW TAX REGIME *(Default)*
Below ₹50 Lakhs	Nil	Nil
From ₹ 50 Lakhs to ₹ 1 Crore	10%	10%
From ₹ 1 Crore to ₹ 2 Crores	15%	15%
From ₹ 2 Crores to ₹ 5 Crores	25%	25%
Above ₹ 5 Crores	37%	25%

The above information is intended to provide a brief overview of the differences between the Old and New Tax Regimes for the information and guidance of employees/pensioners. For further details and clarification, employees/pensioners are advised to refer to the applicable provisions of the Income-tax Act, 2025.

Employees/Pensioner are advised to compare their estimated income tax liability under both regimes before exercising their preferred option.

Encl.: - Annexure -I: Option Form for OPT Out from New Tax Regime.
Annexure -II: Form no. 124.

Yours faithfully,

Deputy Registrar
(Incharge – Finance & Accounts)
Indian Institute of Technology (BHU), Varanasi

ANNEXURE – I

OPTION FORM FOR OPT OUT FROM NEW TAX REGIME

Tax Year 2026-27

I, ... Emp. No. ……..…..

declare that I have selected the Option for old tax regime for Tax Year 2026-27 under the Income Tax act for computation of TDS.

Please consider this declaration and calculate and deduct the TDS accordingly.

I understand the option once exercised in the year cannot be modified during the year.

Yours Sincerely,

(Signature of the employee)

Employee ID	:									
PAN No.	:									

Full Name : _____

Designation : _____

Department : _____

Contact No.	:									
Date	:			/			/			

(Signature of the Head of Department)

ANNEXURE-II

FORM NO. 124

[*See* rule 205]

Statement showing particulars of claims by an employee for deduction of tax under section *392(5)(b)*

	Part A: Details of the employee		
1.	Name of the employee *(refer Note 1)*		
2.	Address *(refer Note 2)*		
3.	Permanent Account Number		
4.	Email id		
5.	Contact number	Country Code	Number
6.	Tax Year		

Part B: Details of claims and evidence thereof		
	Nature of claim	**Particulars**
1.	**House Rent Allowance:**	
	(i) Name of the landlord	
	(ii) Address	
	(iii) Permanent Account Number (*refer Note 3)*	
	(iv) Aadhaar Number	
	(v) Relationship with the landlord, if any	
	(vi) Rent paid to the landlord	
	(repeat details of Row No. 1 if required)	
2.	**Leave travel concessions or assistance**	
3.	**Deduction of interest on borrowing:**	
	(i) Name of the lender	
	(ii) Address	
	(iii) Permanent Account Number of	
	(a) Financial Institutions (if available) or	
	(b) Employer (if available) or	
	(c) Others	
	(iv) Interest payable/paid to the lender	
	(repeat details of Row No. 3 if required)	
4.	**Deduction under Chapter VIII-A and B of the Act**	
	(i) Section 123 and 124 (a) Section 123 A. …….. B. …….. C. …….. (b) Section 124 (c) Section 130 (d) Section 131 (e) Other sections (e.g. 129, 133, 137, 153, etc.) under Chapter VIII- A and B of the Act (a) Section …. (b) Section …. (c) Section ….	

ANNEXURE-II

DECLARATION

I, ……..……..., having Permanent Account Number ……..……...……. do hereby certify that the information given above is complete and correct.

Place: Signature of the employee: ……

Date: Name: ……

Notes:

1. In case of individual, the first, middle and last name shall be provided in full without any abbreviations.

2. The address shall contain i. Country/Region, ii. Flat/Door/Block number iii. Road/Street/Block/Sector, iv. PIN/ZIP Code, v. Post Office, vi. Area/locality, vii. District, viii. State.

3. Permanent Account Number shall be furnished if the aggregate rent paid during the Tax Year exceeds one Lakh rupees.

4. The following details shall be provided as annexures, namely:

Annexure	Particulars
A-1	House rent agreement
A-2	Documents in support of claim of Leave travel concessions or assistance
A-3	Loan agreement
A-4	Documents in support of claim of deduction under Chapter VIII-A and B of the Act

5. Amounts to be filled in ₹ unless otherwise provided.