

In the latest Budget announcement, there are two major monetary benefits given by government for higher disposable income with Individual Tax payers:

1. There is tax saving of Rs 20000 due to change in tax rate slabs
2. There is a tax saving of Rs 60000 in the form of the rebate u/s 87A for income upto Rs 12 lacs
3. The standard deduction of Rs 75000 available in new tax regime makes it Rs 12.75 lacs of no tax income.
4. Also at Rs 12 lacs of annual income, the tax liability under old tax regime is Rs 163800 without any chapter VI deduction. Hence, there is an additional saving of Rs 83800 (163800-20000-60000) by shifting to new tax regime without going for any forced tax saving to claim tax benefit.
5. Hence , even at the salary income level of Rs 12.75 lacs , there is a monthly additional disposable income of Rs 15000 to the individual assesses. This can translate into additional home loan eligibility to the individual tax payers. There is an estimate of increase in home loan eligibility by 15% on account of shifting from old tax regime to new tax regime.
6. Additionally, as there is now an option to avoid any forced saving instruments just to claim tax benefits under new tax regime, this will also translate into additional cash flow in the hands of individual tax payers.
7. Also, this saving of Tax under new regime is after ignoring any rental housing liability by person. Hence, there is no need to go for any rental home just to claim HRA exemption level and still there is a substantial tax saving.
8. As a result of home, the individual will be more inclined to own a house than to go for rental property, if they have a long term stability in the city of this employment.
9. Again, the restriction of owning a second home is removed from the income tax liability angle, the individual tax payers are relieved by any additional tax burden with owning a second house property.
10. The above factors will give a good boost to housing demand as with additional disposable income, additional home loan eligibility and relaxation in owning a second home, there is every possibility that a portion of the benefit will shift towards housing ownership. As a result, the average age of owning a house is expected to reduce further.

ANNEXURE

Particular	Option - 1	Option -2	Option - 3
	Old Regime (FY 24-25)	New Regime (FY 24-25)	New Regime (FY 25-26)
Total Salary Income	12,50,000	12,75,000	12,75,000
Standard deduction	50,000	75,000	75,000
Net Income	12,00,000	12,00,000	12,00,000
Tax Liability	1,79,400	79,300	
Per Month Deduction	14,950	6,608	
Total Inhand Salary	89,217	99,642	1,06,250
Home Loan Eligibility			
Tenure	30YR	30YR	30YR
ROI	8.75%	8.75%	8.75%
Eligible Amount	68,85,390	76,17,538	80,55,800
% Increment over Option -1			17%
% Increment over Option -2			6%

Particular	Option - 1	Option -2	Option - 3
	Old Regime (FY 24-25)	New Regime (FY 24-25)	New Regime (FY 25-26)
Total Salary Income	12,00,000	12,00,000	12,00,000
Standard deduction	50,000	75,000	75,000
Net Income	11,50,000	11,25,000	11,25,000
Tax Liability	1,63,800	71,500	
Per Month Deduction	13,650	5,958	
Total Inhand Salary	86,350	94,042	1,00,000
Home Loan Eligibility			
Tenure	30YR	30YR	30YR
ROI	8.75%	8.75%	8.75%
Eligible Amount	66,84,000	72,24,000	76,42,500
% Increment over Option -1			14%
% Increment over Option -2			6%

Note:

- Above calculation assumes that there is no other Emi obligation with the assesses
- Also, tax calculation is done ignoring any deduction of chapter VI .
- Loan eligibility amount has been calculated based on the online home loan eligibility calculator of ICICI Bank