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Year-End Tax Planning Guide: FY 2026-27

What to check before 31 March 2027 under the Income-tax Act, 2025

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Key points

The year: FY 2026-27 (1 April 2026 to 31 March 2027) is "Tax Year 2026-27", the first year under the Income-tax Act, 2025. Deductions are now in new sections; the old 1961 numbers are shown in brackets.

Two dates: the last advance tax instalment (100% of the year's tax) is due by **15 March 2027**; investments and payments that you want counted for the year must be made by **31 March 2027**.

Regime first: the new regime (Section 202, formerly 115BAC) is the default. Most deductions in this guide help only if you will use the old regime, so compare both before you invest for tax.

Checklists inside: salaried individuals, professionals on presumptive tax, small businesses and companies.

Why plan before 31 March 2027

Tax planning done in the last week of March usually means buying a product to fill a limit. Done in the last quarter, it is a review: is the income estimate still right, is the advance tax on track, which regime is cheaper this year, and which payments will be lost as a deduction if they slip into April. Most deductions are allowed only for amounts actually paid in the tax year, so a premium, a donation or a PPF deposit made on 1 April 2027 counts for the next year, not this one.

FY 2026-27 is also the first year under the Income-tax Act, 2025. The Act calls it "Tax Year 2026-27" and renumbers almost every section. The limits for the common deductions have been carried over, but documents, employer forms and software will use the new numbers. For example, Section 80C is now Section 123 and the rebate under Section 87A is now Section 156. The return for this year will be filed from 2027 using the new numbering.

Step 1: choose the regime before you invest

The new tax regime under Section 202 (formerly 115BAC) applies unless you opt out. It has lower slab rates but allows only a few deductions. The old regime allows the deductions listed later in this guide but has higher rates.

Point	New regime (Section 202)	Old regime
Default?	Yes	Only if you opt out
Standard deduction on salary	Rs 75,000 (or salary, if lower)	Rs 50,000 (or salary, if lower)
Rebate (Section 156, formerly 87A)	Up to Rs 60,000, where total income does not exceed Rs 12 lakh (with marginal relief just above)	Up to Rs 12,500, where total income does not exceed Rs 5 lakh
Top slabs	15% (Rs 12-16 lakh), 20% (Rs 16-20 lakh), 25% (Rs 20-24 lakh), 30% (above Rs 24 lakh)	30% above Rs 10 lakh
Section 123 (80C), 126 (80D), HRA, home loan interest on a self-occupied house	Not allowed	Allowed, within limits
Employer's contribution to NPS (Section 124, formerly 80CCD(2))	Allowed	Allowed

How to switch. If you have no business or professional income, you choose the regime each year in the return itself, filed by the due date; telling your employer only decides how TDS is deducted. If you have business or professional income, opting out of the new regime needs a separate form filed by the due date for the return, and

you can return to the new regime only once. The rebate of up to Rs 60,000 does not cover tax on income charged at special rates, such as capital gains on listed shares.

Rule of thumb. Add up the deductions you will actually have under the old regime: HRA, Section 123 investments, health insurance, home loan interest. If the total is small compared with the extra standard deduction and the lower rates of the new regime, the new regime is usually cheaper and further "tax-saving" investments will not reduce your tax. Run both calculations with the year's actual figures before buying anything.

Step 2: the common deductions (old regime only, unless stated)

Deduction	Section (2025 Act)	Old section	Limit and notes
PPF, EPF, life insurance premium, ELSS, tuition fees of children, home loan principal, Sukanya Samriddhi, tax-saver FD	123 read with Schedule XV	80C, 80CCC	Rs 1,50,000 in total
Own NPS contribution, additional	124	80CCD(1B)	Rs 50,000, over and above Section 123
Employer's NPS contribution	124	80CCD(2)	Allowed in both regimes, within the percentage of salary allowed by the Act
Health insurance premium (self, spouse, children)	126	80D	Rs 25,000, or Rs 50,000 if a senior citizen; preventive check-up up to Rs 5,000 within this limit
Health insurance for parents	126	80D	Separate limit: Rs 25,000, or Rs 50,000 if a parent is a senior citizen
Interest on education loan	129	80E	Interest paid, no upper limit, for the years allowed by the Act
Donations to approved institutions	133	80G	50% or 100% of the donation, with or without a qualifying limit, depending on the institution
Rent paid where no HRA is received	134	80GG	Subject to the conditions and limits in the Act
Interest on savings account / deposits (senior citizens)	153	80TTA, 80TTB	Rs 10,000 savings interest; Rs 50,000 deposit interest for senior citizens
Home loan interest, self-occupied house	22(1)(b)	24(b)	Up to Rs 2,00,000
House rent allowance	11 read with Schedule III	10(13A)	Exempt within the formula; keep rent receipts and the landlord's PAN where needed

Pay health insurance premium by any mode other than cash (cash is accepted only for a preventive check-up), and pay donations through a bank so that the receipt and the institution's registration details can be matched in the return. Check the section-wise conditions on the official text before claiming; the **Income Tax Act 2025 finder** on our website lists the old and new numbers side by side.

Step 3: advance tax by 15 March 2027

If the tax for the year, after TDS and TCS, is Rs 10,000 or more, advance tax is payable under Section 408. By 15 December 2026 at least 75% should have been paid, and by **15 March 2027** 100%. A resident senior citizen with no income from business or profession does not have to pay advance tax.

Presumptive taxpayers under Section 58 (formerly 44AD and 44ADA) can pay the whole amount in one instalment by 15 March 2027. A shortfall costs interest of 1% a month under Section 425 (formerly 234C) for the instalments, and under Section 424 (formerly 234B) from 1 April 2027 if less than 90% of the tax has been paid by 31 March. Amounts paid by 31 March are also treated as advance tax.

Before 15 March, re-estimate the income with figures to date: last-quarter receipts, capital gains booked, interest accrued on deposits, and the TDS shown in the Annual Information Statement (AIS). Pay through e-Pay Tax on the e-filing portal, choosing advance tax and the correct year.

Checklist: salaried individuals

- [ ] Decide the regime for the year using your expected salary and actual deductions; tell your employer, remembering the final choice is made in the return.
- [ ] Submit investment proofs, rent receipts and home loan certificates when your employer asks (usually January-February), so that TDS in February and March is correct.
- [ ] Under the old regime, check how much of the Rs 1,50,000 under Section 123 (80C) is already used by EPF and home loan principal before adding new investments.
- [ ] Pay health insurance premiums for yourself and your parents before 31 March 2027 (Section 126, formerly 80D).
- [ ] Consider the additional NPS contribution of up to Rs 50,000 (Section 124, formerly 80CCD(1B)) only if you will use the old regime.
- [ ] Make the minimum yearly deposit in PPF and Sukanya Samriddhi accounts so they do not become inactive.
- [ ] Add income from other sources (savings and deposit interest, dividends, rent, capital gains) and pay advance tax by 15 March if the tax not covered by TDS is Rs 10,000 or more.
- [ ] If you changed jobs, give the new employer details of salary and TDS from the earlier employer, or plan to pay the difference.
- [ ] Check the AIS and the tax credit statement for missing TDS or wrong entries and ask the deductor to correct them.
- [ ] Keep the year's salary slips; the annual TDS certificate (Form 130, formerly Form 16) will follow after the year ends.

Checklist: professionals on presumptive tax (Section 58, formerly 44ADA)

A resident individual or firm (other than an LLP) in a specified profession can declare 50% of gross receipts as income, where receipts do not exceed Rs 50 lakh, or Rs 75 lakh where cash receipts are not more than 5% of the total.

- [ ] Total the gross receipts to date and project the year; check whether you will stay within Rs 50 lakh, or Rs 75 lakh with cash of 5% or less.
- [ ] Count a cheque or draft that is not account payee as a cash receipt when testing the 5% limit.
- [ ] Pay the full advance tax in one instalment by 15 March 2027.
- [ ] Match receipts with the TDS your clients deducted, as shown in the AIS; follow up clients who deducted but did not deposit or report.
- [ ] Remember that no other expense, depreciation or loss can be claimed against presumptive income.
- [ ] If actual profit will be lower than 50% and income exceeds the basic exemption limit, books of account and a tax audit (Section 63, formerly 44AB) become necessary.
- [ ] Under the old regime, personal deductions such as Sections 123 and 126 are still available against the presumptive income.
- [ ] Check GST registration and returns if your turnover crosses the GST threshold.

Checklist: small businesses on presumptive tax (Section 58, formerly 44AD)

A resident individual, HUF or firm (other than an LLP) can declare 6% of turnover received through banking or digital modes and 8% of the rest, where turnover does not exceed Rs 2 crore, or Rs 3 crore where cash receipts are not more than 5%. If you leave the scheme after opting in, you can be shut out of it for the next five years.

- [ ] Encourage customers to pay by bank or UPI before 31 March: amounts received digitally by the due date for the return are taxed at 6% rather than 8%.

- [ ] Check the cash share of turnover if you are relying on the Rs 3 crore limit.
- [ ] Pay advance tax in one instalment by 15 March 2027.
- [ ] Pay dues to micro and small enterprise suppliers within the time allowed by the MSMED Act (Section 37(2)(g) of the 2025 Act, formerly 43B(h)), if you do not use presumptive tax.
- [ ] Deduct and deposit TDS on rent, contract and professional payments; a TDS default can lead to part of the expense being disallowed.
- [ ] Take physical stock on 31 March 2027 and keep a signed stock statement.
- [ ] Reconcile GST returns with the books; claim pending input tax credit for FY 2026-27 within the time allowed under the CGST Act, and renew the export LUT for FY 2027-28 if you export.
- [ ] If you have opted out of presumptive tax in an earlier year, check the five-year restriction before opting back in.

Checklist: companies and LLPs

- [ ] Prepare a provisional profit estimate for the year by January and pay advance tax: 75% by 15 December 2026 and 100% by 15 March 2027.
- [ ] Confirm which tax rate the company uses: if it chose the concessional rate for domestic companies (Section 115BAA of the 1961 Act), check the corresponding section of the 2025 Act on the official portal before computing advance tax.
- [ ] Pay micro and small enterprise suppliers on time (Section 37(2)(g), formerly 43B(h)); unpaid amounts beyond the MSMED Act limit are deductible only when paid.
- [ ] Pay statutory dues (GST, TDS, PF, ESI, bonus, leave encashment provisions) on time; some are deductible only on actual payment.
- [ ] Reconcile TDS deducted on the company's receipts with the AIS, and the TDS it deducted with its quarterly statements.
- [ ] Update the fixed asset register with the date each addition was put to use, since that date affects the depreciation allowed for the year.
- [ ] Review related-party transactions, loans to and from directors, and the documents needed for transfer pricing, if applicable.
- [ ] Check whether the CSR thresholds under Section 135 of the Companies Act, 2013 are crossed and whether last year's CSR amount has been spent.
- [ ] Plan the year-end close: stock count, balance confirmations from debtors and creditors, and the board meeting calendar for approving accounts.
- [ ] Check whether a tax audit (Section 63, formerly 44AB) and a statutory audit will be needed and book the auditors early.

Capital gains and investments

Long-term capital gains on listed equity shares and equity-oriented mutual funds are taxed at 12.5% above Rs 1,25,000 a year (Section 198, formerly 112A); short-term gains at 20% (Section 196, formerly 111A). Before 31 March, list gains already booked, unrealised losses that you are willing to book, and whether gains up to Rs 1,25,000 can be realised in this year rather than the next. A capital loss can be carried forward only if the return is filed by the due date.

If you sold a house or other long-term asset during the year, check the reinvestment exemptions (Section 82, formerly 54; Section 86, formerly 54F; Section 85, formerly 54EC bonds) and their time limits, and pay advance tax on any gain that will not be exempt. Tax on capital gains arising after an instalment date can be paid with the

remaining instalments without interest for deferment.

Documents to collect by 31 March 2027

- Payment receipts for every deduction you will claim: premium receipts, PPF passbook, ELSS statement, tuition fee receipts, donation receipts.
- Home loan interest and principal certificate for the year.
- Rent receipts and the landlord's PAN where the yearly rent is above the limit for PAN.
- Challans for advance tax and self-assessment tax paid.
- Bank and broker statements, capital gains statements from mutual funds and depositories.
- For businesses: sales and purchase registers, GST returns, stock statement, fixed asset additions with dates.

Frequently asked questions

Is FY 2026-27 assessed under the old or the new Income-tax Act?

Income earned from 1 April 2026 is governed by the Income-tax Act, 2025, which calls FY 2026-27 "Tax Year 2026-27". Income of FY 2025-26 and earlier years continues under the Income-tax Act, 1961.

What is the last date for tax-saving investments for FY 2026-27?

Payments must be made within the tax year, so by 31 March 2027. A payment made on or after 1 April 2027 counts for Tax Year 2027-28.

Do I need tax-saving investments under the new regime?

Under the new regime (Section 202), deductions such as Section 123 (formerly 80C) and Section 126 (formerly 80D) are not allowed, so these investments do not reduce tax. They may still suit your finances, but not as a tax measure. The employer's NPS contribution is one of the few deductions the new regime allows.

When is the last advance tax instalment for FY 2026-27?

15 March 2027, by which 100% of the estimated tax (after TDS and TCS) should be paid. Presumptive taxpayers under Section 58 may pay the whole amount on that date.

What is Section 80C called now?

Section 123 of the Income-tax Act, 2025, read with Schedule XV. The limit remains Rs 1,50,000 a year for an individual or HUF, and it is available only under the old regime.

Official sources

Income-tax Act, 2025 as amended by the Finance Act, 2026 (Income Tax Department): https://www.incometaxindia.gov.in/documents/d/guest/income_tax_act_2025_as_amended_by_fa_act_2026-pdf
Income-tax Act, 2025: Section 202 (new tax regime): https://www.incometaxindia.gov.in/w/section-202-76
Income-tax Act, 2025: Section 123: https://www.incometaxindia.gov.in/w/section-123-96
Income-tax Act, 2025: Section 126: https://www.incometaxindia.gov.in/w/section-126-96
Income-tax Act, 2025: Section 156 (rebate): https://www.incometaxindia.gov.in/w/section-156-84
Income-tax Act, 2025: Section 58 (presumptive taxation): https://www.incometaxindia.gov.in/w/section-58-138
Income Tax Department: due dates for advance tax: https://www.incometaxindia.gov.in/w/what-are-the-due-dates-for-payment-of-advance-tax-
e-Filing portal: FAQs on new vs old tax regime: https://www.incometax.gov.in/iec/foportal/help/new-tax-vs-old-tax-regime-faqs
e-Filing portal (e-Pay Tax, AIS): https://www.incometax.gov.in/iec/foportal/

Important. General information on the law as at 30 October 2026, not professional advice. Rates, limits and section numbers can change by a Finance Act or notification; check the Income-tax Act, 2025 and the e-filing portal before acting. Published by SKAG and Associates, Chartered Accountants, New Delhi; prepared by CA Gaurav Singh, member of the Institute of Chartered Accountants of India (Membership No. 539050).