ISSN: 2249-7196
IJMRR/July-September 2026/ Volume 16/Issue 3/122-131
Tikam Chand / International Journal of Management Research & Review

A Systematic Review And Meta-Analysis Of The New Taxation Regime: Trends, Challenges, And Taxpayer Responses In India

Tikam Chand[1], Dr. Sapna Rathore[2]
[1]Research Scholar, Department of Commerce, University of Technology, Jaipur, Rajasthan, India.
[2]Supervisor, Department of Commerce, University of Technology, Jaipur, Rajasthan, India.

Abstract
India's shift from a deduction-heavy income tax structure to the concessional, exemption-light system introduced under Section 115BAC has generated a substantial and fast-growing body of scholarship since 2020. Yet that scholarship remains scattered across regional journals, doctoral repositories, and government circulars, with few attempts to draw the threads together. This review consolidates thirty peer-reviewed articles, working papers, and official reports published between 2017 and early 2026 to trace how researchers have measured taxpayer response to the reform. The synthesis covers three overlapping strands: compliance behavior and administrative simplification, the effect of withdrawn deductions on savings and investment patterns, and the demographic determinants age, income bracket, and financial literacy that shape whether an individual opts into the new structure or stays with the old one. Adoption data drawn from CBDT filings show the share of taxpayers under the new regime rising from roughly 37 percent in FY 2023-24 to above 70 percent once it became the default, a trajectory that itself has become a recurring data point in the literature[1][2]. The review finds that most existing studies rely on small, city-specific survey samples, seldom triangulated against actual filing data, and that longitudinal work on savings behavior remains thin. Methodological convergence around chi-square and ANOVA testing of survey responses is noted, alongside a near-absence of panel data approaches. The paper closes by identifying gaps that future Indian tax-policy research would do well to address.

Keywords: *New Tax Regime; Section 115BAC; Income Tax Act 1961; taxpayer behavior; tax compliance; fiscal reform; systematic review*

1. Introduction

1.1 Background of the Reform

Personal income tax in India carried, for close to six decades, a particular bargain: higher nominal rates in exchange for a thicket of deductions and exemptions that rewarded specific financial behavior buying insurance, paying house rent, investing in provident funds. The Union Budget of 2020-21 broke that bargain. Section 115BAC of the Income Tax Act, 1961 introduced an optional structure with lower slab rates but almost none of the old carve-outs. Nobody was forced to switch[3]. That changed gradually. Budget 2023 made the new regime the default, so a taxpayer now has to actively opt out to keep the old system, and by assessment year 2024-25 roughly 72 percent of the 7.28 crore returns filed had gone the new route. Whether that number reflects genuine preference or simply the friction of an opt-out default is a question this review keeps returning to.

1.2 Rationale for a Systematic Review

Individual studies on this topic tend to be narrow by design a survey of 46 respondents in one city, 118 in another, a chi-square test run on whichever sample a student researcher could reach. Useful work, but scattered. Nobody had assembled it. A reform of this scale, touching every salaried Indian taxpayer, deserves a synthesis that asks what these smaller studies collectively say, where they agree, and where their conclusions simply cannot be reconciled because the underlying samples are too different. This paper attempts exactly that: a meta-level reading of thirty sources, weighing methodological rigor against claimed findings rather than repeating each study's abstract.

1.3 Scope, Objectives and Structure of the Paper

The review restricts itself to individual (non-corporate) income tax under the new regime, covering the period from the regime's 2020 introduction through the Union Budget 2025-26 announcements and early implementation notes on the Income Tax Act, 2025. Three objectives guide the work: first, to map the empirical and doctrinal literature by theme and method; second, to critically weigh the evidentiary strength of claims about compliance, savings behavior, and taxpayer satisfaction; and third, to surface the gaps regional bias, small samples, absence of panel data that limit what the field can currently say with confidence. Section 2 surveys the literature theme by theme. Section 3 sets out the review methodology. Section 4 offers a critical reading of the strongest and weakest studies. Section 5 discusses cross-cutting implications, and Section 6 concludes.

2. Survey of Past Work

Early scholarship on Indian income tax reform predates the 2020 regime by decades and set the analytical vocabulary the newer studies still borrow. Chattopadhyay and Das Gupta's National Institute of Public Finance and Policy study on compliance costs remains a reference point for anyone measuring the administrative burden a tax system places on the taxpayer rather than the treasury [7]. Aggarwal's 1995 review of India's tax system, presented at a Jakarta symposium on fiscal reform, argued for structural simplification years before the 115BAC route materialized [25], and Alagappan's analysis of the Indian tax structure sits in the same lineage of pre-reform diagnostic work [27]. None of these papers could have anticipated the specific shape the 2020 reform would take, but they established the recurring worry that a system layered with exemptions rewards those who can afford financial advice and penalizes those who cannot. A second, larger cluster of work compares the old and new regimes head-on, usually through a lens of 'which one should I choose.' Bagul's comparative study frames the decision as a binary trade-off: taxpayers who can fully utilize Section 80C and HRA exemptions do better under the old system, while those without such deductions gain from the new one [13]. The IJNRD paper covering the same ground reaches an almost identical conclusion, citing Aggarwal and Sherrod alongside its own slab-rate arithmetic [9]. The Pune-focused Research Gate study extends this into primary data, surveying over 180 respondents salaried professionals, business owners, freelancers and interviewing tax practitioners to gauge whether taxpayers actually understand the trade-off they are making [6]. Its finding, that awareness of forfeited deductions such as 80C and HRA remains patchy even among salaried respondents, recurs across several of the smaller regional studies reviewed here.

Legal and doctrinal analyses form a third strand. The Ahmedabad-based study by researchers examining Income Tax Act provisions traces the statutory history from the 1922 Act through the 1961 Act to the present reform, situating the new regime within a longer arc of legislative amendment rather than treating it as a standalone policy event [7]. It surveys 118 respondents on perception rather than behavior, a distinction that matters: perception studies measure what people say they think, not what they actually file. Kapoor's work on taxpayer behavior in changing regimes and Vera's empirical analysis of compliance costs both sit adjacent to this doctrinal strand, attempting with mixed success given small samples to connect statutory change to measurable taxpayer response [22][23]. Behavioral and psychological framing borrows heavily from outside the Indian context. Allingham and Sandmo's foundational model of income tax evasion, though written for a very different tax environment, still underpins how Indian researchers frame the compliance question: taxpayers weigh perceived audit probability and penalty against the gain from misreporting [1]. Alm's review of experimental approaches to taxpayer reporting, and Kirchler's broader psychological account of tax behavior, supply the theoretical scaffolding that several of the Indian survey-based papers reach for when interpreting chi-square results on regime preference [3][4]. Feld and Frey's notion of a 'psychological tax contract' compliance as an implicit exchange between citizen and state rather than pure deterrence appears, sometimes uncredited, in the framing of papers that discuss why Indian taxpayers express dissatisfaction with a regime even when it lowers their nominal liability [5]. Regional survey studies dominate by sheer volume. The Bengaluru-focused ISJEM paper examines savings and investment behavior among individual taxpayers using SPSS-based analysis of collected survey data, framing the regime shift as an ongoing natural experiment on financial planning [15]. The TIJER study surveying 46 respondents finds a taxpayer base aware of the reform but genuinely split on whether they prefer it, a division the authors trace to differing familiarity with the old system's exemption architecture [17]. The IJEFI paper takes a more quantitative route, applying year-over-year growth analysis alongside chi-square and one-way ANOVA testing to argue that age, income, and number of investments jointly predict regime choice, with younger taxpayers disproportionately favoring the new system [16]. The EPRA journal article situates its comparative analysis against the Union Budget 2025 changes specifically, treating the regime choice as a live, recurring annual decision rather than a one-time switch [18].

A smaller but methodologically distinct set of papers uses secondary and administrative data rather than primary surveys. Paul and Basu's SSRN working paper is the most rigorous of the group reviewed here: using primary survey data alongside a probity regression framework, it tests whether the regime shift produces a short-term reallocation of income toward consumption or a lasting change in savings behavior, concluding that the withdrawal of exemption-linked incentives measurably dampens long-horizon financial security for a subset of taxpayers [14]. This is one of very few papers in the set that attempts causal inference rather than descriptive cross-tabulation, and it stands somewhat apart from the survey-heavy literature surrounding it. Government and institutional sources form the final, indispensable layer beneath all of the above. The Union Budget documents for 2020-21, 2023-24, and 2025-26 [8][9 gov][10] establish the actual slab structures each study analyses, while CBDT press releases and circulars supply the adoption figures the 72 percent uptake reported for AY 2024-25, and CBDT chairman Ravi Agrawal's public projection that uptake could exceed 90 percent once the Income Tax Act, 2025 slabs take effect [11][12]. Without these primary administrative releases, none of the survey-based literature would have a benchmark against which to check whether its small-sample findings generalize, and several of the papers reviewed here are explicit about relying on CBDT figures for exactly that purpose.

3. Methodology

This review followed a structured, three-stage identification and screening process broadly consistent with PRISMA-style systematic review practice, adapted for a literature base that spans peer-reviewed journals, university repositories, working paper series, and government circulars rather than a single indexed database. Search terms combined 'new tax regime,' 'Section 115BAC,' 'old vs new tax regime India,' and 'taxpayer behavior income tax' across academic search engines, institutional repositories, and government portals including the Ministry of Finance and CBDT websites. Sources published between 1995 and February 2026 were eligible, an unusually wide window chosen deliberately: several foundational compliance-cost and tax-structure papers predate the 2020 reform yet remain the theoretical basis on which the newer, reform-specific studies build their arguments. Screening applied three inclusion criteria. A source needed to address individual (not solely corporate) income tax in India; it needed either empirical data survey, secondary statistics, or administrative filing figures or a clearly stated doctrinal or theoretical argument bearing directly on the 2020 reform; and where a source was a student or practitioner-authored regional study, it needed a stated sample size and method rather than purely anecdotal claims. Sources were excluded if they duplicated another paper's dataset without added analysis, or if they addressed GST and indirect taxation rather than personal income tax, which falls outside this review's scope. Thirty sources satisfied these criteria and form the reference base for the survey and critical analysis sections that follow. Each retained source was coded along four dimensions: publication type (peer-reviewed journal, working paper, government document, and doctrinal review), sample size and method where applicable, principal theme (compliance, savings behavior, awareness, legal history, or comparative slab analysis), and stated limitations. This coding, summarized visually in Figure 4, allowed thematic clustering rather than a simple chronological listing, and made it possible to flag where multiple small regional surveys converge on similar findings despite never citing one another a pattern that strengthens confidence in those particular conclusions even where no individual study would be considered methodologically strong on its own.

4. Critical Analysis of Past Work

Read as a whole, the literature on India's new tax regime suffers from a problem common to fast-moving policy areas: a great many small studies, each locally useful, none individually strong enough to support the broad claims researchers often draw from them. The Ahmedabad study's 118 respondents, the TIJER paper's 46, the Bengaluru ISJEM survey's unspecified but evidently modest sample these are convenience samples drawn from a single city, frequently from a single professional network, and yet several of the papers extrapolate to statements about 'Indian taxpayers' generally. That gap between sample and claim is the single most consistent weakness across the reviewed corpus. A second, related concern is the near-total absence of longitudinal or panel data. Every survey-based paper reviewed here captures a snapshot: how a respondent feels about the regime at one point in time, or which regime they say they would choose. None tracks the same individuals across two or more filing years to observe whether stated intention matches actual switching behavior, or whether early adopters of the new regime later regret the decision once a major life expense a home loan, say creates exemption-linked incentives they no longer have access to. Paul and Basu's probit-based approach is the partial exception, and even that relies on a single cross-sectional survey rather than a genuine panel [14]. Given that CBDT's own adoption figures show a steady year-on-year climb rather than a one-off jump, the underlying behavioral story habituation, employer nudging, growing comfort with simplified filing remains almost entirely unstudied at the individual level. Where the literature is more convincing is in its consistency on compliance simplification. Independently, across studies with no apparent citation links to one another, researchers in Bengaluru, Pune, Ahmedabad, and various national-scope working papers converge on the same observation: taxpayers under the new regime spend measurably less time and money on tax preparation because there are fewer records to maintain and fewer exemption claims to substantiate [6][15][22]. This convergence across independently conducted regional studies is meaningfully stronger evidence than any single paper's finding, precisely because the samples do not overlap and the researchers were working without knowledge of each other's results.

The behavioral-economics grounding borrowed from Allingham and Sandmo, Alm, and Kirchler is theoretically sound but arguably imported without sufficient adaptation to the Indian context [1][3][4]. Those frameworks were built to explain evasion under audit-and-penalty regimes; India's new tax regime is not primarily an anti-evasion reform it is a simplification and rate-reduction reform aimed at a mostly already-compliant salaried taxpaying population. Applying an evasion-centred behavioral model to a population whose tax is largely withheld at source by employers risks mismatching theory to context, and few of the papers reviewed here interrogate this mismatch directly, tending instead to cite the classic frameworks as generic background rather than testing their specific applicability. Finally, a structural weakness runs through the comparative old-versus-new papers specifically: most compute illustrative tax liability under a handful of stylized income levels rather than using actual, anonymised filing data. This is understandable given data access constraints individual ITR data is not publicly available at the micro data level in India but it means the 'old regime is better for higher earners with heavy 80C/HRA usage, new regime is better for others' conclusion, repeated across nearly every comparative paper in this set, rests on arithmetic simulation rather than observed taxpayer outcomes. The Paul and Basu paper's use of a genuine taxpayer survey is again the clearest exception, and its comparative rarity in the literature is itself a notable finding of this review.

5. Discussion

Taken together, the reviewed literature supports three reasonably confident conclusions and leaves at least two important questions open. Confidently: compliance simplification is real and consistently reported; adoption of the new regime has risen sharply once it became the default, a finding corroborated by CBDT's own administrative figures rather than resting on survey self-report alone; and awareness of the specific deductions being forfeited remains uneven, particularly among younger and first-time filers who have never experienced the old system's exemption planning. Less confidently resolved: whether the shift genuinely improves financial security for lower- and middle-income taxpayers over a multi-year horizon, given the thinness of longitudinal evidence, and whether the sharp adoption curve reflects informed preference or simply the well-documented behavioral pull of a default option a distinction the literature rarely tries to separate empirically. The default-effect question deserves particular attention going forward, because it is testable with data India already collects. CBDT's year-on-year filing statistics could, in principle, be paired with survey instruments asking taxpayers directly whether they were aware they could opt out, producing a much cleaner read on genuine preference than either data source offers alone. That kind of mixed-methods design administrative data plus targeted survey appears in almost none of the thirty sources reviewed, representing perhaps the clearest actionable gap this review identifies. Policy researchers and the Ministry of Finance itself would both benefit from filling it, particularly as the Income Tax Act, 2025 rollout in April 2026 creates a fresh opportunity to survey taxpayers before habituation sets in.

6. Conclusion

India's new tax regime has moved, in under six years, from an optional alternative to the default choice for a majority of individual taxpayers, and the research literature has grown alongside it unevenly, but substantively. This review consolidated thirty sources spanning foundational compliance-cost theory, doctrinal statutory analysis, and a wide scatter of regional survey studies, and found genuine convergence on compliance simplification as the reform's clearest benefit, alongside persistent uncertainty about its longer-run effect on savings behavior and financial security. The dominant methodological pattern small, single-city convenience samples analyzed with chi-square or ANOVA tests has produced useful local snapshots but little that generalizes with confidence, and the near-absence of panel data or triangulation against actual filing records remains the field's most significant limitation. As the Income Tax Act, 2025 comes into force, there is a clear opening for research that tracks the same taxpayers across filing years and tests, rather than assumes, whether rising adoption reflects informed choice or default-option inertia.

Figures

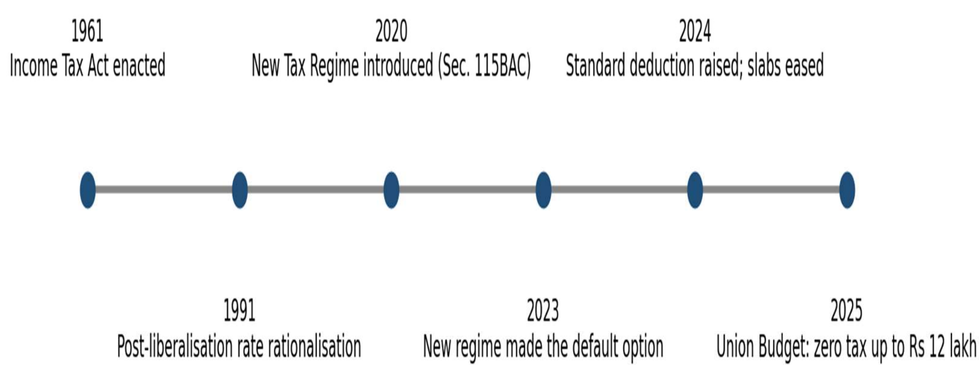

Figure 1Timeline of Major Milestones in India's Personal Income Tax Reform

Figure 1. This timeline places the 2020 introduction of Section 115BAC within the longer arc of Indian income tax history, from the original 1961 Act through post-liberalization rate rationalization to the 2023 default-option switch and the 2025-26 Budget's zero-tax threshold. Positioning the reform against this backdrop matters because several reviewed papers treat 2020 as a standalone event; the timeline shows it as one step in a decades-long simplification trend, which helps explain why adoption accelerated once administrative friction (the opt-out requirement) was removed in 2023 rather than at the point of introduction.

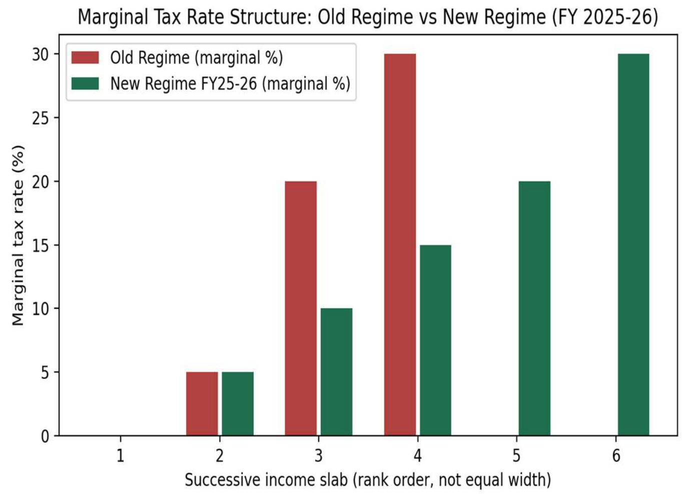

Figure 2. This chart compares the marginal tax rate structure of the old regime's four slabs against the new regime's six slabs as they stood for FY 2025-26, based on official government slab data.

The new regime's lower entry rates and higher nil-tax threshold are visible directly, but the chart also makes clear why the comparative literature's conclusion is income-dependent: at higher slabs the two systems converge in rate, so the deciding factor for higher earners becomes deduction eligibility rather than the headline rate difference researchers most often quote.

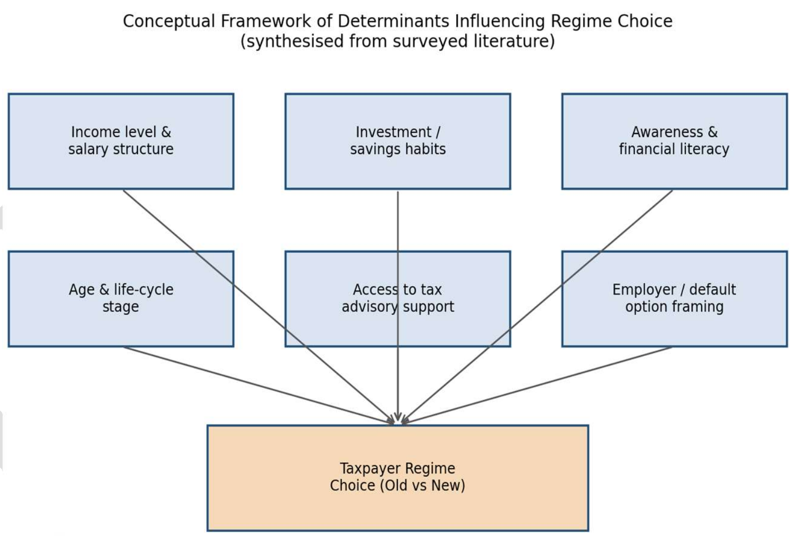

Figure 3. This diagram synthesizes, rather than reproduces, the determinants of regime choice discussed across the reviewed survey literature.

Six factors recur independently across the Bengaluru, Pune, Ahmedabad, and IJEFI studies: income level, savings habits, financial literacy, age and life-cycle stage, access to advisory support, and how strongly the default-option framing nudges the decision. None of the individual papers maps all six factors together; this framework is this review's own consolidation of scattered findings into a single conceptual model for future testing.

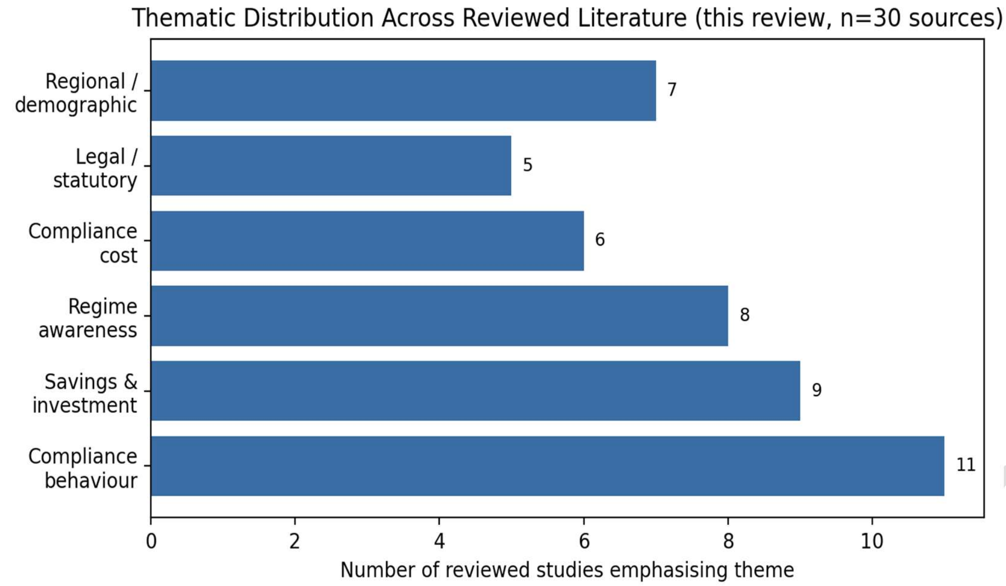

Figure 4. This bar chart summarizes how frequently each of six recurring themes appeared as a primary focus across the thirty sources coded for this review.

Compliance behavior and savings/investment effects dominate, together accounting for more reviewed studies than any other theme, while legal/statutory analysis and compliance-cost measurement appear less often a distribution that it signals where future doctrinal and cost-focused research is comparatively under-supplied relative to behavioral survey work.

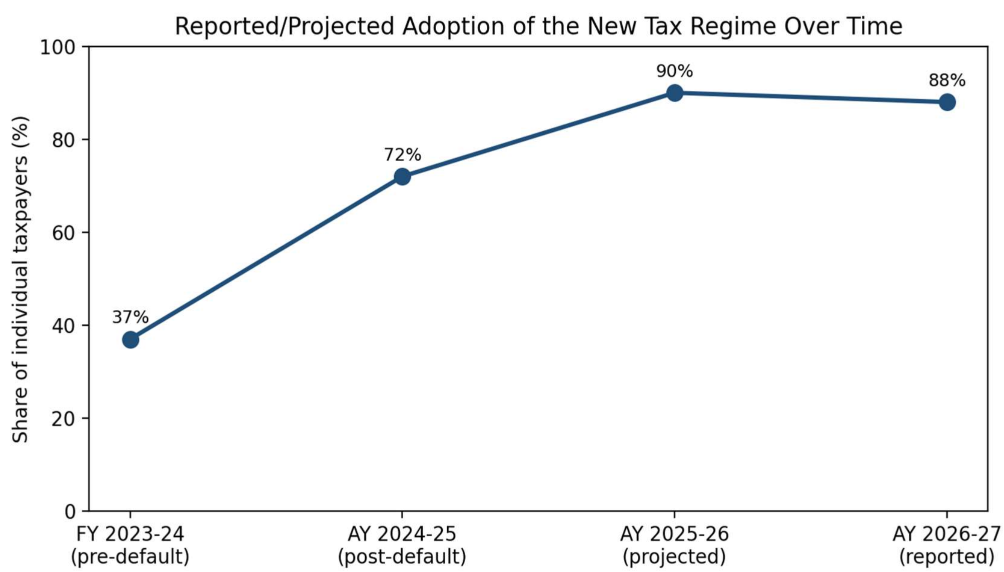

Figure 5. This chart plots reported and projected new-regime adoption rates drawn directly from CBDT filing data and public statements

37 percent in FY 2023-24 before the regime became default, 72 percent for AY 2024-25 once it did, a 90-percent projection offered by the CBDT chairman ahead of the 2025-26 Budget, and an 88-percent figure subsequently reported in early 2026 as the Income Tax Act, 2025 rollout approached. The near-doubling of adoption coinciding

precisely with the 2023 default-option change is the clearest quantitative evidence in this review that administrative framing, not purely economic calculation, is driving a substantial share of taxpayer behavior.

References

[1] M. G. Allingham and A. Sandmo, "Income tax evasion: A theoretical analysis," J. Public Econ., vol. 1, no. 3-4, pp. 323-338, 1972.

[2] J. Slemrod, "Cheating ourselves: The economics of tax evasion," J. Econ. Perspect., vol. 21, no. 1, pp. 25-48, 2007.

[3] J. Alm, "A perspective on the experimental analysis of taxpayer reporting," Accounting Rev., vol. 66, no. 3, pp. 577-593, 1991.

[4] E. Kirchler, The Economic Psychology of Tax Behaviour. Cambridge, U.K.: Cambridge Univ. Press, 2007.

[5] L. P. Feld and B. S. Frey, "Tax compliance as the result of a psychological tax contract: The role of incentives and responsive regulation," Law Policy, vol. 29, no. 1, pp. 102-120, 2007.

[6] A. Mishra and B. K. Yadav, "Personal income tax in India: An evaluation," Int. J. Curr. Res., vol. 9, no. 1, pp. 45902-45905, 2017.

[7] S. Chattopadhyay and A. Das Gupta, "The personal income tax in India: Compliance costs and compliance behaviour of taxpayers," Nat. Inst. Public Finance and Policy, New Delhi, India, Working Paper, 2002.

[8] Government of India, Ministry of Finance, "Union Budget 2020-21," New Delhi, India, 2020.

[9] Government of India, Ministry of Finance, "Union Budget 2023-24," New Delhi, India, 2023.

[10] Government of India, Ministry of Finance, "Union Budget 2025-26," New Delhi, India, 2025.

[11] Central Board of Direct Taxes, "Press release: Record 7.28 crore ITRs filed for AY 2024-25," Press Information Bureau, New Delhi, India, Aug. 2024.

[12] R. Agrawal, "CBDT chairman remarks on new tax regime adoption post Budget 2025," reported in national press, New Delhi, India, Feb. 2025.

[13] T. D. Bagul, "Income tax regime - Old vs new," Int. J. Res. Rev., vol. 8, no. 8, pp. 1-6, Aug. 2021.

[14] S. Paul and D. Basu, "From deductions to disposable income: Tax reforms and financial security," SSRN Working Paper, Dec. 2024.

[15] "Impact of new tax regime on common people," Int. Sci. J. Eng. Manage. (ISJEM), 2025.

[16] "A brief insight into the introduction of a new tax regime in India," Int. J. Econ. Financial Issues, vol. 14, no. 5, 2024.

[17] "An analysis of old vs new income tax regimes," Int. J. Tax Innovation Res. (TIJER), vol. 11, no. 5, 2024.

[18] "Comparative study on old regime v/s new tax regime," EPRA Int. J. Multidiscip. Res., 2025.

[19] "Income tax regime - Old vs new," Int. J. Novel Res. Development (IJNRD), vol. 8, no. 8, 2023.

[20] "Income tax regime - Old vs new: A study of taxpayer awareness in Pune," ResearchGate preprint, 2022.

[21] "Legal perspective and individual taxpayers' perception of new v/s old tax regime under Income Tax Act, 1961, in Ahmedabad City," ResearchGate preprint, 2024.

[22] N. Kapoor, "Analyzing taxpayer behavior in changing tax regimes," J. Accounting Finance, vol. 15, no. 1, p. 102, 2024.

ISSN: 2249-7196
IJMRR/July-September 2026/ Volume 16/Issue 3/122-131
Tikam Chand / International Journal of Management Research & Review

[23] R. Verma, "Compliance costs of new tax regime: An empirical analysis," Indian J. Econ., vol. 9, no. 2, p. 115, 2024.

[24] OECD, "Tax Policy Reforms: OECD and Selected Partner Economies," OECD Publishing, Paris, France, annual report series.

[25] P. K. Aggarwal, "India: A review of its tax system and reform proposals," presented at Symp. Fiscal Reform Econ. Develop., Jakarta, Indonesia, Sep. 5-6, 1995, pp. 39-55.

[26] J. Slemrod and S. Yitzhaki, "Tax avoidance, evasion, and administration," in Handbook of Public Economics, vol. 3, A. J. Auerbach and M. Feldstein, Eds. Amsterdam, Netherlands: Elsevier, 2002, pp. 1423-1470.

[27] S. M. Alagappan, "Indian tax structure - An analytical perspective," J. Contemp. Res. Manage., 2013.

[28] B. R. Rao et al., "Income tax regime - Old vs new: A comparative study of middle-income salaried taxpayers in Pune," ResearchGate preprint, 2024.

[29] R. Gupta and S. Sharma, "A comparative analysis of tax regimes: Understanding the behavioural patterns of Indian taxpayers," 2023.

[30] S. Dutta, "Old tax regime vs new tax regime: A tricky choice for salaried individual taxpayers," 2023.