



Simplifying Tax Compliance for Defence Personnel: Regime Choice and Workflow Evidence from a Niche Tax-Advisory Platform in India

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Abstract

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Defence personnel in India file income tax returns under conditions that differ from those of ordinary salaried taxpayers: special-area allowances are exempt only up to fixed monetary ceilings, remote postings delay document collection, and pension and gratuity receipts attract separate exemptions. This paper reports a descriptive operational case study of return filing for defence personnel at udChalo, a private technology platform serving the armed forces community, during the filing season for Assessment Year 2026–27. Drawing on twelve weeks of participant observation in which the author filed 128 returns (about 68% ITR-1 and 32% ITR-2), the study documents the end-to-end filing workflow and compares tax liability under the old and new tax regimes for five anonymised client profiles reconstructed from the cases handled. All liabilities were recomputed under a single procedure that applies the Section 87A rebate and the special-rate treatment of long-term capital gains. The new regime produced the lower liability in all five profiles, by margins between ₹29,120 and ₹1,46,037. Allowance exemptions of between ₹3,600 and ₹84,000 a year, together with Chapter VI-A deductions, were too small to offset the lower slab rates, the higher standard deduction and the new-regime rebate. Mismatches between Form 16 and the Annual Information Statement, late documents from remote postings and the seasonality of demand emerged as the main operational bottlenecks. The paper recommends dual-regime computation as a standard step for every client, complexity-based case routing, guided digital document collection and a year-round outreach calendar.

Keywords: income tax return, defence personnel, old and new tax regime, Section 10(14) allowances, e-filing, tax advisory, India

1. Introduction

Filing an income tax return is a recurring legal obligation for every resident individual whose total income exceeds the basic exemption limit, and in India it is now overwhelmingly an electronic process carried out on the Income Tax Department's e-filing portal (Income Tax Department, 2026). Electronic filing has lowered the cost of submission, but it has not removed the need for correct classification of income, correct application of exemptions and deductions, and an informed choice between the two tax regimes available to individuals. Those judgements are where errors, delays and unnecessary tax arise.

Serving and retired members of the armed forces illustrate the difficulty. Their salary includes compensatory allowances for field areas, high altitude, Siachen and hilly areas, each exempt under Section 10(14) of the Income-tax Act, 1961 only up to a prescribed monthly ceiling. Their gratuity, disability pension, gallantry-award pension and family pension



attract exemptions under Sections 10(10), 10(18) and 10(19) (Income Tax Department, 1961; Singhania & Singhania, 2025). Their postings are frequently remote, which makes it hard to obtain Form 16, salary slips and investment proofs before the statutory due date. A filing process that is accurate and timely for this group therefore has to combine technical knowledge of defence-specific exemptions with a communication model that works for people who are often far from a conventional service point.

A number of private firms have organised their services around this need. One of them, udChalo, is a technology platform for the Indian Armed Forces, veterans and their dependents. It holds Electronic Return Intermediary (ERI) authorisation from the Income Tax Department and is reported to operate more than twenty service centres in military cantonments (Upcurve Consumer Technologies Pvt. Ltd., 2026). Its income tax return (ITR) department prepares, verifies and files returns for defence clients, with the work concentrated in the weeks before the 31 July due date.

This paper examines how return filing for defence personnel can be streamlined, using the 2026 filing season at this platform as a case. *Streamlining* is used here in an operational sense: reducing the time, the number of client touchpoints and the error rate between first contact and a verified, filed return. Three research questions guide the study. RQ1: what workflow takes a defence client from first contact to a verified return, and what outputs does each stage generate? RQ2: for representative defence client profiles, which tax regime yields the lower liability, and what drives the difference? RQ3: which operational bottlenecks slow filing, and what measures would reduce them?

The paper makes three contributions. It documents a replicable eight-stage workflow built around dual-regime computation and reconciliation against government records. It provides a transparent, recomputed comparison of the two regimes for five defence profiles, including the effect of the Section 87A rebate. And it links each recommended improvement to an observed bottleneck. The remainder of the paper reviews the relevant background, describes the method, reports the results, discusses their implications and limits, and concludes.

2. Literature Review

2.1 The Statutory Framework for Individual Taxpayers

The Income-tax Act, 1961 classifies income under five heads: salary, house property, profits and gains of business or profession, capital gains, and other sources (Singhania & Singhania, 2025). For a serving member of the armed forces, salary is the dominant head. For a retiree, pension is taxed as salary or as income from other sources depending on its nature, and income from house property and capital gains frequently accompany it. The form that must be used follows from this mix: ITR-1 is available to resident individuals with salary or pension, one house property and limited other income, while ITR-2 is required once capital gains or additional house property income arise.

Individuals may compute tax under the old regime, which permits a wide range of exemptions and Chapter VI-A deductions at higher slab rates, or under the new regime, which is the default and offers lower rates in exchange for forgoing most exemptions and deductions (Income Tax Department, 1961). For Assessment Year (AY) 2026–27, the new regime carries a higher standard deduction and a Section 87A rebate of up to ₹60,000 for taxpayers whose income, excluding income taxed at special rates, does not exceed ₹12,00,000. Finance Act 2025 clarified that this rebate cannot be set off against tax on special-rate income such as long-term capital gains under Section 112A (Government of India, 2025). Table 1 summarises the parameters used in this study.

Table 1

Key Parameters Applied to Assessment Year 2026–27

Parameter	Old regime	New regime
Basic exemption limit	₹2,50,000 (₹3,00,000 for age 60–79)	₹4,00,000
Standard deduction (salary or pension)	₹50,000	₹75,000
Section 87A rebate	Up to ₹12,500; taxable income up to ₹5,00,000	Up to ₹60,000; income excluding special-rate gains up to ₹12,00,000
Section 10(14) special-area allowances	Exempt within prescribed ceilings	Not available



Parameter	Old regime	New regime
Sections 80C and 80D	Available	Not available
Self-occupied house property interest (Section 24(b))	Loss up to ₹2,00,000	Not available
Top slab rate	30% above ₹10,00,000	30% above ₹24,00,000
LTCG on listed equity (Section 112A) and other long-term gains	12.5% (first ₹1,25,000 of equity gains exempt)	Same
Health and education cess	4%	4%

Note. Parameters follow the Income-tax Act, 1961 as amended by Finance Act 2025. LTCG = long-term capital gains.

The monthly ceilings for the allowances most relevant to defence clients are modest. As applied in this study, they are ₹2,600 for field area allowance, ₹1,060 or ₹1,600 for high-altitude allowance depending on altitude, ₹7,000 for Siachen allowance, and ₹300 or ₹800 for composite hill allowance depending on the area. Because the ceilings are fixed in rupees, their value does not rise with salary, which becomes important when the two regimes are compared.

2.2 E-Filing Adoption and Taxpayer Awareness

Research on electronic filing in India has concentrated on why taxpayers adopt it and how aware they are of it. Ojha et al. (2009), studying young professionals, found that the intention to use e-filing was associated with perceived ease of use, personal innovativeness in information technology, relative advantage, the performance of the service and its compatibility with the user's needs. Arora and Gupta (2018) examined awareness among individual taxpayers and found statistically significant differences by age, education, occupation and income, both in basic knowledge of the Act and in the more advanced knowledge needed to file online. They concluded that most taxpayers know that e-filing exists but that operational knowledge needs to be strengthened.

Two implications follow for the present study. First, adoption depends on how easy the process feels, so a defence client who cannot upload documents unaided is effectively excluded from a purely digital channel. Second, awareness is uneven across demographic groups, which supports the case for advisory support that explains choices rather than merely transcribing documents.

A further strand in the literature on e-government adoption concerns trust and assisted channels. Where users doubt their own ability to complete an online transaction, they tend to rely on intermediaries who can complete it on their behalf. This is consistent with the observation by Ojha et al. (2009) that ease of use and compatibility with the user's situation shape the intention to use e-filing. For defence personnel, whose postings may limit reliable access and time, an assisted service combining digital and physical channels can be viewed as a response to these adoption barriers, not merely as a commercial offering.

2.3 Intermediaries, Niche Providers and Data Protection

Returns may be filed directly on the government portal, through a chartered accountant, through a general-purpose online platform, or through an authorised ERI. The Institute of Chartered Accountants of India sets professional standards for practitioners (Institute of Chartered Accountants of India, 2026), and the Digital Personal Data Protection Act, 2023 places obligations on any intermediary that collects and processes taxpayer documents (Government of India, 2023). A provider handling Form 16, PAN and bank details for a community with a high public profile therefore carries compliance and reputational risk beyond that of a conventional tax preparer.

2.4 Sector Context: Tax Services for the Defence Community

Tax services in India span several tiers of provider. Large professional-services networks such as Deloitte, EY, PwC and KPMG concentrate on corporate advisory and litigation support. Technology-led platforms such as ClearTax, Tax2Win and H&R Block serve individual filers at scale. Chartered accountants, who form the largest group of practitioners, usually operate locally. A small group of defence-focused providers, including udChalo, Hum Fauji Initiatives and ESM Corner, markets directly to serving and retired armed forces personnel. The Income Tax Department's own e-filing portal is a free alternative open to every taxpayer and therefore sets an effective ceiling on what any provider can charge (Income Tax Department, 2026).



Table 2 applies Porter's five forces to the defence-focused segment. Rivalry is high because several kinds of provider compete for the same filer, and buyer power is moderate to high because defence clients can choose among providers or file unaided. The principal protection for a niche provider is credibility: knowledge of allowance rules and a physical presence at military stations are difficult for generic platforms to replicate quickly.

Table 2

Porter's Five Forces Applied to Defence-Focused Tax Services

Force	Intensity	Rationale
Threat of new entrants	Low to moderate	Online set-up costs are low, but ERI authorisation, defence-specific tax knowledge and trust within the armed forces community take time to build.
Bargaining power of buyers	Moderate to high	Clients can use a niche provider, a chartered accountant, a general platform or the free portal; accuracy and price sensitivity are high.
Bargaining power of suppliers	Low to moderate	Software, professionals and data sources are widely available; reliance on a few niche experts raises supplier power slightly.
Threat of substitutes	Moderate	Self-filing, local accountants and general platforms substitute for the service; defence-specific advice and camp-based support reduce substitution.
Rivalry among competitors	High	Accountants, online platforms and other defence-focused providers compete in the same filing window.

The wider environment can be summarised through a PESTEL lens (Table 3). Politically and legally, frequent amendments to the Income-tax Act, the ERI framework and the Digital Personal Data Protection Act, 2023 require providers to retrain advisors continually. Technologically, pre-filled returns, the Annual Information Statement and automated validation tools raise throughput but widen the gap for clients who cannot use digital channels unaided.

Table 3

PESTEL Summary for Tax Filing Services to Defence Personnel

Factor	Implication for defence-focused providers
Political	Annual changes to slabs, rebates and standard deductions require rapid updating of computation templates.
Economic	Rising incomes expand the taxpayer base; defence expenditure underlines the economic weight of the segment; inflation affects clients' willingness to pay advisory fees.
Social	Growing financial literacy and a preference for convenience favour e-filing, but remote postings create a need for assisted, offline channels.
Technological	E-filing portals, messaging apps and advisor dashboards speed up collection and filing; digital literacy gaps persist.
Environmental	Paperless filing reduces the footprint of camp-based document handling.
Legal	The Income-tax Act, ERI rules and data protection law impose accuracy, security and confidentiality obligations.

Government initiatives have shaped the work of intermediaries. The e-filing portal made electronic submission the default channel. Faceless assessment, introduced in 2020, reduced direct contact between taxpayers and assessing officers. Pre-filled returns and the Annual Information Statement, available from 2021, allow a return to be cross-verified



against reported transactions, and the Tax Return Preparer scheme trains assistants to support small taxpayers. Taken together, these measures increase the value of an intermediary that can reconcile client documents with government records quickly and accurately.

2.5 Conceptual Background

Four groups of concepts underpin the computation work described later. The first is the classification of income. Salary includes pension, gratuity, bonuses and allowances. House property income is computed from the net annual value, with a 30% standard deduction and a deduction for interest on borrowed capital. Capital gains are classified as short or long term by holding period and taxed at special rates. Income from other sources is a residual head covering bank interest, dividends and family pension. Business or professional income, which requires ITR-3 or ITR-4, lies outside the scope of this study. Appendix F summarises the five heads.

The second group concerns the steps from gross to taxable income. Gross total income is the sum of income under the five heads before deductions. Exemptions, such as those for special-area allowances, are excluded at the salary stage. Chapter VI-A deductions, including Section 80C for specified savings and contributions up to ₹1,50,000, Section 80D for health insurance premiums, and Section 80TTA for savings account interest, are then subtracted to reach taxable income. Interest on a home loan for a self-occupied property can be set off against other income up to ₹2,00,000 under Section 24(b). Under the new regime most of these reductions fall away, which is the central trade-off the advisor must quantify.

The third group is the documentary base of a return. Form 16 is the employer's certificate of salary paid and tax deducted at source. Form 26AS and the Annual Information Statement consolidate tax credits and transactions reported to the department by employers, banks and other entities. A return that disagrees with these statements risks a notice, so reconciliation against them is treated as a mandatory control rather than an optional check.

The fourth is the distinction between tax planning and tax filing. Tax planning is the lawful arrangement of one's affairs to reduce liability using the provisions of the Act, and it is largely complete by the time a client approaches an intermediary in July. What an advisor can do at that stage is claim every entitlement correctly and choose the regime that gives the lower liability on the facts that already exist. This explains why regime comparison, rather than deduction planning, is the main analytical task in the filing season, and why year-round advisory is attractive as a complement to seasonal filing. The two regimes differ on several dimensions beyond slab rates, which Appendix F also summarises.

2.6 Research Gap

The sources reviewed for this paper address adoption and awareness among taxpayers in general. They do not examine the filing of returns by defence personnel, where allowance ceilings, postings and pension exemptions shape both the computation and the logistics of collecting documents. Nor do they compare the two tax regimes for defence profiles using the rebate and special-rate rules in force for AY 2026–27. This paper addresses both gaps through a practice-based case.

3. Methodology

3.1 Research Design

The study is a descriptive, operational case study based on participant observation. It is not a survey and does not test hypotheses. The author worked inside the ITR department of the host organisation during the AY 2026–27 filing season and recorded the tasks performed, their sequence, their outputs and the problems encountered. The case design suits the research questions: RQ1 and RQ3 concern how work is actually carried out, and RQ2 is answered by applying a fixed computation procedure to representative profiles.

3.2 Setting and Period

The host organisation is a privately held platform in Pune serving the armed forces community. The observation period ran for twelve weeks from 25 May to 14 August 2026, which spans the peak of the filing season and the statutory due date of 31 July 2026 for individual taxpayers. The ITR team in which the author worked had between fifteen and twenty members, led by a team head and reporting to a senior manager.

3.3 Phases of the Fieldwork

The work proceeded in four phases. In the first phase (late May to 20 June) the author completed training on the organisation's systems, the e-filing portal and defence-specific provisions, and made outbound calls to a database of roughly 700 potential clients to explain the service and obtain initial documents. In the second phase (21 June to 18 July) the author computed returns independently, had each computation verified by a mentor, filed the return and completed



e-verification. The third phase (19 July to the due date) was peak-season management, in which workload intensified and efforts centred on resolving client queries and securing outstanding documents. The final phase was the completion of pending filings and e-verifications.

3.4 Data Sources

Client data were collected directly from clients by telephone, WhatsApp and the organisation's advisor dashboard. They comprised Form 16, salary slips showing posting-based allowances, home loan interest certificates, interest certificates and investment and insurance proofs. Before filing, each set was cross-verified against Form 26AS and the Annual Information Statement (AIS). Operational records were kept in six structures: a client master record, a profile-wise document checklist, a dual-regime computation sheet, a reconciliation note, a stage-wise filing tracker and an anonymised case log. Process observations, task outputs and challenges were drawn from these records and from the author's field notes.

3.5 Computation Procedure and Case Construction

For every client, liability was computed under both regimes using the parameters in Table 1. For this paper, five profiles were selected to span the range of cases handled: a lieutenant with field area allowance (ITR-1), a captain with high-altitude allowance and capital gains (ITR-2), a major with Siachen allowance (ITR-1), a lieutenant colonel with composite hill allowance and a property sale (ITR-2), and a retired colonel with pension and equity gains (ITR-2). Because client records are confidential, the profiles are anonymised reconstructions that preserve the income structure and claims of the cases they represent rather than transcripts of specific returns.

To ensure consistency, all liabilities reported here were recomputed from the profile inputs by a single procedure. Gross salary includes the special-area allowance. Under the old regime the exempt part of the allowance (up to its ceiling) and a standard deduction of ₹50,000 are subtracted; under the new regime only the ₹75,000 standard deduction is subtracted. Chapter VI-A deductions and self-occupied house property interest are allowed under the old regime only. Slab tax is computed on normal-rate income, long-term capital gains are taxed separately at 12.5%, the Section 87A rebate is applied to normal-rate tax where its income test is met, and 4% cess is added. Figures are unrounded; actual returns round income and tax to the nearest ten rupees.

3.6 Ethical Considerations

The study involved no survey or experiment with participants. Client documents were handled only within the organisation's authorised systems, in line with the Digital Personal Data Protection Act, 2023, and were not stored on personal devices. No client identifiers appear in this paper.

3.7 Profile of the Host Organisation

The host organisation, founded in 2012 and headquartered in Pune, describes its mission as making life simpler for soldiers and uses the phrase "Service for Services" to express its purpose (Upcurve Consumer Technologies Pvt. Ltd., 2026). Its offerings include travel booking at defence fares, holiday packages, housing assistance, consumer products and bill payments, and financial services, of which income tax return filing and advisory is the seasonal core. Clients are active and retired personnel and their families. Service fees for return filing, as observed during the fieldwork, ranged from ₹599 to ₹3,499 per return depending on the plan.

Because the organisation is privately held, no audited financial statements are available, and market share data for the defence-focused segment are not published by any regulator or industry body. The study therefore makes no claims about revenue, profit or share. Its analysis of the organisation is limited to what could be observed directly: structure, process, pricing, channels and client interaction.

Table 4

SWOT Analysis of the Host Organisation from the Fieldwork Perspective

Dimension	Strengths and opportunities	Weaknesses and threats
Internal	Strengths: niche focus that builds trust; ERI authorisation; service centres at military stations; combined digital and on-ground channels.	Weaknesses: dependence on a single community limits scale; digital literacy gaps raise the cost of assisted service; filing demand is highly seasonal.



Dimension	Strengths and opportunities	Weaknesses and threats
External	Opportunities: year-round advisory, notice support and investment products; digitised camp filing; use of AIS pre-filing.	Threats: competition from larger platforms and other defence-focused providers; data security risks; frequent regulatory change.

The SWOT pattern matters for the research questions. The strengths are mostly relational and informational, which is why the workflow emphasises advisory calls and reconciliation. The weaknesses are mostly logistical, which is why the bottleneck analysis in Section 4 centres on document collection and seasonality rather than on computation.

3.8 Task Outputs and Data Structures

Each stage of the work produced a defined output that formed the input to the next stage. Outreach produced a qualified lead list recording the plan selected and the call outcome. Document collection produced a complete set of client documents. Verification produced a reconciliation note comparing client documents with Form 26AS and the AIS. Computation produced a dual-regime sheet, the advisory call produced the client's confirmation of the regime elected, mentor verification produced a computation cleared for filing, and filing produced an acknowledgement number and a completed e-verification. Post-filing follow-up communicated the refund status. Appendix G lists these outputs and the six data structures that supported them.

The data structures were deliberately simple. A client master record held identity references, rank, posting and the applicable form. A document checklist, differentiated by client profile, made follow-up requests specific. The computation sheet and reconciliation note preserved the reasoning behind each return. The filing tracker, which recorded each case as documents pending, computation done, mentor verified, filed or e-verified, allowed daily throughput to be monitored. The case log held anonymised records of unusual cases and how they were resolved, and served as a reference for recurring queries.

3.9 Validity, Reliability and Researcher Positionality

Three features support the credibility of the findings. First, the regime comparison is deterministic: given the inputs and the statutory parameters in Table 1, any reader can reproduce the figures, and Appendix C sets out every line. Second, every return was reconciled against government records and verified by a mentor before filing, which provides an external check on the data underlying the process observations. Third, the bottleneck evidence comes from recurrent patterns across many cases, rather than from a single incident.

The design also has weaknesses that readers should weigh. The author was a participant as well as an observer, so observations may reflect the author's own role and workload. The process descriptions rely on the author's records and field notes and were not independently audited. The profiles are reconstructions, not an enumerated sample, so statements about frequency, such as the share of ITR-1 returns, are approximate. These limits mean the paper is best read as a documented practice case that generates propositions for testing, not as a statistical estimate of the behaviour of the whole client population.

4. Results

4.1 Volume and Composition of Work

Table 5 summarises the work completed. The author contacted more than 700 potential clients and personally filed 128 returns, handling ITR-1 and ITR-2 and observing ITR-3 and ITR-4 filings. Approximately 68% of the returns were ITR-1 and 32% ITR-2 (Figure 1). The size of the ITR-2 share indicates that a substantial portion of the defence client base has capital gains or additional property income on top of salary or pension, and so needs more than a routine salary computation.

Table 5

Summary of Work Completed During the Observation Period

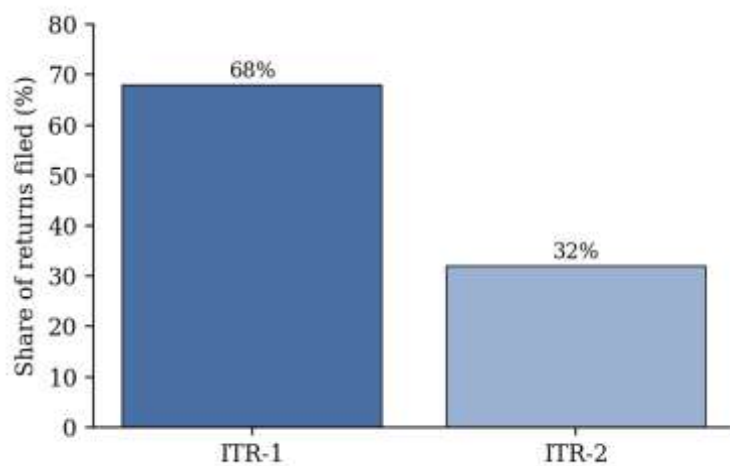
Particular	Work completed
Observation period	12 weeks (25 May – 14 August 2026)
Potential clients contacted	700+



Particular	Work completed
Returns personally filed	128
Forms handled	ITR-1 and ITR-2 (observational exposure to ITR-3 and ITR-4)
Team size	15–20 members

Figure 1

Composition of Returns Filed by Form



Note. Shares are approximate and based on the author's filing records for 128 returns.

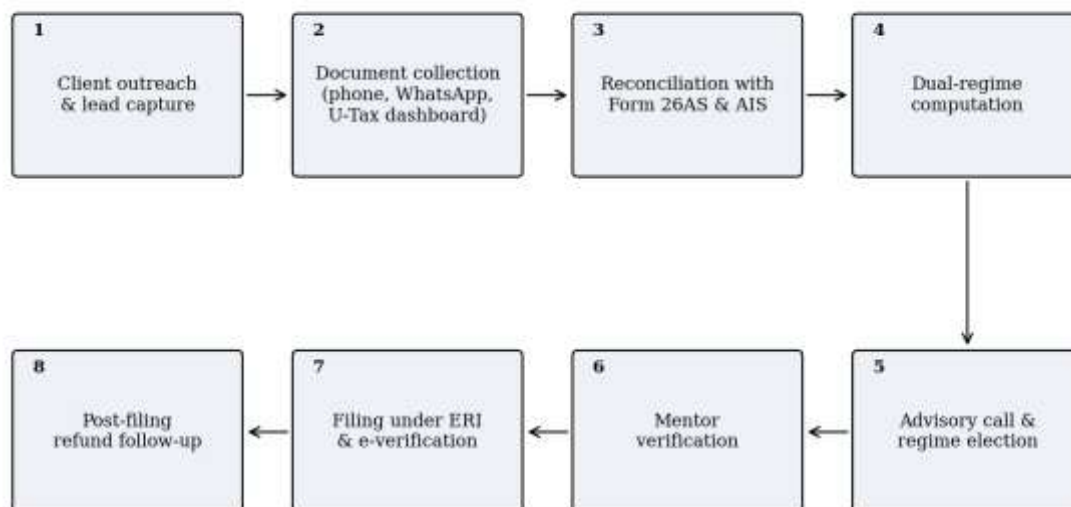
4.2 The Filing Workflow

The observed process has eight stages (Figure 2). Outreach produces a qualified lead list with a plan selected. Document collection yields a complete document set for the client's profile. Reconciliation compares Form 16 with Form 26AS and AIS and records any mismatch in a note. Dual-regime computation produces a sheet showing liability under both regimes. An advisory call confirms the regime the client elects and the computed figures. A mentor then verifies the computation, after which the return is filed under the organisation's ERI authorisation and e-verified. Post-filing follow-up communicates refund status.



Figure 2

End-to-End Income Tax Return Filing Workflow



Note. Stages 1–8 proceed in the sequence shown. Stages 3 and 4 were applied to every client regardless of form type.

Two design features distinguish the workflow from a transcription service. First, the dual computation is run for every client, so the regime recommendation is based on figures rather than on an assumption that the deduction-rich old regime is preferable. Second, reconciliation against government records is a gate before filing, not a check afterwards, and the profile-wise document checklist makes follow-up requests specific.

Stage details

In the outreach stage, the team phoned a database of potential clients to explain the filing plans and to ask for initial documents. The call was brief and its main purpose was to qualify the client: the form required, whether property or capital gains were involved, and which documents were already available. Qualification at this point matters because it determines whether a case can be handled by a junior advisor or needs an experienced consultant.

Document collection used three channels at once, namely telephone, messaging and the advisor dashboard, so that a client posted at a remote location could respond through whichever was available. The checklist differed by profile: a serving officer with a let-out property needed rent and municipal tax details, while a pensioner with equity gains needed capital gains statements. Naming the exact document and its purpose in each request shortened response times.

Reconciliation compared Form 16 line by line with the AIS and Form 26AS, flagging differences in salary, interest, dividend and tax deducted. Differences that could not be explained from the documents were clarified with the client on a recorded call before the return was filed. This stage consumed more time than any other in the cases where it was needed, and it is the main point at which errors were caught.

Computation and advisory were combined into one analytical step. The advisor computed liability under both regimes, applied the posting-based exemption ceiling to the allowance, and explained the result to the client with the figures in front of them. Mentor verification followed. The return was then filed under the ERI authorisation and e-verified, since an unverified return is not treated as valid. Finally, the client was told the refund status, which closed the case.

4.3 Regime Comparison for Five Defence Profiles

Table 6 gives the inputs for the five profiles, and Table 7 reports the recomputed results. Appendix C shows the line-by-line computation.



Table 6

Profiles and Income Inputs for the Five Cases (Annual, ₹)

Case	Profile	Gross salary or pension	Other income and property	Old-regime claims
1	Lieutenant, 23, ITR-1	9,00,000 (incl. field area 31,200)	Let-out property net 27,000; interest 10,000	80C 1,00,000; 80D 25,000
2	Captain, 33, ITR-2	12,00,000 (incl. high altitude 19,200)	LTCG equity 3,00,000; self-occupied interest 1,50,000	80C 1,20,000; 80D 25,000
3	Major, 43, ITR-1	15,00,000 (incl. Siachen 84,000)	Let-out property net 54,000; interest 20,000	80C 1,50,000; 80D 25,000
4	Lt. Colonel, 54, ITR-2	18,00,000 (incl. composite hill 3,600)	LTCG 5,00,000; property interest 15,000	80C 1,50,000; 80D 25,000
5	Retired Colonel, 67, ITR-2	Pension 10,00,000	LTCG equity 2,50,000; self-occupied interest 1,80,000; interest 20,000	80C 1,50,000; 80D 50,000 (senior)

Note. Gross salary includes the special-area allowance. Self-occupied house property interest is allowed only under the old regime. LTCG on equity is shown before the ₹1,25,000 exemption.

Table 7

Tax Liability Under the Old and New Regimes (₹, Including 4% Cess)

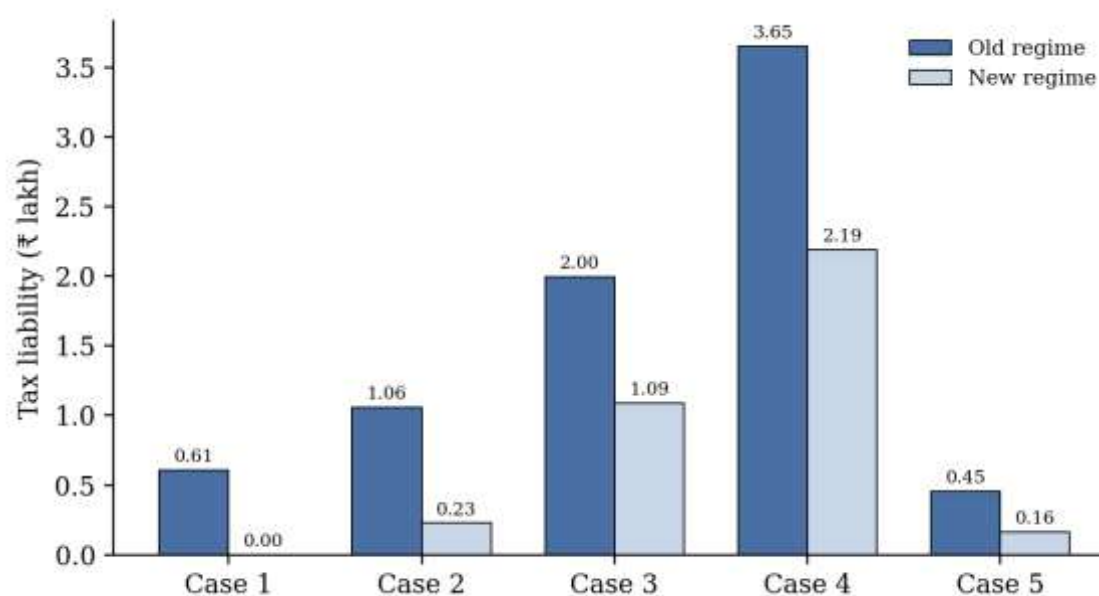
Case	Gross total income	Normal-rate taxable income, old	Normal-rate taxable income, new	Tax, old regime	Tax, new regime	Saving under new regime
1	9,37,000	7,30,800	8,62,000	61,006	0	61,006
2	15,00,000	8,35,800	11,25,000	1,05,596	22,750	82,846
3	15,74,000	12,65,000	14,99,000	1,99,680	1,09,044	90,636
4	23,15,000	15,86,400	17,40,000	3,64,957	2,18,920	1,46,037
5	12,70,000	5,90,000	9,45,000	45,370	16,250	29,120

Note. Normal-rate taxable income excludes long-term capital gains, which are taxed separately at 12.5% under both regimes. The new regime was lower in all five cases.



Figure 3

Tax Liability by Regime for the Five Cases



Note. Values in ₹ lakh. Case 1 liability under the new regime is nil.

The new regime produced the lower liability in every case. Savings ranged from ₹29,120 (Case 5) to ₹1,46,037 (Case 4). Three mechanisms explain the pattern. First, the new regime's lower slab rates and higher standard deduction outweigh the exemptions and deductions given up. The special-area allowances were worth only ₹3,600 to ₹84,000 a year, and even the full Section 80C and 80D claims did not close the gap. Second, in Cases 1, 2 and 5 the Section 87A rebate reduced new-regime tax on normal-rate income to nil, because that income stayed within ₹12,00,000. In these cases the remaining new-regime liability is only the tax on long-term capital gains (₹22,750 in Case 2 and ₹16,250 in Case 5, including cess). Third, in Case 4 the long-term gain was taxed identically under both regimes, so the whole difference came from tax on normal-rate income.

Case-by-case computation

The five computations are described below so that the regime result can be traced. All amounts are in rupees and include 4% cess in the totals.

Case 1 (Lieutenant, age 23, ITR-1). Gross salary of 9,00,000 includes field area allowance of 31,200. Under the old regime, the exempt allowance and the standard deduction of 50,000 reduce net salary to 8,18,800. The let-out property yields net income of 27,000 (gross annual value 1,20,000 less municipal tax 10,000 gives net annual value 1,10,000; the 30% standard deduction of 33,000 and interest of 50,000 follow), and other income is 10,000. Section 80C (1,00,000) and Section 80D (25,000) reduce taxable income to 7,30,800. Slab tax is 12,500 plus 20% of 2,30,800, or 58,660, and with cess the liability is 61,006. Under the new regime, salary after the 75,000 standard deduction is 8,25,000, and with property and other income taxable income is 8,62,000. Slab tax of 26,200 is wholly offset by the Section 87A rebate, so liability is nil.

Case 2 (Captain, age 33, ITR-2). Gross salary of 12,00,000 includes high-altitude allowance of 19,200. Under the old regime, net salary is 11,30,800. A self-occupied property interest loss of 1,50,000 and deductions of 1,45,000 (Section 80C of 1,20,000 and Section 80D of 25,000) bring normal-rate taxable income to 8,35,800, giving slab tax of 79,660. Long-term equity gains of 3,00,000 less the exemption of 1,25,000 leave 1,75,000, taxed at 12.5% for 21,875. With cess the total is 1,05,596. Under the new regime, normal-rate taxable income is 11,25,000, which is within the 12,00,000 limit for the rebate. Slab tax of 52,500 is fully rebated, leaving only the capital gains tax of 21,875, which becomes 22,750 with cess.

Case 3 (Major, age 43, ITR-1). Gross salary of 15,00,000 includes Siachen allowance of 84,000. Under the old regime, net salary is 13,66,000. Net let-out property income is 54,000 (gross annual value 2,40,000 less municipal tax 20,000, less the 30% deduction of 66,000 and interest of 1,00,000) and other income is 20,000. Deductions of 1,75,000 bring taxable income to 12,65,000. Slab tax is 12,500 plus 1,00,000 plus 30% of 2,65,000, or 1,92,000, and the total is



1,99,680. Under the new regime, taxable income is 14,99,000 and slab tax is 1,04,850. Because income exceeds 12,00,000, no rebate applies, and the total is 1,09,044.

Case 4 (Lieutenant Colonel, age 54, ITR-2). Gross salary of 18,00,000 includes composite hill allowance of 3,600. The old-regime net salary is 17,46,400, other income is 15,000 and deductions are 1,75,000, so normal-rate taxable income is 15,86,400 and slab tax is 2,88,420. A long-term gain on property of 5,00,000 attracts 62,500 at 12.5%. With cess the total is 3,64,957. Under the new regime, normal-rate taxable income is 17,40,000 and slab tax is 1,48,000. Adding the same capital gains tax gives 2,10,500, or 2,18,920 with cess. The capital gains tax is identical in both regimes, so the whole difference of 1,46,037 arises from tax on normal-rate income.

Case 5 (Retired Colonel, age 67, ITR-2). Pension of 10,00,000 and other income of 20,000 are taxed alongside equity gains of 2,50,000 and a self-occupied property interest of 1,80,000. Under the old regime, net pension is 9,50,000. After the property loss and deductions of 2,00,000 (Section 80C of 1,50,000 and the senior-citizen Section 80D limit of 50,000), normal-rate taxable income is 5,90,000. With the 3,00,000 basic exemption for ages 60 to 79, slab tax is 10,000 plus 18,000, or 28,000. Taxable equity gains of 1,25,000 add 15,625, and the total with cess is 45,370. Under the new regime, normal-rate taxable income of 9,45,000 produces slab tax of 34,500, fully rebated, so only the capital gains tax of 15,625 remains, or 16,250 with cess.

Table 8 reports how much additional old-regime deduction each client would have needed for the two regimes to give the same liability. The figures are large relative to the deductions actually claimed. In Cases 1 to 4 the required additional deduction ranged from ₹2,30,800 to ₹4,68,100, far above what these clients could claim. Case 5 is the closest: the retired colonel would have needed only ₹90,000 more in old-regime deductions for parity, which indicates that senior-citizen profiles with large property interest and full Section 80C and 80D claims sit nearest to the point at which the old regime competes.

Table 8

Additional Old-Regime Deductions Needed for Parity with the New Regime (₹)

Case	Profile	Allowance exemption	Section 80C + 80D claimed	Additional deduction for parity
1	Lieutenant, 23, ITR-1	31,200	1,25,000	2,30,800
2	Captain, 33, ITR-2	19,200	1,45,000	3,35,800
3	Major, 43, ITR-1	84,000	1,75,000	3,03,200
4	Lt. Colonel, 54, ITR-2	3,600	1,75,000	4,68,100
5	Retired Colonel, 67, ITR-2	—	2,00,000	90,000

Note. Parity is the additional deduction at which old-regime tax equals new-regime tax, holding other inputs constant.

4.4 Operational Bottlenecks

Table 9 lists the main bottlenecks recorded and the action taken in each. The most consistent theme was that delays arose before computation rather than during it.

Table 9

Operational Bottlenecks and Actions Taken

Bottleneck	Observation	Action taken
Compressed filing window	Bulk of work fell between mid-June and 31 July	Stage-wise tracker; batching of similar profiles; escalation of only complex ITR-2 cases
Late or incomplete documents	Clients in remote postings could not send Form 16 or interest certificates on time	Profile-wise checklist; follow-up through telephone, WhatsApp and dashboard



Bottleneck	Observation	Action taken
Form 16 and AIS mismatches	Employer certificate differed from reported statement in a material share of cases	Line-by-line reconciliation; recorded clarification call where unresolved
Posting-based exemptions	Allowance labels on salary slips were inconsistent with posting	Posting verified with client; applicable ceiling applied
Regime choice	Clients expected the old regime to be better because it allows deductions	Figure-by-figure dual computation shown to client
Regulatory change	Slab rates, rebate threshold and standard deduction had changed	Circulars reviewed at start and rechecked during season
Data confidentiality	Form 16, PAN and bank details handled for every client	Documents kept on authorised systems only

Nature of the problem and implications

The central operational problem was to move a large number of returns, each with its own documents and deductions, through a fixed statutory window without compromising accuracy. Four difficulties compounded one another. The volume was high and the window short. Defence-specific allowances were unfamiliar to many general advisors and had to be identified and capped correctly. Clients in remote postings found it hard to supply documents on time. And the permitted error rate was effectively zero, since a wrong return can lead to a notice, a penalty or a reputational loss in a closely connected community.

For the organisation the implications are direct. Delay at the document stage pushes work into the final weeks and increases the pressure on accuracy exactly when it is hardest to maintain. Errors in the application of allowance ceilings can reduce a client's refund or create exposure to notices. A service model built on trust cannot absorb many such failures. These implications explain why the mitigation measures in Table 9 concentrate on specific, front-loaded actions such as the checklist, the tracker and the reconciliation gate.

4.5 Further Observations from the Fieldwork

Niche focus and trust

The clearest qualitative observation was that specialisation builds trust. Defence clients responded to advisors who understood posting-based allowances and who could explain, for example, why the Siachen allowance is exempt only up to a fixed ceiling under the old regime. Because the community is closely connected, an error in one client's return travels quickly by word of mouth, which makes accuracy a reputational matter as well as a legal one.

Tax literacy and regime choice

A literacy gap was evident, especially on regime choice. Many clients assumed that the old regime would be better because it permits deductions and exemptions. Showing the dual computation figure by figure resolved this more quickly than stating a conclusion, and it built confidence in the advice. This observation is consistent with the finding that awareness varies across groups of taxpayers (Arora & Gupta, 2018).

On-ground presence

On-ground camps gave a direct channel for collecting documents and answering questions, particularly for clients who were less comfortable with digital tools. They also reinforced the organisation's presence in the community. The trade-off is cost: a physical network is more expensive to run than a purely digital channel, which is why guided digital collection is part of the recommendations.

Compliance and team coordination

Cross-verification of every return against Form 26AS and AIS was treated as non-negotiable, since a mismatch can lead to a departmental notice. Coordination within the team of fifteen to twenty members also mattered: delegating routine cases, escalating complex ITR-2 cases and tracking each return through the filing tracker allowed volumes to be handled within the deadline. Technical knowledge alone was not sufficient; process discipline determined throughput.



Learning outcomes for the advisor

The fieldwork also showed what the role demands of an advisor. Domain knowledge of the five heads of income, Chapter VI-A deductions and defence-specific exemptions had to be paired with communication skill, because the regime recommendation is only useful if the client understands and accepts it. Working against a statutory deadline taught sequencing work by stage rather than by client, so that no case waits on a step that could have been completed earlier. A specific request, naming the exact document and why it is needed, drew faster responses from clients in remote postings than a general reminder.

4.6 Contribution of the Fieldwork to the Host Organisation

The fieldwork contributed to the organisation's filing capacity in three ways. Outreach to more than 700 potential clients widened the pool of leads for the season. The 128 returns personally filed, together with the work of the rest of the team, helped the department meet its peak-season targets. And the author's handling of simple and mid-complexity returns allowed senior advisors to concentrate on complex ITR-2 cases, which raised the overall productivity of the department. In addition, the case log and the observations on recurring client queries can serve as input to training material for future intakes.

5. Discussion

5.1 Regime Choice as the Central Advisory Task

The regime comparison is the clearest result of the study. The common expectation among clients, that the old regime is better because it allows allowance exemptions and deductions, was not borne out in any of the five profiles once the full AY 2026–27 rules were applied. The finding does not mean the new regime is always preferable. Case 5 shows that the margin narrows for senior-citizen clients with substantial property interest and full deductions, and clients with larger home-loan interest, higher insurance premiums or other eligible deductions than those modelled could reach parity. It means that the decision has to be computed, not presumed, which is why the dual computation sheet is a mandatory stage in the workflow.

The result also shows why the rebate rules matter. A computation that omits the Section 87A rebate, or applies it to special-rate gains, will misstate new-regime liability by tens of thousands of rupees for clients near the ₹12,00,000 threshold. Because the rebate treatment changed for AY 2026–27, advisors need to recheck the rules every season rather than rely on the previous year's template.

It is also useful to ask when the old regime would be preferable for a defence client. Table 8 indicates that the answer depends on the size of the deductions relative to income. For a client whose income is within or close to the rebate limit under the new regime, the new regime is very hard to beat, since tax on normal-rate income falls to nil. For a client with high income, the gap grows with the marginal rate, because each additional rupee of deduction saves tax at only the old regime's marginal rate while the new regime's lower slabs apply to the whole of the income. The old regime becomes competitive for clients whose combined exemptions and deductions are large, for instance those with substantial home-loan interest and full insurance and savings claims in addition to allowance exemptions. Advisors should therefore keep the old regime as a live option for each client and should not eliminate it by default.

5.2 Why Documents, Not Computation, Set the Pace

The bottleneck evidence supports the view in the e-filing literature that ease of use and awareness govern whether digital channels work for a given taxpayer (Arora & Gupta, 2018; Ojha et al., 2009). Defence clients in remote postings face a practical barrier to digital submission, so the filing cycle is lengthened by waiting for documents and by reconciling Form 16 with AIS, not by arithmetic. Interventions that act at the point of document entry are therefore likely to shorten the cycle more than faster computation would.

The fieldwork also bears on data protection. Defence personnel are a sensitive client group, and documents such as Form 16, PAN and bank details are valuable to fraudsters. The Digital Personal Data Protection Act, 2023 obliges intermediaries to handle such data with care (Government of India, 2023). In practice this meant keeping documents on authorised systems only and avoiding storage on personal devices, which was especially important at on-ground camps where informal handling is most tempting. Providers that can demonstrate secure handling gain a competitive advantage in a community that is rightly cautious about sharing information.



5.3 Recommendations

Five recommendations follow directly from the observed bottlenecks.

1. **Make dual-regime computation a standard, documented step** with a fixed format and an annual checklist of regime parameters, so that rebate and standard-deduction changes are applied consistently.
2. **Segment clients by filing complexity at first contact**, tagging them as ITR-1 simple, ITR-1 with house property, ITR-2 with capital gains, or business income, and routing simple cases to junior advisors and complex cases to experienced consultants.
3. **Strengthen digital document collection** with mobile scanning, guided upload and pre-filling from AIS so that clients confirm rather than enter figures, supported by short tutorials in simple language.
4. **Adopt a year-round outreach calendar**, with awareness and early-readiness campaigns in the first half of the financial year and a document drive once Form 16 is issued, to flatten the July peak.
5. **Codify on-ground camp practice** in a manual covering checklists, posting-wise exemption ceilings and common queries, and develop year-round advisory services to reduce seasonality.

These measures target the three delays seen most often: late documents, mismatches and the July concentration of work. Their expected effect is a flatter workload, fewer reconciliation delays and better use of advisor skill, but this paper did not test them and their impact remains to be measured.

5.4 Guidelines for Implementation

Table 10 sets out how each recommendation could be implemented and why it is expected to help. The expected outcomes are reasoned from the bottlenecks observed rather than measured, and they should be treated as hypotheses for later evaluation.

Table 10

Implementation Guidelines and Expected Outcomes

Recommendation	How to implement	Expected outcome and reason
Year-round outreach calendar	Run awareness campaigns early in the financial year on tax planning and document readiness; follow with a document drive once Form 16 is issued; contact existing clients first.	Flatter workload curve: moving cases into May and June reduces error risk at the deadline and lets the same headcount handle more volume.
Guided digital document collection	Build a mobile-first upload flow with in-app scanning; add a step that reads AIS data so the client confirms rather than enters figures; provide short tutorials in simple language.	Fewer document delays and fewer Form 16 and AIS mismatches, because both are addressed at the point of entry.
Complexity-based case routing	Tag each client record at first contact as ITR-1 simple, ITR-1 with house property, ITR-2 with capital gains, or business income; route the first two to junior advisors and the rest to experienced consultants.	Better use of advisor skill: complex cases reach experienced staff and simple returns move quickly.
Documented best-practice manual	Consolidate the checklist, dual-regime format, posting-wise exemption ceilings and common camp queries into a single reference used for training.	More consistent client experience across advisors, which matters in a community where experience is shared by word of mouth.
Year-round advisory services	Offer a low-cost annual subscription covering quarterly planning guidance, advance tax reminders and support with departmental notices, initially to existing clients.	Less seasonality of revenue and higher client retention.



5.5 Implications for Practice, Policy and Research

For practice, the main implication is that the regime recommendation should be derived from a documented dual computation shown to the client, and that the computation template should be rebuilt each season from the current rebate, standard-deduction and special-rate rules. A template that carries over last year's rebate treatment will misstate liability for exactly the clients, those near the 12,00,000 threshold, who are most sensitive to it.

For policy, the results suggest that the interaction between the Section 87A rebate and special-rate income deserves clearer taxpayer communication. Clients with modest capital gains can find that the rebate removes tax on salary but not on the gains, which is not intuitive. The Income Tax Department's pre-filled returns and guidance could state the effect explicitly. Allowance ceilings that are fixed in rupees also lose value over time relative to salaries, which weakens the old regime's appeal for serving personnel; policymakers who wish to preserve the intended benefit of special-area allowances may wish to review whether they are treated equally in both regimes.

For research, the case shows the value of practice-based studies that publish their computation method. Because the profiles and procedure are fully specified, other researchers can replicate the comparison for different ranks, allowances and years, and can test the sensitivity of the regime result to assumptions about deductions.

5.6 Limitations

Several limitations apply. The observation covers a single filing season of twelve weeks and cannot show year-on-year variation. The sample consists of returns handled by one advisor and is not a random sample of the organisation's clients. The five case profiles are anonymised reconstructions, so the results illustrate method and direction rather than population averages. The study is limited to ITR-1 and ITR-2, and clients with business or professional income are outside its scope. The host organisation is privately held and publishes no financial statements, so no market share or revenue analysis is attempted. Computations depend on client-supplied documents and on AIS and Form 26AS data, and income that was omitted by a client and not reported to the department could not have been detected. Finally, all provisions are those applicable to AY 2026–27 and later amendments would change the figures.

5.7 Directions for Future Research

Future work could repeat the regime comparison over several seasons to test whether the pattern holds as thresholds change; measure client satisfaction and retention across camp and digital channels; extend the analysis to ITR-3 and ITR-4 for retired personnel with business or freelance income; compare the cost of service per return through the two channels; and test whether structured awareness programmes improve the quality of documents submitted.

5.8 Professional and Ethical Considerations in Advising

Advice on regime choice carries ethical weight because clients usually act on it without checking independently. An advisor therefore has a duty to compute both regimes honestly even where one is simpler to file, to disclose the basis of the recommendation, and to avoid steering clients towards a more expensive plan or a regime that favours the provider. The fieldwork also showed the importance of professional discipline in handling confidential documents and of escalating cases that exceed the advisor's competence rather than guessing. These practices complement the technical controls of reconciliation and mentor verification and are as important to the credibility of the service.

6. Conclusion

This paper examined how income tax return filing for defence personnel can be streamlined, using a twelve-week case at a niche tax-advisory platform. The observed workflow, built on document checklists, reconciliation with Form 26AS and AIS, dual-regime computation and mentor verification, supported the filing of 128 returns in a compressed season. Recomputed under AY 2026–27 rules, the new regime gave lower liability in all five defence profiles analysed, with savings of ₹29,120 to ₹1,46,037, because the allowance exemptions and deductions available under the old regime were too small to offset lower slab rates, a higher standard deduction and the Section 87A rebate. The main operational constraints were document collection from remote postings, Form 16 and AIS mismatches, and the concentration of work before the due date. The practical conclusion is that advisors serving defence clients should compute both regimes for every client, route cases by complexity and invest in guided document collection. Researchers can build on the case by testing these measures across seasons and larger samples.

Two broader lessons emerge. The first is that for this client group the principal source of delay is the quality and timing of information, not the difficulty of the computation, so service design should begin with how documents are requested and received. The second is that advice is only as good as its transparency: clients accepted the recommended regime



most readily when they were shown the figures under both regimes, which suggests that dual computation has value as a communication device as well as an analytical one.

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Declarations

Conflict of interest. The author undertook on-the-job training at the organisation studied in this paper. The author declares no other financial or personal relationship that could have influenced the work.

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Ethical approval. The study did not involve surveys, interviews or experiments with participants. Client information was anonymised, and the case profiles are reconstructions that carry no client identifiers.

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Appendix A

Client Document Checklist

Documents collected from clients before computation: Form 16 (Parts A and B); monthly salary slips showing posting-based allowances; Form 26AS; Annual Information Statement; bank interest certificates; home loan interest certificate; Section 80C investment proofs; health insurance premium receipts; PAN and Aadhaar; and bank account details for refund credit.

Appendix B

Dual-Regime Computation Format

The working format used for each client comprises head-wise gross income; Section 10(14) exemptions applicable to the posting; standard deduction; house property computation; Chapter VI-A deductions; taxable income; slab-wise tax; rebate under Section 87A; cess; and the resulting comparison between the two regimes, with the recommended regime highlighted.

Appendix C

Detailed Computations for the Five Cases

Table C1

Old Regime Computation

Item (₹)	Case 1	Case 2	Case 3	Case 4	Case 5
Gross salary or pension	9,00,000	12,00,000	15,00,000	18,00,000	10,00,000
Less: special-area allowance	31,200	19,200	84,000	3,600	—
Less: standard deduction	50,000	50,000	50,000	50,000	50,000



Item (₹)	Case 1	Case 2	Case 3	Case 4	Case 5
Net salary or pension	8,18,800	11,30,800	13,66,000	17,46,400	9,50,000
House property income or loss	27,000	-1,50,000	54,000	—	-1,80,000
Other sources	10,000	—	20,000	15,000	20,000
Less: Chapter VI-A	1,25,000	1,45,000	1,75,000	1,75,000	2,00,000
Normal-rate taxable income	7,30,800	8,35,800	12,65,000	15,86,400	5,90,000
Slab tax	58,660	79,660	1,92,000	2,88,420	28,000
Less: Section 87A rebate	—	—	—	—	—
Tax on LTCG (12.5%)	—	21,875	—	62,500	15,625
Cess (4%)	2,346	4,061	7,680	14,037	1,745
Total tax liability	61,006	1,05,596	1,99,680	3,64,957	45,370

Table C2

New Regime Computation

Item (₹)	Case 1	Case 2	Case 3	Case 4	Case 5
Gross salary or pension	9,00,000	12,00,000	15,00,000	18,00,000	10,00,000
Less: standard deduction	75,000	75,000	75,000	75,000	75,000
Net salary or pension	8,25,000	11,25,000	14,25,000	17,25,000	9,25,000
House property income	27,000	—	54,000	—	—
Other sources	10,000	—	20,000	15,000	20,000
Normal-rate taxable income	8,62,000	11,25,000	14,99,000	17,40,000	9,45,000
Slab tax	26,200	52,500	1,04,850	1,48,000	34,500
Less: Section 87A rebate	26,200	52,500	—	—	34,500
Tax on LTCG (12.5%)	—	21,875	—	62,500	15,625
Cess (4%)	0	875	4,194	8,420	625
Total tax liability	0	22,750	1,09,044	2,18,920	16,250

Note. LTCG = long-term capital gains taxable after exemption (Case 2: 1,75,000; Case 4: 5,00,000; Case 5: 1,25,000). Case 5 uses the ₹3,00,000 basic exemption for age 60–79 under the old regime.

Appendix D

Tax Slabs Applied for Assessment Year 2026–27

Table D1

Old Regime Slabs (Individuals Below 60 Years and Aged 60–79)

Income range (₹)	Below 60 years	Aged 60 to 79 years
Up to 2,50,000	Nil	Nil
2,50,001 to 3,00,000	5%	Nil
3,00,001 to 5,00,000	5%	5%



Income range (₹)	Below 60 years	Aged 60 to 79 years
5,00,001 to 10,00,000	20%	20%
Above 10,00,000	30%	30%

Table D2

New Regime Slabs

Income range (₹)	Rate
Up to 4,00,000	Nil
4,00,001 to 8,00,000	5%
8,00,001 to 12,00,000	10%
12,00,001 to 16,00,000	15%
16,00,001 to 20,00,000	20%
20,00,001 to 24,00,000	25%
Above 24,00,000	30%

Note. Cess of 4% is added to tax in both regimes. Surcharge does not apply at the income levels in this study.

Appendix E

Section 10 Exemptions Relevant to Defence Personnel

Table E1

Allowance Ceilings and Pension-Related Exemptions as Applied in This Study

Item	Exemption as applied	Provision
Field area allowance	Up to ₹2,600 per month	Section 10(14)
High-altitude allowance	₹1,060 per month (9,000–15,000 feet); ₹1,600 per month (above 15,000 feet)	Section 10(14)
Siachen allowance	Up to ₹7,000 per month	Section 10(14)
Composite hill allowance	₹300 per month; ₹800 per month in designated areas	Section 10(14)
Gratuity on retirement, death or termination	Fully exempt for armed forces personnel	Section 10(10)
Gallantry award pension	Fully exempt	Section 10(18)
Disability pension and family pension of deceased personnel	Fully exempt	Section 10(19)

Note. These allowances are not exempt under the new regime. Ceilings are those applied in the five cases and should be verified against the current rules before use.



Appendix F

Heads of Income and Differences Between the Regimes

Table F1

The Five Heads of Income

Head	Content and treatment relevant to this study
Salary	Wages, pension, gratuity, bonuses and allowances. Special-area allowances are exempt up to ceilings under the old regime. Standard deduction of ₹50,000 (old) or ₹75,000 (new).
House property	Net annual value less 30% standard deduction less interest on borrowed capital. Self-occupied interest loss allowed up to ₹2,00,000 under the old regime only.
Business or profession	Taxable profit after allowable expenses; reported on ITR-3 or ITR-4 and outside the study's scope.
Capital gains	Gains on transfer of assets such as property, shares and mutual funds; short and long term taxed at special rates.
Other sources	Residual head: bank interest, dividends, family pension and other receipts.

Table F2

Differences Between the Old and New Tax Regimes

Basis	Old regime	New regime
Exemptions and deductions	Wide range: Sections 80C, 80D, 24(b), HRA and allowances.	Almost none apart from the standard deduction and a few allowances.
Slab rates	Higher for the same income.	Lower and more graduated.
Standard deduction	₹50,000	₹75,000
Section 87A rebate	Income up to ₹5,00,000	Income up to ₹12,00,000 (excluding special-rate gains)
Complexity	Requires tracking and proof of investments and expenses.	Simpler; minimal documentation.
Best suited to	Taxpayers with large investments or claimable expenses.	Taxpayers with few deductions who prefer simplicity at lower rates.

Appendix G

Task Outputs and Data Structures

Table G1

Output Generated at the End of Each Task

Task	Output generated
Outbound client outreach	Qualified lead list with plan selected and call outcome recorded
Document collection	Complete client document set: Form 16, salary slips, interest and investment proofs
Data verification	Reconciliation note comparing client documents with Form 26AS and AIS
Tax computation	Dual-regime computation sheet showing liability under both regimes
Advisory call	Client confirmation of the regime elected and the computed figures
Mentor verification	Mentor-approved computation cleared for filing



Task	Output generated
Filing and e-verification	Filed return with acknowledgement number and completed e-verification
Post-filing follow-up	Refund status update communicated to the client

Table G2

Data Formats and Structures Created for Each Task

Format or structure	Purpose and contents
Client master record	Client name, service number or PAN reference, rank, posting location, contact details and applicable ITR form
Document checklist	Profile-wise list of required documents used to make follow-up requests specific
Dual-regime computation sheet	Head-wise income, Section 10 exemptions, Chapter VI-A deductions and tax under both regimes, with the recommended regime highlighted
Reconciliation note	Line-by-line comparison of Form 16 with AIS and Form 26AS, flagging mismatches
Filing tracker	Case status by stage: documents pending, computation done, mentor verified, filed, e-verified
Case log	Anonymised record of unusual cases and their resolution, kept as a reference for recurring queries

Appendix H

Glossary of Terms

Table H1

Terms and Abbreviations Used in the Paper

Term	Meaning
AIS	Annual Information Statement: consolidated statement of tax credits and transactions reported to the Income Tax Department, used to cross-verify returns.
AY	Assessment Year: the year in which income of the preceding financial year is assessed; AY 2026–27 relates to income earned in FY 2025–26.
Cess	Health and education cess of 4% levied on income tax.
ERI	Electronic Return Intermediary: an entity authorised to prepare and transmit returns on behalf of taxpayers.
Form 16	Employer's certificate of salary paid and tax deducted at source.
Form 26AS	Statement of tax credits, including TDS, reported against a taxpayer's PAN.
ITR-1, ITR-2	Return forms: ITR-1 for salary or pension with one house property and limited other income; ITR-2 where capital gains or additional property income arise.
LTCG	Long-term capital gains, taxed at special rates (12.5% in the cases analysed).
Section 10(14)	Provision exempting specified allowances up to prescribed ceilings under the old regime.



Term	Meaning
Section 80C, 80D	Chapter VI-A deductions for specified savings and for health insurance premiums.
Section 87A	Rebate for resident individuals with income below a specified limit.
TDS	Tax deducted at source.