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Impact of Direct Tax Reforms in FY 2026–27 on Individual Financial Planning in India

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Abstract: *Direct taxation plays a central role in shaping individual financial planning, influencing decisions related to income allocation, savings, consumption, investments, risk management, retirement planning, and long-term wealth accumulation. The Union Budget 2026–27 retained the prevailing tax slabs under both the old and new tax regimes, while introducing procedural simplifications under the Income Tax Act, 2025. This study examines the impact of direct tax reforms in FY 2026–27 on individual financial planning in India.*

The research is entirely based on secondary data drawn from Union Budget 2026–27 documents, publications of the Central Board of Direct Taxes (CBDT), Ministry of Finance reports, RBI bulletins, SEBI publications, Economic Survey data, and recent academic literature. The study evaluates implications for disposable income, tax compliance behaviour, investment preferences, capital formation, and regime selection decisions.

The findings indicate that although Budget 2026–27 does not significantly alter tax rates or slabs, it meaningfully impacts compliance behaviour, portfolio structuring, and long-term planning decisions through procedural reforms and selective structural changes such as revisions in Securities Transaction Tax (STT), Sovereign Gold Bond (SGB) taxation, and buyback taxation rules. The overall effect is evolutionary rather than revolutionary, reinforcing stability, predictability, and compliance-driven financial planning.

Keywords*:* Direct tax reforms, Budget 2026–27, financial planning, tax compliance, new tax regime, disposable income, STT, SGB taxation