

NPS tax benefits: How salaried, self-employed can claim tax deductions for NPS under old, new income tax regime

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NPS is a retirement-dedicated product that allows investors to take exposure to both equity and debt and also control asset allocation, says Dev Ashish, a SEBI Registered Investment Advisor and Founder of StableInvestor. "But unlike EPF and PPF, where the accumulated corpus at maturity is tax-free and allows unrestricted usage, NPS requires the mandatory purchase of an annuity worth a minimum of 40% of the accumulated NPS corpus. And the pension from this annuity is taxable. The remaining 60% is tax-free and available as a one-time lump sum payment."

The NPS Scheme is ideal for individuals seeking increased returns with a readiness to embrace market risks, says Neeraj Agarwala, Partner, Nangia Andersen India.