

# Old tax regime investors urged to complete tax-saving investments before March 31

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New Delhi, Mar 16: Taxpayers who have opted for the old tax regime and are yet to complete their tax-saving investments for the current financial year are advised to act quickly as the March 31 deadline approaches. Financial experts caution that last-minute decisions often lead to costly mistakes and unsuitable investment choices.

Many taxpayers tend to rush into buying tax-saving products towards the end of the financial year without evaluating whether they align with their long-term financial goals. Rupali Singhania, founder of Areete Consultants, said that instead of carefully selecting appropriate investment options, individuals often purchase low-return products such as traditional life insurance policies merely to claim tax deductions.

Experts also point out that taxpayers sometimes make investments without first confirming whether they will continue under the old tax regime for that year. Deepesh Raghaw, a Sebi-registered investment advisor, noted that such investments can become redundant if the taxpayer eventually opts for the new tax regime.

Before making fresh investments under Section 80C, taxpayers should review the tax-saving contributions they have already made. According to Arnav Pandya, founder of Moneyeduschool, employees often have significant provident fund contributions, which may already cover a large part of the eligible deduction limit. Vishal Dhawan, founder and CEO of Plan Ahead Wealth Advisors, added that home loan principal repayments, school fees of children and premiums on existing insurance policies also qualify for Section 80C benefits.

Financial planners recommend aligning tax-saving investments with long-term financial goals. For instance, individuals planning for retirement and comfortable with long lock-in periods may consider Public Provident Fund (PPF) or the National Pension System (NPS). Younger investors with a longer investment horizon and higher risk appetite may prefer equity-linked savings schemes (ELSS), which offer the potential for higher long-term returns along with tax benefits.

Insurance should be addressed before investment planning, experts say. Younger investors are advised to first ensure adequate life and health insurance coverage for their families. Financial planners also caution against mixing insurance and investment products, as such plans often deliver lower returns and may leave individuals under-insured.

Tax-saving instruments also come with varying lock-in periods, which investors must consider carefully. ELSS has the shortest lock-in of three years, while PPF requires a 15-year commitment. The Sukanya Samriddhi Yojana (SSY) carries a lock-in period of 21 years, and tax-saving fixed deposits have a five-year lock-in. Experts warn that individuals who may need funds in the near future should avoid locking a large portion of their savings in long-term instruments.

Financial advisors emphasise that tax-saving decisions should not be rushed and must be aligned with an individual's financial goals, risk appetite and liquidity needs. Proper planning can help taxpayers avoid unnecessary investments while still maximising available tax benefits.