

Government of India
Ministry of Finance
Department of Revenue

LOK SABHA
UN-STARRED QUESTION NO. 1888
TO BE ANSWERED ON MONDAY, MARCH 13, 2023
Phalguna 22, 1944 (Saka)

TAX EVASION BY INSURANCE COMPANIES

1888. SHRI V.K. SREEKANDAN:

Will the Minister of Finance be pleased to state:

- (a) whether insurance companies are under scanner for rampant tax evasion and if so, the details thereof; and
- (b) whether the instances of tax evasion by insurance companies have come to the notice of the Government while investigating sixteen insurance companies for availing ineligible input tax credits amounting to Rs.824 crore and if so, the details thereof and the reaction of the Government thereto?

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) Certain cases of evasion of indirect taxes (GST and Service Tax) have been booked by CBIC field formations against various insurance companies. Details of such cases booked during last five years are as under:

(Rs. In crore)

No. of cases	Amount involved	Amount recovered/released	Details
106	7581.80	1347.17	Cases involve evasion of Service Tax; Non-payment/short payment of GST under reverse charge mechanism ineligible Input Tax Credit etc.

Whenever any instance of tax evasion comes to the notice, the Income Tax Department takes appropriate action including conducting searches & surveys, assessment of income, levy & recovery of tax, imposition of penalty and launching of prosecution as per the provisions of the Income Tax Act, 1961 against such tax evader(s). Such actions are undertaken in cases of assesses in various sectors, including the insurance sector.

(b) The detection and investigation of tax evasions is an ongoing process and cases against insurance companies for evasion of taxes were detected even before the detection of cases of ineligible input tax credit by various insurance companies.
