

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

LOK SABHA

STARRED QUESTION NO. *441

TO BE ANSWERED ON MONDAY THE 4TH APRIL, 2022
CHAITRA 14, 1944 (SAKA)

GST ON HEALTH INSURANCE

***441. SHRI BENNY BEHANAN:
ADV. ADOOR PRAKASH:**

Will the Minister of **Finance** be pleased to state:

(a) whether the Government intends to reduce the rate of Goods and Services Tax(GST) applicable on health insurance or to exempt it from GST, given the increased cost of health insurance coverage during the Covid-19 pandemic;

(b) if so, the details thereof and if not, the reasons therefor; and

(c) the rationale for an 18 per cent tax on health insurance on par with luxury items, when a majority of medical, hospital and consulting services are exempted from GST?

ANSWER

MINISTER OF FINANCE
SHRIMATI NIRMALA SITHARAMAN

(a) to (c): A statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 441 RAISED BY SHRI BENNY BEHANAN & ADV ADOOR PRAKASH FOR 04TH APRIL, 2022 ON GST ON HEALTH INSURANCE

(a) and (b): GST rates and exemptions on all services (including GST on health insurance premium) are prescribed on the recommendations of GST Council which is a constitutional body consisting of Union Finance Minister and Ministers as nominated by respective State/Union Territory Governments. At present, Goods and Services Tax (GST) on health insurance services is levied at standard rate, i.e., 18 per cent. Specific health insurance schemes catering to the needs of economically weaker sections of the society and differently abled, such as Rashtriya Swasthya Bima Yojana (RSBY), Universal Health Insurance Scheme, Jan Arogya Bima Policy and Niramaya Health Insurance Scheme are fully exempt from GST.

(c): Health insurance, like majority of other taxable supplies is standard rated at 18%. In pre-GST regime also, health insurance was standard rated. A significant relief in GST has been provided by way of exemption to above stated insurance schemes catering to economically weaker sections of the society and differently abled. Further, healthcare services are also exempt from GST. Representations to reduce the GST on health insurance were placed before the GST Council in its 31st meeting held on 22.12.2018 and in its 37th meeting held on 20.09.2019. GST Council did not make recommendation for reduction of GST.
