

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO. 2420

TO BE ANSWERED ON MONDAY 1ST AUGUST, 2022 SRAVANA 10, 1944 (SAKA)

EXEMPTION UNDER PAYMENT OF INSURANCE PREMIUM

2420: SHRI RAJAN VICHARE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is contemplating to provide additional exemption in payment of insurance premium under section 80C of the Income Tax Act;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether the Government is contemplating to reduce the rate of Goods and Services Tax on health insurance products from the present rate of 18 per cent to 5 per cent so as to make such products more affordable to the common people; and
- (d) if so, the details thereof and if not, the reasons therefor?

ANSWER

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

(a) and (b) No sir. It has been the stated policy of the Government to simplify the Income-tax Act, 1961 by removing exemptions and incentives while at the same time reducing the rates of taxes.

(c) and (d) GST rates and exemptions are prescribed on the recommendations of GST Council which is a constitutional body comprising members from Union Government and State/UT Governments.

The GST Council in its 31st and 37th meetings examined similar requests but did not make any recommendation to reduce GST on insurance service.

The matter was re-examined and placed before the GST Council in its 47th meeting held on 28th and 29th June, 2022, wherein the Council again did not recommend any change.

In the pre-GST regime also, health insurance scheme attracted service tax at standard rate of 15.5%.
