

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION No. 2164
TO BE ANSWERED ON FRIDAY, THE 29th JULY, 2016
7, SRAVANA, 1938 (SAKA)**

IRDAI FIX TAX ANOMALIES

2164. SHRIMATI K. MARAGATHAM:

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

- (a) whether the Insurance Regulatory and Development Authority of India (IRDAI) has requested the Government to fix tax anomalies in purchasing annuities under Employees Provident Fund and other pension plans;
- (b) if so, the details thereof;
- (c) whether biggest downside of buying a pension plan is that the annuity returns are not comparable with tax free bonds or even Government bonds; and
- (d) if so, the details thereof?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)**

(a) & (b): IRDAI has raised the issue of disparities between purchasing annuities from the Corpus/Accumulation under the New Pension Scheme and Superannuation Scheme/Pension Plan and tax treatment thereof, with the Ministry of Finance.

(c) to (d) Under the Income-tax Act, the tax treatment for bonds including Government bonds is distinct from that of annuity returns from a pension plan. The two products stand on a different footing as the Pension Plan is primarily a social security plan and the others, namely, tax free bonds or Government bonds are investment plans. Therefore the two are not comparable.

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