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Title: Need to withdraw the service tax on insurance premiums.

SHRIMATI K. MARAGATHAM (KANCHEEPURAM): I would like to draw the attention of the House to an important issue. The Central Government increased service tax on insurance premium with effect from 01.06.2015. There is an increase from 12 per cent to 14 per cent on gross premium and risk cover and an increase from 3% to 3.5 per cent on first year premium. There is also an increase from 1.5 per cent to 1.75 per cent on subsequent premium. Growth of insurance industry is very important in national development as it depends on household savings and disposal incomes. LIC has contributed Rs. 7,04,151 crore for 11th Five Year Plan (2007 to 2012) and Rs. 1,50,000 crore to the Railways.

Again, the Central Government has forced Swachh Bharat cess at the rate of 0.5 per cent on all services from 15th November, 2015, from 14 per cent to 14.5 per cent causing huge burden on common man, as he has to pay 14.5 per cent service tax and additional 0.5 per cent Swachh Bharat cess on health and term insurance premiums. This hike is a major blow and burden to the common man as it directly affects his monthly spending. Insurance savings is a social security.

Hence, Mr. Chairperson, Sir, through you, I request the Central Government to withdraw the Service tax on insurance premiums as it will reduce the cost of insurance policies and boost the much needed increase in health and insurance coverage.

HON. CHAIRPERSON:

Smt. V. Sathyabama is permitted to associate with the issue raised by Shrimati K. Margatham.