

F. No.370142/28/2023-TPL  
Government of India  
Ministry of Finance  
Department of Revenue  
(Central Board of Direct Taxes)  
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Dated the 16<sup>th</sup> August, 2023

**Sub: Guidelines under clause (10D) of section 10 of the Income-tax Act, 1961 - reg.**

Clause (10D) of section 10 of the Income-tax Act, 1961 (the Act) provides for income-tax exemption on any sum received under a life insurance policy, including the sum allocated by way of bonus on such policy subject to certain exclusions.

**2.** The Finance Act, 2023 (Finance Act), *inter-alia*,-

I. amended clause (10D) of section 10 of the Act by substituting the existing sixth proviso with the new sixth, seventh and eighth provisos to, *inter-alia*, provide that:

(i) with effect from assessment year 2024-25, the sum received under a life insurance policy, other than a unit linked insurance policy, issued on or after the 1<sup>st</sup> day of April, 2023, shall not be exempt under the said clause if the amount of premium payable for any of the previous years during the term of such policy exceeds Rs 5,00,000 [sixth proviso];

(ii) if premium is payable for more than one life insurance policy, other than a unit linked insurance policy, issued on or after 01.04.2023, the exemption under the said clause shall be available only with respect to such policies where the aggregate premium does not exceed Rs 5,00,000 for any of the previous years during the term of any of those policies [seventh proviso];

(iii) the sixth and seventh provisos shall not apply in case of any sum received on the death of a person [eighth proviso]

II. inserted a new clause (xiii) in sub-section (2) of section 56 to provide that where any sum is received, including the amount allocated by way of bonus, at any time during a previous year, under a life insurance policy, other than the sum,-

- a. received under a unit linked insurance policy, or
- b. being the income referred to in clause (iv) of sub-section 2,

which is not to be excluded from the total income of the previous year in accordance with the provisions of clause (10D) of section 10, the sum so received as exceeds the aggregate of the premium paid, during the term of such life insurance policy, and not claimed as deduction in any other provision of the Act, computed in the manner as may be prescribed shall be chargeable to income-tax under the head "Income from other sources";

- III. inserted a sub-clause (xviid) in clause (24) of section 2 to provide that income shall include any sum referred to in clause (xiii) of sub-section (2) of section 56.

**2.1** It may be noted that Finance Act, 2021 had earlier inserted, fourth to seventh provisos in clause (10D) of section 10 to provide that the sum received under any unit linked insurance policy [ULIP] (except any such sum received on the death of a person), issued on or after the 01.02.2021 shall not be exempt under said clause, if the amount of premium payable for any of the previous years during the term of such policy exceeds Rs 2,50,000 (fourth proviso). It was also provided that if the premium is payable for more than one ULIPs, issued on or after the 01.02.2021, the exemption under the said clause shall be available only with respect to such policies where the aggregate premium does not exceed Rs 2,50,000 for any of the previous years during the term of any of the policies (fifth proviso).

**Issuance of Guidelines for removal of difficulties**

3. Ninth proviso to clause (10D) of section 10 of the Act also empowers the Central Board of Direct Taxes (Board) to issue guidelines, with the previous approval of the Central Government, in order to remove any difficulty which arises while giving effect to the provisions of the said clause. In exercise of the powers under this proviso, Board, with the previous approval of the Central Government, hereby issues the following guidelines.

**Guidelines**

4. In these guidelines:-

- (i) "eligible life insurance policy" means any life insurance policy (other than unit linked insurance policy) issued on or after 01.04.2023;



(ii) “consideration” means sum received (of any nature including bonus) under an eligible life insurance policy

(iii) “current previous year” means the previous year in which consideration is received and its taxability is being examined.

**4.1** Consideration received during the previous year under an eligible life insurance policy shall be exempt or not exempt under clause (10D) of section 10 of the Act, subject to the satisfaction of other provisions of said clause. The same are explained by way of examples of different situations:-

**4.2 Situation1:** No consideration is received by the assessee on any eligible life insurance policies during any previous year preceding the current previous year or consideration has been received on such eligible life insurance policies but has not been claimed exempt. The exemption under clause (10D) of section 10 of the Act shall be determined as under:

- i. If the assessee has received consideration, during the current previous year, under one eligible life insurance policy only and the amount of premium payable on such eligible life insurance policy does not exceed Rs 5,00,000 for any of the previous years during the term of such eligible life insurance policy, such consideration shall be eligible for exemption under the said clause (10D) subject to fulfilment of other conditions;
- ii. If the assessee has received consideration, during the current previous year, under one eligible life insurance policy only and the amount of premium payable on such eligible life insurance policy exceeds Rs 5,00,000 for any of the previous years during the term of such eligible life insurance policy, such consideration shall not be eligible for exemption under the said clause (10D);
- iii. If the assessee has received consideration, during the current previous year, under more than one eligible life insurance policies and the aggregate of the amount of premium payable on such eligible life insurance policies does not exceed Rs 5,00,000 for any of the previous years during the term of such eligible life insurance policies, such consideration shall be eligible for exemption under the said clause (10D) subject to fulfilment of other conditions;
- iv. If the assessee has received consideration, during the current previous year, under more than one eligible life insurance policies and the aggregate of the amount of premium payable on such eligible life insurance policies exceeds Rs 5,00,000 for any

of the previous years during the term of such eligible life insurance policies, the consideration under only such eligible life insurance policies shall be eligible for exemption under the said clause (10D) where aggregate of the amount of the premium payable does not exceed Rs 5,00,000 for any of the previous years during their term (Refer Examples) subject to fulfilment of other conditions.

**4.3 Situation 2:** Consideration has been received by the assessee under any one or more eligible life insurance policies during any previous year preceding the current previous year and it has been claimed exempt under clause (10D) of section 10 of the Act. Such eligible life insurance policies are referred as “old eligible life insurance policies” in this paragraph and corresponding examples and reference to eligible life insurance policies in this paragraph and corresponding examples shall not include old eligible life insurance policies. The exemption under clause (10D) of section 10 of the Act shall be determined as under:

- i. If the assessee has received consideration, during the current previous year, under one eligible life insurance policy only and aggregate amount of premium payable on such eligible life insurance policy and old eligible life insurance policies does not exceed Rs 5,00,000 for any of the previous year during the term of such eligible life insurance policy, the consideration under such eligible life insurance policy shall be eligible for exemption under the said clause (10D) provided it is not excluded under sub-clauses (a) to (d) of said clause (10D);
- ii. If the assessee has received consideration, during the current previous year, under one eligible life insurance policy only and aggregate amount of premium payable on such eligible life insurance policy and old eligible life insurance policies exceeds Rs 5,00,000 for any of the previous year during the term of such eligible life insurance policy, the consideration under such eligible life insurance policy shall not be eligible for exemption under the said clause (10D);
- iii. If the assessee has received consideration, during the current previous year, under more than one eligible life insurance policies and aggregate of the amount of premium payable on such eligible life insurance policies and old eligible life insurance policies does not exceeds Rs 5,00,000 for any of the previous years during the term of such eligible life insurance policies, such consideration shall be eligible for exemption under the said clause (10D) provided it is not excluded under sub-clauses (a) to (d) of said clause (10D);



- iv. If the assessee has received consideration, during the current previous year, under more than one eligible life insurance policies and aggregate of the amount of premium payable on such eligible life insurance policies and old eligible life insurance policies exceeds Rs 5,00,000 for any of the previous years during the term of such eligible life insurance policies, consideration under only such eligible life insurance policies shall be eligible for exemption under the said clause (10D) where aggregate amount of premium along with the aggregate amount of premium of old eligible life insurance policies does not exceed Rs 5,00,000 for any of the previous years during the term of any of such eligible life insurance policies (Refer examples) provided it is not excluded under sub-clauses (a) to (d) of said clause (10D).

#### 4.4 The above guidelines are explained with the help of the following examples:

##### Example 1:

The assessee has the following policy which satisfies all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the sixth and seventh proviso of the said clause, applicability whereof is being explained in the example).

Life Insurance Policy	A
Date of issue	01.04.2013
Annual premium (Rs)	6,00,000
Sum assured (Rs)	60,00,000
Consideration received as on 01.11.2023 on maturity	70,00,000

##### Taxability as per sixth proviso to clause (10D) of section 10 of the Act:

The sum received on maturity will be exempt under clause (10D) of section 10 of the Act as the policy has been issued before 01.04.2023 and accordingly not covered by the 6<sup>th</sup> to 8<sup>th</sup> provisos to the said clause (10) of section 10 of the Act, as substituted by Finance Act, 2023.

##### Example 2:

The assessee has the following policy which satisfies all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the sixth and seventh proviso of the said clause, applicability whereof is being explained in the example). The

assessee did not receive any consideration under any other eligible life insurance policy in earlier previous years preceding the previous year 2033-34.

<b>Life Insurance Policy</b>	<b>A</b>
<b>Date of issue</b>	<b>01.04.2023</b>
<b>Annual premium (Rs)</b>	<b>6,00,000</b>
<b>Sum assured (Rs)</b>	<b>60,00,000</b>
<b>Consideration received as on 01.11.2033 on maturity</b>	<b>70,00,000</b>

**Taxability as per sixth proviso to clause (10D) of section 10 of the Act:**

The consideration received will not be exempt under clause (10D) of section 10 of the Act as per the provisions of sixth proviso since the annual premium payable on the policy exceeded Rs 5,00,000.

**Example 3:**

The assessee has the following policy which satisfies all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the sixth and seventh proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible life insurance policy in earlier previous years preceding the previous year 2033-34.

<b>Life Insurance Policy</b>	<b>A</b>
<b>Date of issue</b>	<b>01.04.2023</b>
<b>Annual premium (Rs)</b>	<b>5,00,000</b>
<b>Sum assured (Rs)</b>	<b>50,00,000</b>
<b>Consideration received as on 01.11.2033 on maturity</b>	<b>52,00,000</b>

**Taxability as per sixth proviso to clause (10D) of section 10 of the Act:**

The consideration received will be exempt under clause (10D) of section 10 of the Act as the provisions of sixth proviso will not apply since the annual premium payable on the policy does not exceed Rs 5,00,000 in any of the previous years during the term of the policy.



**Example 4:**

The assessee has the following policies all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the sixth and seventh proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible life insurance policy in earlier previous years preceding the previous year 2033-34.

Life Insurance Policy	A	B
Date of issue	01.04.2023	01.04.2023
Annual premium (Rs)	4,50,000	5,50,000
Sum assured (Rs)	45,00,000	55,00,000
Consideration received as on 01.11.2033 on maturity	52,00,000	60,00,000

**Taxability as per seventh proviso to clause (10D) of section 10 of the Act:**

The consideration received under life insurance policy "B" will not be exempt under clause (10D) of section 10 of the Act as per the provisions of seventh proviso, since aggregate of the annual premium payable for life insurance policy "A" and life insurance policy "B" exceeds Rs 5,00,000 during the term of these policies. However, the consideration received under life insurance policy "A" shall be exempt under clause (10D) of section 10 of the Act since its annual premium does not exceed Rs 5,00,000 in any of the previous years during the term of the policy.

**Example 5:**

The assessee has the following policies all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the sixth and seventh proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible life insurance policy in earlier previous years preceding the previous year 2033-34.

Life Insurance Policy	A	B	C
Date of issue	01.04.2023	01.04.2023	01.04.2023
Annual premium (Rs)	1,00,000	3,50,000	6,00,000

Sum assured (Rs)	10,00,000	35,00,000	60,00,000
Consideration received as on 01.11.2033 on maturity	12,00,000	40,00,000	70,00,000

**Taxability as per seventh proviso to clause (10D) of section 10 of the Act:**

- The consideration received under life insurance policy “C” will not be exempt under clause (10D) of section 10 of the Act as per the provisions of seventh proviso since aggregate of the annual premium payable for life insurance policy “A”, life insurance policy “B” and life insurance policy “C” exceeds Rs 5,00,000 during the term of these policies.
- However, the consideration received under life insurance policies “A” and “B” shall be exempt under clause (10D) of section 10 of the Act, since aggregate of annual premium payable for these two policies does not exceed Rs 5,00,000 for any previous year during the term of these two policies.

**Example 6:**

The assessee has the following policies all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the sixth and seventh proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible life insurance policy in earlier previous years preceding the previous year 2033-34.

Life Insurance Policy	X	A	B	C
Date of issue	01.04.2022	01.04.2023	01.04.2023	01.04.2023
Annual premium (Rs)	5,00,000	1,00,000	3,50,000	6,00,000
Sum assured (Rs)	50,00,000	10,00,000	35,00,000	60,00,000
Consideration received as on 01.11.2032 on maturity	60,00,000			
Consideration received as on 01.11.2033 on maturity		12,00,000	40,00,000	70,00,000

**Taxability as per seventh proviso to clause (10D) of section 10 of the Act:**



- The consideration under life insurance policy “X” will be exempt under clause (10D) of section 10 of the Act as the policy has been issued before 01.04.2023 and it is not covered by recently introduced provisions.
- The consideration received under life insurance policy “C” will not be exempt under clause (10D) of section 10 of the Act as per the provisions of seventh proviso since aggregate of the annual premium payable for life insurance policy “A”, life insurance policy “B” and life insurance policy “C” exceeds Rs 5,00,000 during the term of these policies.
- However, the consideration received under life insurance policy “A” and “B” shall be exempt under clause (10D) of section 10 of the Act, since aggregate of annual premium payable for these two policies does not exceed Rs 5,00,000 for any previous year during the term of these two policies.

**Example 7:**

The assessee has the following policies all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the sixth and seventh proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible life insurance policy in earlier previous years preceding the previous year 2033-34.

Life Insurance Policy	X	A	B	C
Date of issue	01.04.2023	01.04.2024	01.04.2024	01.04.2024
Annual premium (Rs)	4,50,000	1,00,000	1,50,000	6,00,000
Sum assured (Rs)	40,50,000	10,00,000	15,00,000	60,00,000
Consideration received as on 01.11.2033 on maturity	50,00,000			
Consideration received as on 01.11.2034 on maturity		12,00,000	18,00,000	70,00,000

**Taxability as per seventh proviso to clause (10D) of section 10 of the Act:**

- The consideration under life insurance policy “X” will be exempt for the previous year 2033-34 under clause (10D) of section 10 of the Act since the annual premium does not exceed Rs 5,00,000.

- The consideration received under life insurance policies “A”, “B” and “C” will not be exempt under clause (10D) of section 10 of the Act as per the provisions of seventh proviso since aggregate of the annual premium payable for these three life insurance policies and life insurance policy “X” exceeds Rs 5,00,000 for the previous year 2023-24 to 2033-34 which fall under the tenure of these policies. The consideration under life insurance policy “A” will also not be eligible for exemption under the said clause as the aggregate of annual premium of life insurance policies “X” and “A” exceeds Rs 5,00,000.

**Example 8:**

The assessee has the following policies all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the sixth and seventh proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible life insurance policy in earlier previous years preceding the previous year 2043-44.

Life Insurance Policy	X	A
Date of issue	01.04.2023	01.04.2034
Annual premium (Rs)	5,00,000	5,00,000
Previous years for which premium is paid	2023-24 to 2033-34	2034-35 to 2047-48
Sum assured (Rs)	50,00,000	50,00,000
Consideration received as on 01.11.2043 on maturity	52,00,000	
Consideration received as on 01.11.2048 on maturity		52,00,000

**Taxability as per seventh proviso to clause (10D) of section 10 of the Act:**

The consideration under life insurance policies “X” and “A” will be exempt for the previous year 2043-44 and previous year 2048-49 respectively, under clause (10D) of section 10 of the Act since the aggregate of the annual premium payable for the life insurance policies “X” and “A” together did not exceed Rs 5,00,000 for any of the previous years during the term of life insurance policies “X” and “A”.



**Example 9:**

The assessee has the following policies all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the sixth and seventh proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible life insurance policy in earlier previous years preceding the previous year 2033-34.

Life Insurance Policy	X	A	B	C
Date of issue	01.04.2023	01.04.2024	01.04.2024	01.04.2024
Annual premium (Rs)	2,50,000	2,00,000	2,50,000	6,00,000
Sum assured (Rs)	25,00,000	20,00,000	25,00,000	60,00,000
Consideration received on maturity as on 01.11.2033	30,00,000			
Consideration received as on 01.11.2034 on maturity		24,00,000	38,00,000	70,00,000

**Taxability as per seventh proviso to clause (10D) of section 10 of the Act:**

- The consideration under life insurance policy “X” will be exempt under clause (10D) of section 10 of the Act for the previous year 2033-34 since the annual premium does not exceed Rs 5,00,000.
- The consideration received under life insurance policy “B” only will be exempt under clause (10D) of section 10 of the Act during the previous year 2034-35 while consideration received under life insurance policies “A” and “C” will be taxable as per the provisions of seventh proviso.
- The exemption is restricted to consideration under life insurance policy “B” since aggregate of the annual premium payable for the life insurance policies “X” and “B” together did not exceed Rs 5,00,000 for any of the previous years during the term of life insurance policies “X” and “B”.
- Here instead of life insurance policy “B”, we could have taken life insurance policy “A” as the aggregate of annual premium payable for life insurance policies “X” and “A” is also less than Rs 5,00,000 during the term of these life insurance policies. However, since including life insurance policy “B” instead of life insurance policy

“A” is more beneficial to the assessee, life insurance policy “B” has been considered for exemption.

**Example 10:**

The assessee has the following policies all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the sixth and seventh proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible life insurance policy in earlier previous years preceding the previous year 2033-34. **(It needs to be specified that consideration under life insurance policy “X” has not been claimed exempt)**

Life Insurance Policy	X	A	B	C
Date of issue	01.04.2023	01.04.2024	01.04.2024	01.04.2024
Annual premium (Rs)	1,00,000	1,00,000	1,50,000	3,00,000
Sum assured (Rs)	10,00,000	10,00,000	15,00,000	30,00,000
Consideration received on maturity as on 01.05.2033	12,00,000			
Consideration received as on 01.05.2034 on maturity		12,00,000	18,00,000	34,00,000

**Taxability as per seventh proviso to clause (10D) of section 10 of the Act:**

- The consideration under life insurance policy “X” was not claimed to be exempt under clause (10D) of section 10 of the Act by the assessee therefore it is not covered within the definition of old eligible life insurance policies.
- The consideration received under life insurance policies “B” and “C” will be exempt under clause (10D) of section 10 of the Act. However, since aggregate of the annual premium payable for the life insurance policies “B” and “C” together did not exceed Rs 5,00,000 for any of the previous years during the term of any of these life insurance policies “B” or “C” and life insurance policy “X” was not claimed to be exempt under clause (10D) of section 10 of the Act, the consideration received under life insurance policy “A” will be taxable as per the provisions of seventh proviso to the said clause (10D) of section 10 of the Act. It may again be stated that life insurance policies “B” and “C” are considered for exemption instead of combination



of policies “A” and “B” or policies “A” and “C” as this combination (i.e. life insurance policies “B” and “C”) is more beneficial to the assessee.

**Example 11:**

The assessee has the following policies all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the sixth and seventh proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible life insurance policy in earlier previous years preceding the previous year 2035-36 other than under life insurance policies “X” and “Y”.

Life Insurance Policy	X	Y	A	B	C
Date of issue	01.04.2023	01.04.2023	01.04.2024	01.04.2024	01.04.2024
Annual premium (Rs)	2,00,000	2,00,000	2,00,000	3,00,000	6,00,000
Sum assured (Rs)	20,00,000	20,00,000	20,00,000	30,00,000	60,00,000
Consideration received on surrender as on 01.07.2033	12,00,000				
Consideration received on maturity as on 01.11.2034		24,00,000			
Consideration received as on 01.11.2035 on maturity			24,00,000	36,00,000	70,00,000

**Taxability as per seventh proviso to clause (10D) of section 10 of the Act:**

- The surrender value of life insurance policy “X” and consideration received under life insurance policy “Y” on maturity will be exempt under clause (10D) of section 10 of

the Act since the annual premium does not exceed Rs 5,00,000 during the term of these policies.

- The consideration received under life insurance policies “A”, “B” and “C” will be taxable under clause (10D) of section 10 of the Act as per the provisions of seventh proviso to the said clause (10D) since aggregate of the annual premium payable for the life insurance policies “X” and “Y” for the previous year 2023-24 to 2033-34 was Rs 4,00,000. If the annual premium of life insurance policies “A” or “B” or “C” is added then the aggregate of the premium will exceed Rs 5,00,000 for the previous year 2024-25 to 2033-34.
- As per the provisions of seventh proviso, in case of multiple life insurance policies, the aggregate of the premium payable for all the policies which are claimed to be exempt under clause (10D) of section 10 of the Act shall not exceed Rs 5,00,000 for any previous year during the term of any of those policies.

**Example 12:** If in Example 11, the assessee does not claim exemption with respect to the surrender value of life insurance policy “X”, then the consideration received under life insurance policy “Y” will be exempt for the previous year 2034-25 and the consideration received under life insurance policy “B” will be exempt for the previous year 2035-36 under clause (10D) of section 10 of the Act. The exemption is restricted to life insurance policy “B” since the aggregate of the annual premium payable for the life insurance policies “Y” and “B” together did not exceed Rs 5,00,000 for any of the previous years during the term of life insurance policies “Y” or “B” and the assessee did not claim life insurance policy “X” as exempt. Life insurance policy “B” is preferred in place of life insurance policy “A” as it is more beneficial to the assessee.

**Example 13:** The assessee has the following life insurance policies and unit linked insurance policies (ULIPs) all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the fourth, fifth, sixth and seventh provisos of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible life insurance policies or unit linked insurance policies in earlier previous years preceding the previous year 2033-34 other than under unit linked insurance policy “X” and under life insurance policy “A”.



Life Insurance Policy			A	B	C
Unit Linked Insurance Policy	X	Y			
Date of issue	01.04.2021	01.04.2023	01.04.2023	01.04.2023	01.04.2024
Annual premium (Rs)	1,00,000	1,00,000	1,00,000	1,50,000	3,00,000
Sum assured (Rs)	10,00,000	10,00,000	10,00,000	15,00,000	30,00,000
Consideration received on surrender as on 01.07.2033	6,00,000		6,00,000		
Consideration received on maturity as on 01.11.2034		12,00,000		18,00,000	34,00,000

**Taxability as per fifth and seventh proviso to clause (10D) of section 10 of the Act:**

- As per the fifth proviso, the surrender value of unit linked insurance policy “X” and consideration received under unit linked insurance policy “Y” on maturity will be exempt under clause (10D) of section 10 of the Act since the annual premium does not exceed Rs 2,50,000 during the term of these policies.
- Further, the consideration received under the life insurance policy “A” during the previous year 2033-34 shall be exempt under clause (10D) of section 10 of the Act and will become old eligible life insurance policy for which exemption has been claimed. Then, for the previous year 2034-35, the consideration for life insurance policy “C” only shall be exempt under clause (10D) of section 10 of the Act as the sum of premium of life insurance policies “A” and “C” does not exceed Rs 5,00,000 in any of the previous years during the term of these policies. The consideration for life insurance policy “B” is not exempt since sum of premium of life insurance policies “A”, “B” and “C” exceeds Rs 5,00,000 during the term of these policies. Life insurance policy “C” is preferred over life insurance policy “B” being more beneficial

to the assessee. However, if the consideration from life insurance policy “A” was not claimed as exempt in previous year 2033-34, then the consideration from both the life insurance policies “B” and “C” shall be exempt under clause (10D) of section 10 of the Act.

**Clarification on GST Component**

5. In addition to the above, it is also clarified that the premium payable/ aggregate premium payable for a life insurance policy/ policies, other than a unit linked insurance policy, issued on or after the 1st day of April, 2023, for any previous year, shall be exclusive of the amount of the Goods and Service Tax payable on such premium. This can be explained by the following example:


<b>Life Insurance Policy</b>	<b>A</b>
<b>Date of issue</b>	<b>01.04.2023</b>
<b>Annual premium (Rs)</b>	<b>5,00,000</b>
<b>GST (@4.5% of premium)</b>	<b>22,500</b>
<b>Total Premium Payable</b>	<b>5,22,500</b>
<b>Sum assured (Rs)</b>	<b>60,00,000</b>
<b>Consideration received as on 01.11.2033 on maturity</b>	<b>70,00,000</b>

**Clarity on premium of Term life insurance policy**

6. It is further clarified that the provision of the sixth and seventh proviso of clause (10D) of section 10 shall not be applicable in case of a term life insurance policy i.e. where sum under a life insurance policy is only paid to the nominee in case of the death of the person insured during the term of the policy and no amount is paid to anyone if the insured person survives the policy tenure. Hence, any sum received under a term insurance policy shall continue to be exempt under clause (10D) of section 10 of the Act, irrespective of the



amount of the premium payable in respect of such policy. Further the premium paid for such policies shall not be counted for checking Rs 5,00,000 limit for the purposes of sixth and seventh proviso.

  
(Sourabh Jain) 14/08/2023

Under Secretary to the Government of India

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4. All Pr. DGsIT/ Pr. CCsIT
5. All Joint Secretaries/ CsIT/ Directors/ Deputy Secretaries/ Under Secretaries of CBDT
6. The C&AG of India
7. The JS & Legal Adviser, Ministry of Law & Justice, New Delhi
8. Pr.CIT (M&TP), Official Spokesperson of CBDT
9. O/o DGIT (Systems), New Delhi for uploading on official website.
10. JCIT (Database Cell), CBDT for uploading on [www.irs-officersonline.gov.in](http://www.irs-officersonline.gov.in)