

# Tax Policy

## **Overview:**

The Company is engaged in providing Life Insurance services, offering a diverse range of innovative products and services viz. term insurance, pension & annuity, long term savings and health solutions. Committed to corporate responsibility, the Company and its subsidiary prioritize sustainable business practices and value creation for all stakeholders.

## **Tax Approach:**

Guided by the principles and expectations set forth by the Direct & Indirect Tax Departments, the Company's tax strategy emphasizes:

- Transparency in disclosures
- Fulfillment of compliance obligations
- Accuracy in record-keeping
- Timely submissions and payment of statutory dues

## **Legislative Framework:**

The Company operates within the framework of various taxation laws, including:

- 1) Direct Tax:
  - i. The Income Tax Act, 1961
- 2) Indirect Tax:
  - i. The Goods and Services Tax Law
  - ii. Professional Tax

## **Tax Accounting:**

- 1) Direct Tax:

The taxation of life insurance business in India is currently governed by Section 44 and the First Schedule of the Income Tax Act, 1961. The ambit of Direct tax covers the following areas:

  - i) Income Tax: The Company is required to pay income tax as per the provisions the Income Tax Act, 1961.
  - ii) Tax deducted at source/Tax collected at source payable: Company is liable to deduct/ collect tax at source as per Chapter XVII of the Income Tax Act 1961.
  - iii) From an accounting perspective, Deferred Tax Assets: Deferred tax assets are recognized in line with Accounting Standard (AS) 22.

## 2) Indirect Tax:

Indirect taxes are the taxes levied on the service or the products and where the incidence of such taxes are borne by consumers or service recipients. Currently the Goods and Services Tax (GST) Laws lay down the provisions to be complied with by the Company in this regard. The key areas of this legislation are as under:

- i) Goods and Services tax payable: GST is charged on provision of service and is collected by service provider and deposited with the Government.
- ii) Input tax credit availment & utilization: Input tax credit is taken on the eligible input services as defined under GST law. Input tax credit so availed, is utilized as per the prevailing provisions under GST law. The availment and utilisation of input tax credit is accounted in the respective State's input tax credit account.
- iii) Professional tax: Professional Tax is levied by state governments on the income earned by way of profession, trade or employment. Professional tax is paid on salary of employees and in some states on advisor commission as applicable.

## **Tax Compliance :**

The Company ensures compliance with Indian tax laws and regulations by:

- 1) Timely payment of statutory taxes
- 2) Filing of tax returns within prescribed timelines
- 3) Transparent handling of tax enquiries and audits
- 4) Conducting transactions with related parties at arm's length
- 5) Paying taxes on profits in jurisdictions where value is generated, thereby complying arm's length principle as per local transfer pricing rules

## **Tax Risk Management:**

Internal processes are in place to manage tax litigations and external legal opinions are sought as needed. Ongoing reviews of internal controls ensure effective risk management with the management and the Board being kept informed of high-risk tax matters.