

## Frequently Asked Questions on Kerala Flood Cess

Q. What is the basis of introduction of Kerala Flood Cess?

A. The Government of Kerala has vide its notification bearing no: G.O.(P)No.80/2019/TAXES dated May 25, 2019 has introduced levy of Kerala Flood Cess with effect from June 01, 2019. The Government has vide its circular / notification dated May 31, 2019 postponed this and it will now be applicable from July 01, 2019.

Q. What is the basis of levy of Kerala Flood Cess in relation to Life Insurance services?

A. Kerala Flood Cess shall be levied on intra - state supplies of services made by the Company to those policyholders who are residing in Kerala and are not registered under GST.

Example: If the policy is logged in any branch of Kerala and if the policyholder's (not registered under GST) address as per Company's records is also of Kerala then Kerala Flood Cess will be applicable.

Example: If the policy is logged in any branch of Kerala but the policyholder's (not registered under GST) address as updated in the Company's records pertains to outside Kerala, then Kerala Flood Cess shall not be applicable.

Example: If the policy is logged in any branch of Kerala however the policyholder is working in Mumbai or any in state outside Kerala, then Kerala Flood Cess shall not be applicable.

Q. What is meant by intra - state supply of services?

A. Intra - state supply means supply of services within the same state itself.

Q. Does the policyholder have to pay Kerala Flood Cess even when he is duly registered under the Goods and Services Act (GST)?

A. This levy is applicable only where the supply is made by a taxable person to an unregistered person. Hence, if a policyholder is duly registered under GST then Kerala Flood Cess is not applicable.

Q. On which amount will Kerala Flood Cess be collected?

A. This will be collected on the taxable value of the supplies made.

Q. At what rate Kerala Flood Cess will be levied?

A. It will be levied @ 1% on taxable value of services.

Q. Is Kerala Flood Cess applicable in addition to Goods and Services Tax Act?

A. Yes, this is applicable in addition to Goods and Services Tax Act.

Q. Is Kerala Flood Cess applicable only on new policies issued from July 01, 2019?

A. This is applicable to all the premiums that become due and payable with effect from July 01, 2019 irrespective of it been first premium or renewal premium.

Q. What if the policyholder pays the due premium however does not pay Kerala Flood Cess?

A. In this scenario, the premium amount paid by the policyholder shall be kept in the policy suspense account and shall not be applied to the policy till the time full premium amount along with the cess is received by the Company.

Q. Is Kerala Flood Cess applicable on all products?

A. Yes, it is applicable on all products irrespective of the nature of product.

Q. Is the policyholder required to pay Kerala Flood Cess even when he has donated some amount on his own to the Government?

A. Yes, the policyholder is required to make due payment towards Kerala Flood Cess under the policy. In the absence of which, the premium paid will not be applied to the policy and will be kept in policy suspense account.

Q. In case of cancellation of policy due to any reason will I get refund of amount paid towards Kerala Flood Cess?

A. No, the amount paid towards Kerala Flood Cess will not be refunded in the event of cancellation of the policy.

Q. For how many years the policyholder will have to pay Kerala Flood Cess?

A. As per the notification issued, the levy of cess shall continue for a period of two years.

Q. How is taxable value calculated for different types of products?

A. Taxable value for different products is calculated as given below:

Product category	Existing rate			Revised rate			
	CGST	SGST	Total	CGST	SGST	Cess	Total
Term premium	9.00%	9.00%	18%	9.00%	9.00%	1.00%	19.00%
ULIP charges	9.00%	9.00%	18%	9.00%	9.00%	1.00%	19.00%
Health insurance premium	9.00%	9.00%	18%	9.00%	9.00%	1.00%	19.00%
Rider premium	9.00%	9.00%	18%	9.00%	9.00%	1.00%	19.00%
Annuity: Single premium	0.90%	0.90%	1.80%	0.90%	0.90%	0.10%	1.90%
Endowment: First year premium	2.25%	2.25%	4.50%	2.25%	2.25%	0.25%	4.75%
Endowment: Renewal premium	1.13%	1.13%	2.25%	1.13%	1.13%	0.13%	2.38%