

“0% GST on life and health insurance : What It Means for You”



update

01

The GST Council, in its 56th meeting, announced zero GST on life and health insurance. Finance Minister Nirmala Sitharaman confirmed the complete removal of the 18% tax previously applied to individual life and health insurance policies. This new regulation takes effect on September 22, 2025.



Source: <https://www.cbic.gov.in/>

Relief in Healthcare Sector

Items	From	To
Individual Health & Life Insurance	18%	Nil
Thermometer	18%	5%
Medical Grade Oxygen	12%	5%
All Diagnostic Kits & Reagents	12%	5%
Glucometer & Test Strips	12%	5%
Corrective Spectacles	12%	5%

02

September

22

Effective from September 22, 2025.

**Applicable
for**

All individual life insurance policies including term, ULIP, and endowment plans and reinsurance services thereof.

All individual health insurance policies including family floater plans and senior citizen policies and the reinsurance services thereof.

Excludes

Group insurance policies, such as employer-sponsored health or life schemes, will continue to attract 18% GST



SAVINGS

Beyond the GST amount

03

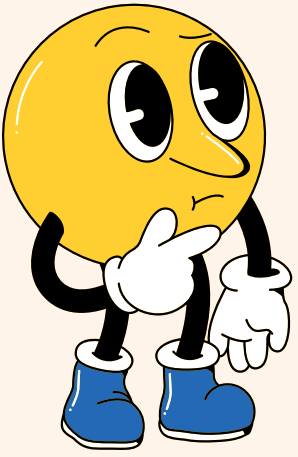
Life/Health Insurance Policy		
Premium amount Earlier (18% GST)	Premium amount Now (Nil GST)	Savings
₹ 1,18,000	₹ 1,00,000	₹ 18,000

“If the amount previously paid as GST were invested at a risk-free return of 3%, it would generate additional interest income. [considering simple interest , as mentioned below]”

Earlier	Now	Savings
0	₹ 540	₹ 540



This translates into a cost reduction of ₹18,540, representing the opportunity gain arising from the removal of GST on an annual insurance premium of ₹ 100,000.



WHAT
DO YOU
THINK?

CHEAPER PREMIUMS OR HIDDEN HIKES?

The change is anticipated to directly lower the overall cost borne by consumers, thereby enhancing the affordability of insurance for individuals and families.

However, the key factor lies in whether insurers are permitted to claim **Input Tax Credit (ITC)** on expenses such as agent commissions, rent, marketing services etc. In the absence of ITC benefits, insurers may potentially increase the base premium to offset the resulting loss.

The real impact will unfold over time.

