

KOLKATA: The Life Insurance Corporation of India, the country's largest insurance company, has received a Rs 2,050-crore service tax notice from the Directorate-General of Goods & Services Tax Intelligence (DGGI).

Tax officials said the notice was issued by the DGGI's Kolkata zonal office for alleged "suppression of facts with intent to evade payment of service tax" on forfeited policies (policies discontinued because of non-payment of premium). The DGGI notice to [LIC](#) was for non-payment of service tax on forfeited policies since July 2012.

LIC officials admitted getting the DGGI notice "based on tax officials' interpretation of certain provisions of the Finance Act" but added that they had replied to the notice and there was no suppression of facts. "We have already replied to the notice, presenting our side. We have provided, through documents and depositions, every piece of information sought by the DGGI.

As one of the highest tax-paying and most tax-compliant institutions in the country, we would like to categorically state that, on our part, neither is there any suppression of facts nor any intention to evade tax," the LIC said in an mailed response to TOI.

The Kolkata DGGI notice can become a precedent in an industry that has 23 life insurance companies besides LIC, say GST officials. GST expert Sanjib Kothari said companies could go for adjudication in such cases but felt it would be better to pay the tax after asking for waiver of the penalty and interest portions. "Defaulters may have to pay the entire amount if they opt for adjudication and their plea is dismissed," he said.

The DGGI notice, a copy of which is with TOI, says: "The mention of forfeiture-related conditions have been there in policy documents pertaining to endowment policies sold by LIC both before and after statutory provisions in new sections of the [Finance Act 1994](#) came into effect from July 2012."