



LIFE INSURANCE TAXABILITY AND TAX BENEFIT



LIFE INSURANCE POLICY BOUGHT TODAY

PREMIUM

22000 P.A.

SUM ASSURED

Rs.2,00,000

What will be the Section 80 C Benefit

FULL 22000/- Deduction

Less than 22000 Deduction

No Deduction at All

1. TAXABILITY



MATURITY



SECTION 10 (10D)

2. TAX BENEFIT

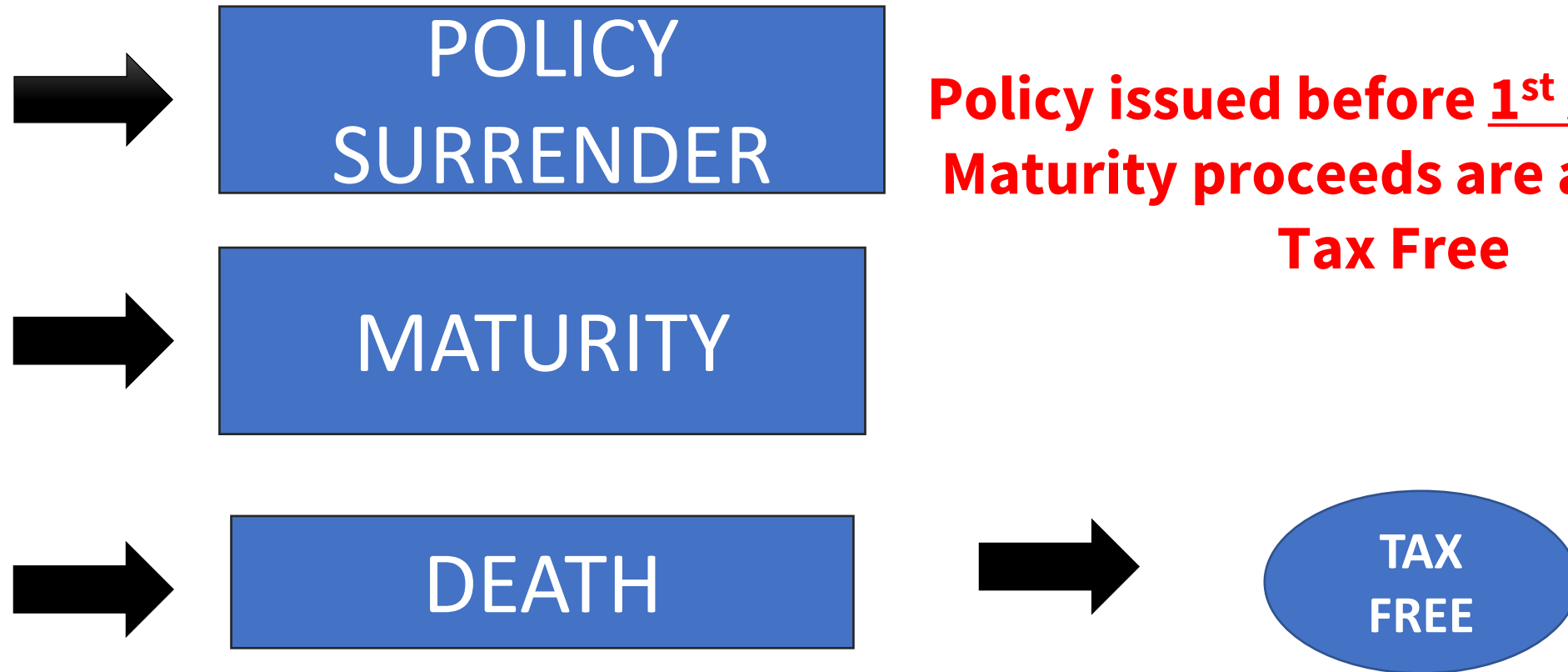


DEDUCTION OF
PREMIUM



SECTION 80 C

1. TAXABILITY



POLICIES ISSUED AFTER 1ST APRIL 2003 BUT BEFORE 1ST APRIL 2012

Life Insurance Maturity is Exempt If the sum assured is at least 5 times the premium for the policies issued before 1st April 2012

PREMIUM- Rs. 10000

SUM ASSURED-40000

PREMIUM- Rs. 10000

SUM ASSURED -50000



PREMIUM- Rs. 10000

SUM ASSURED- 65000



POLICIES ISSUED AFTER 1ST APRIL 2012

Life Insurance Maturity is Exempt If the sum assured is at least 10 times the premium for the policies issued before 1st April 2012

PREMIUM- Rs. 10000

SUM ASSURED-100000 ✓

PREMIUM- Rs. 10000

SUM ASSURED -90000

PREMIUM- Rs. 10000

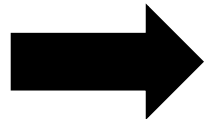
SUM ASSURED- 110000 ✓

2. TAX BENEFIT

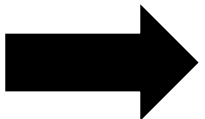
UP TO 1.5 LAC UNDER SECTION 80C



SELF



SPOUSE



CHILDREN

- MINOR
- MAJOR
- MARRIED
- UNMARRIED
- INDEPENDENT
- DEPENDENT

DEDUCTIONS ALLOWED FOR POLICIES ISSUED BEFORE 1ST APRIL 2012

**SECTION 80 C BENEFIT CAN'T BE MORE THAN
20% OF SUM ASSURED**

**PREMIUM PAID - Rs.
100000**

SUM ASSURED-400000

SECTION 80 C BENEFIT WILL BE 80000

DEDUCTIONS ALLOWED FOR POLICIES ISSUED BEFORE 1ST APRIL 2012

**SECTION 80 C BENEFIT CAN'T BE MORE THAN
20% OF SUM ASSURED.**

**PREMIUM PAID - Rs.
100000**

SUM ASSURED-600000

SECTION 80 C BENEFIT WILL BE 100000

DEDUCTIONS ALLOWED FOR POLICIES ISSUED AFTER 1ST APRIL 2012

**SECTION 80 C BENEFIT CAN'T BE MORE THAN
10% OF SUM ASSURED.**

**PREMIUM PAID - Rs.
100000**

SUM ASSURED-750000

**SECTION 80 C BENEFIT WILL ONLY BE ALLOWED
TO THE EXTENT OF 75000**

DEDUCTIONS ALLOWED FOR POLICIES ISSUED AFTER 1ST APRIL 2012

**SECTION 80 C BENEFIT CAN'T BE MORE THAN
10% OF SUM ASSURED.**

**PREMIUM PAID - Rs.
100000**

SUM ASSURED-1200000

SECTION 80 C BENEFIT WILL BE 100000

**AMENDMENT IN ULIP TAXATION IN FINANCE FOR THE ULIP POLICY BOUGHT
ON OR AFTER
1ST FEB 2021**

education

If annual premium or aggregate of all premiums of ULIP plans exceeding Rs 2,50,000 in any financial year during the term of the plan



Capital gain tax implication similar to equity oriented mutual fund (10 per cent exceeding Rs 1 lakh) has been proposed

TDS ON LIFE INSURANCE MATURITY

TDS will be applicable when your maturities are taxable

**TDS WILL BE ON
PAYMENT RECEIVED- INSURANCE PREMIUMS PAID**

The rate of tax u/s 194 DA is 5%

No deduction if the aggregate amount during the financial year is Rs. 100000

Example

- **Ravi, a resident received Rs. 7,50,000 on 30.04.2020 on maturity of her life insurance policy taken on 01.05.2012. The policy sum assured is Rs. 1,00,000 and annual premium being Rs. 12000.**

Key Man Insurance Policy

- Treatment of Payments – for the Company All claims – maturity, surrender or death benefit received by the company are taxable.
 - In case of the keyman retiring, the company may surrender the policy for its cash value, or assign the policy absolutely in favour of the keyman.
 - In case of an assignment, the surrender value of the policy at the time of assignment may be treated as perquisite in the hands of the employee, and taxed accordingly by the assessing authority.
- Insurance Worth of a Keyman :