

GOVERNMENT OF ASSAM
OFFICE OF THE PRINCIPAL COMMISSIONER OF STATE TAX
CUM COMMISSIONER OF TAXES, ASSAM
KAR BHAWAN :: DISPUR, GUWAHATI-6

CIRCULAR NO. 134/2021-GST

Dated Dispur the 11th January, 2023

Subject: Clarification on various issue pertaining to GST-reg.

No. CT/GST-15/2017/791.— Representations have been received from the field formations seeking clarification on certain issues with respect to –

- i. taxability of No Claim Bonus offered by Insurance companies;
 - ii. applicability of e-invoicing w.r.t an entity.
2. In order to clarify the issue and to ensure uniformity in the implementation of the provisions of law across the field formations, the Principal Commissioner of State Tax, in exercise of its powers conferred by section 168 of the Assam Goods and Services Tax Act, 2017 (hereinafter referred to as “Assam GST Act”), hereby clarifies the issues as under:

Sl. No.	Issue	Clarification
Taxability of No Claim Bonus offered by Insurance companies		
1.	Whether the deduction on account of No Claim Bonus allowed by the insurance company from the insurance premium payable by the insured, can be considered as consideration for the supply provided by the insured to the insurance company, for agreeing to the obligation to refrain from the act of lodging insurance claim during the previous year(s)?	As per practice prevailing in the insurance sector, the insurance companies deduct No Claim Bonus from the gross insurance premium amount, when no claim is made by the insured person during the previous insurance period(s). The customer/ insured procures insurance policy to indemnify himself from any loss/ injury as per the terms of the policy, and is not under any contractual obligation not to claim insurance claim during any period covered under the policy, in lieu of No Claim Bonus. It is, therefore, clarified that there is no supply provided by the insured to the insurance company in form of agreeing to the obligation to refrain from the act of lodging insurance claim during the previous year(s) and No Claim Bonus cannot be considered as a consideration for any supply provided by the insured to the insurance company.

2. Whether No Claim Bonus provided by the insurance company to the insured can be considered as an admissible discount for the purpose of determination of value of supply of insurance service provided by the insurance company to the insured?

As per clause (a) of sub-section (3) of section 15 of the Assam GST Act, value of supply shall not include any discount which is given before or at the time of supply if such discount has been duly recorded in the invoice issued in respect of such supply.

The insurance companies make the disclosure of the fact of availability of discount in form of No Claim Bonus, subject to certain conditions, to the insured in the insurance policy document itself and also provide the details of the no claim Bonus in the invoices also. The pre-disclosure of NCB amount in the policy documents and specific mention of the discount in form of No Claim Bonus in the invoice is in consonance with the conditions laid down for deduction of discount from the value of supply under clause (a) of sub-section (3) of section 15 of the Assam GST Act.

It is, therefore, clarified that No Claim Bonus (NCB) is a permissible deduction under clause (a) of sub-section (3) of section 15 of the Assam GST Act for the purpose of calculation of value of supply of the insurance services provided by the insurance company to the insured. Accordingly, where the deduction on account of No claim bonus is provided in the invoice issued by the insurer to the insured, GST shall be leviable on actual insurance premium amount, payable by the policy holders to the insurer, after deduction of No Claim Bonus mentioned on the invoice.

Clarification on applicability of e-invoicing w.r.t an entity

<p>3. Whether the exemption from mandatory generation of e-invoices in terms of Notification No. FTX.56/2017/Pt-II/545 dtd. 22/05/2020, as amended, is available for the entity as whole, or whether the same is available only in respect of certain supplies made by the said entity?</p>	<p>In terms of Notification No. FTX.56/2017/Pt-II/545 dtd. 22/05/2020, as amended, certain entities/sectors have been exempted from mandatory generation of e-invoices as per sub-rule (4) of rule 48 of Central Goods and Services Tax Rules, 2017. It is hereby clarified that the said exemption from generation of e-invoices is for the entity as a whole and is not restricted by the nature of supply being made by the said entity.</p> <p>Illustration: A Banking Company providing banking services, may also be involved in making supply of some goods, including bullion. The said banking company is exempted from mandatory issuance of e-invoice in terms of Notification No. FTX.56/ 2017/Pt-II/545 dtd. 22/05/2020, as amended, for all supplies of goods and services and thus, will not be required to issue e-invoice with respect to any supply made by it.</p>
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3. This Circular is clarificatory in nature and not meant for any interpretation of provisions of the Act and rules.
4. Difficulties, if any, in implementation of the above instructions may be brought to the notice of the Principal Commissioner at an early date.

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(Rakesh Agarwala, IAS)

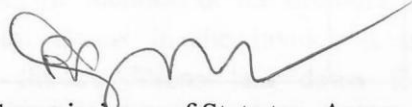
Principal Commissioner of State tax, Assam,
Dispur, Guwahati

Memo No. CT/GST-15/2017/791-A

Dated Dispur the 11th January, 2023

Copy to :

1. The Commissioner & Secretary to the Government of Assam, Finance (Taxation) Department, Dispur, Guwahati-6 for favour of kind information.
2. The Commissioner of Central GST, Guwahati / Dibrugarh for information.
3. The Special Commissioner of State tax (All) / Additional Commissioner of State tax (All)/ Joint Commissioner of State tax (All) / Deputy Commissioner of State tax (All) / Assistant Commissioner of State tax (All) / Superintendent of State tax (All) for information and necessary action.
4. The Information Technology Officer, Office of the Commissioner of State tax, Assam for uploading it on the website of the Commissionerate for information of all concerned.



Principal Commissioner of State tax, Assam,
Dispur, Guwahati