



THE COTTON TEXTILES EXPORT PROMOTION COUNCIL

(Sponsored By Government of India)

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Sub : Clarification on various issue pertaining to GST

Dear Member,

CBIC vide Circular No.186/18/2022-GST dated 27th December, 2022 ([copy enclosed](#)) issued a clarification on various issues pertaining to GST.

CBIC had received representations from the field formations seeking clarification with respect to –

1) Taxability of No Claim Bonus offered by Insurance companies;

-- It is 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.

-- Further, clarified that No Claim Bonus (NCB) is a permissible deduction under clause (a) of sub-section (3) of section 15 of the CGST 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.

2) Applicability of e-invoicing w.r.t an entity:

-- It is clarified that the exemption from mandatory generation of e-invoices in terms of NN. 13/2020- Central Tax, is for the entity as a whole and is not restricted by the nature of supply being made by the said entity.

For more information, members may kindly refer to the above said Circular.

Members may please take a note of the above.

Regards,

Dr. Siddhartha Rajagopal
Executive Director

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