

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:772  
ANSWERED ON:12.11.2010  
SERVICE TAX ON HEALTH INSURANCE  
Kumar Shri Kaushalendra;Ramkishun Shri

**Will the Minister of FINANCE be pleased to state:**

- (a) whether Government proposes to levy service tax on the amount received on health insurance of Employees State Insurance Corporation (ESIC);
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has received representation against this move; and
- (d) if so, the details thereof and the response of the Union Government thereto?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a) and (b): Health insurance which falls under general insurance, became taxable as early as 1st July, 1994, by virtue of section 65(105)(d) of Finance Act, 1994. Any health insurance service, provided by an insurer for a consideration, is subject to service tax, in the hands of service provider, since the year 1994.

(c) and (d): A representation dated 22.10.2010 has been received from Shri Mallikarjun Kharge, Honourable Union Minister of Labour and Employment, addressed to the Honourable Finance Minister, that Employees State Insurance Corporation (ESIC) and Employees Provident Fund Organization (EPFO) may be exempted from service tax. The representation is being examined.