

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1681
ANSWERED ON:23.03.2012
SERVICE TAX ON CASHLESS FACILITY QUESTION
Siddeswara Shri Gowdar Mallikarjunappa

Will the Minister of FINANCE be pleased to state:

- (a) whether insurance companies charge service tax on the claim amount submitted to them in case of cashless facility extended to the beneficiaries:
- (b) if so, the details thereof for the last three years: and
- (c) whether any objection has been received from any quarter in this connection and if so, the Government's reaction thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (c): Public Sector General Insurance Companies do not charge Service Tax on Cashless Hospitalization claims. However, hospitals were charging Service Tax on Cashless Hospitalization from 01.07.2010 to 30.04.2011 as per the provisions of the Finance Act, 2010. The amount so charged by the hospitals was also paid by the Insurance Companies, if the claims were admitted subject to the limit of Sum Insured. However, the Service tax on cashless payments was withdrawn vide Government of India Notification No.30/2011 effective from 01.05.2011.