FEDERATION OF SBI PENSIONERS' ASSOCIATIONS

Regn. No. S/17025 of 1986 Under Societies Registration Act 1860 (Delhi)

ADMINISTRATIVE OFFICE, BENGALURU

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(All letters to be addressed to the General Secretary)

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G.D. NADAF
General Secretary
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Circular No: FSBIPA/29/2026 **Date: 19-09-2026**

To

All Affiliates,

Sub: Exemption of Medical Insurance Premium from GST in respect of Bank Pensioners & Retirees being Individual, Senior Citizens paying the Premium themselves.

We reproduce hereunder letter No.CBPRO/GST Council/14/-2026 dated 19-09-2026, addressed to the Chairman, GST Counsil of India and endorsed to the Secretary DFS, Chairman IBA and Members of the GST Counsil, for your information.

With regards,

Yours faithfully

(G.D. NADAF)
GENERAL SECRETARY

COORDINATION OF BANK PENSIONERS' AND RETIREES ORGANISATIONS

(Federation of SBI Pensioners' Associations, AIBPARC, RBONC, AIRBEA, FORBE and AIBRAF)

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CBPRO/GST Council/14/-2026 **Date: September 19, 2026**

To
Smt. Nirmala Sitharaman ji,
The Chairperson,
GST Council of India,
Ministry of Finance,
New Delhi

Respected Madam,

Sub: Exemption of Medical Insurance Premium from GST in respect of Bank Pensioners & Retirees being Individual, Senior Citizens paying the Premium themselves.

1. We have been taking up the issue of exemption of the Medical Insurance Premium from the levy of GST in respect of our members who are Senior Citizens and have been paying 100 per cent of the premium by themselves on an annual basis and the Premium amount exceeding more than two months of their Pension amount.

We had meetings with the Senior Officials of the Central Board of Indirect Taxes in North Block in pursuance of our request. During those meetings, we gained an impression that our request was under an active consideration of the Government.

2. We felt very happy when the Government notified the new GST Framework with an underlying objective to alleviate the financial burden of the insurance premium of an individual and also the Senior Citizen having health insurance with family floater benefit and thereby exempting them from the levy of GST. **The Bank Pensioners and Retirees are having a Health Insurance Cover under a Medical Insurance Policy negotiated by the Indian Banks' Association with the Unions in pursuance of the directions issued by the Department of Financial Services vide letter dated 24.02.2012.** The said policy is for both the Serving and Retired employees of the Banks. While the premium for the Serving Employees is borne by the respective Banks, **the Pensioners are given the option to join the policy if only they are willing to pay the premium from their own account. It is thus evident that the Pensioners who are extended the benefit of Medical Insurance on a Family Floater basis are individuals and also Senior Citizens. Hence, they qualify to be eligible for the exemption from the levy of GST on the amount of the premium paid by them.**

3. Despite such notification, the Insurance Company preferred to levy the GST on the premium amount on the pretext that ours was a Group Policy. We again had a meeting with the senior officials of the CBITC/GST Council at North Block and represented our case. We also cited the clarification issued by the Government on 17.09.2025 about the definition of the Group as under:

fzb(a)
Employer-employees group, where an employer-employees relationship exists in accordance with the law with commonality of purpose, or engaging in common economic activity (other than availing insurance) GST is applicable for this group Health Insurance.

(Bank Pensioners do not qualify to be a group under this clause)

fzb(b)
Non-employer- employee groups, where a clearly evident relationship exists between the Master/Group Policy Holder and the members of the group for services/activity other than for availing insurance. Since such a group is engaged in service and activity other than insurance the GST would be applicable.

(We are not coming under this group)

4. In our case the bank pensioners have joined together -

i) with a commonality of purpose for availing health insurance on optional basis.

ii) not engaged in any common economic activity.

iii) not joined for doing service or any other activity.

It is therefore, clear that the Bank Pensioners do not fall in the category of Group as defined by GST Notification.

In this backdrop, we the Bank Pensioners and Retirees being the individuals and also Senior Citizens, ourselves bearing the health insurance premium, the equity demands that the GST Exemption on the health insurance premium paid by us is allowed so as to meet the policy objective of alleviating our financial burden.

5. Respected Madam, you will appreciate that there should be a fair and equitable connect between the proclaimed objective and the ultimate outcome of a policy.

6. When the purpose of GST Exemption on medical insurance premium is to alleviate the financial burden of the individuals and the Senior Citizens on family floater medical insurance, the criteria for the rational and reasonable classification ought to be ***WHO PAYS THE PREMIUM* and not *IS THE INSURANCE POLICY SEPARATE FOR EACH INDIVIDUAL OR A CONSOLIDATED POLICY FOR MANY? ***

7. The consolidated Policy for both serving and retired employees is only for the administrative convenience for the sake of Collection of Premium from the Bank Pensioners and Retirees individually to the Debit of their Accounts. This arrangement should not be used to the detriment of our members who are individuals, and Senior Citizens, who bear the entire amount of premium to get the benefit of a family floater scheme.

8. We earnestly request you to help us by extending the much-needed relief and part-alleviate our financial burden pending decision on the banks bearing the medical insurance premium in terms of DFS letter dated 24.02.2012 and oblige.

With respectful regards,

Yours faithfully,

G D Nadaf K.V. Acharya
Joint Convenors, CBPRO