Create value with business insurance solutions by HDFC Life

Employer Employee 2 scheme

Under this program, an insurance plan is designed for business owners and companies to provide additional supplemental benefits to employees, largely used for employee retention and motivation.

Key highlights of the policy

- A customizable tool to reward performers and boost their efficiency and productivity
- Premiums are paid by the employer - The employee will feel valued
- Employer helps the chosen employee in wealth accumulation for future goals
- Life cover and deduction under Sec 37(1) of Income tax may be claimed* for premiums paid subject to fulfilment of terms and conditions stated

*Tax benefits are subject to changes in tax laws. The customer is requested to seek tax advice from his Chartered Accountant or personal tax advisor with respect to his personal tax liabilities under the Indian Income-tax law.

Employer employee 2 scheme Overview & Taxation

Employer:

i. All the Premiums paid by the employer before assignment – May be allowed as deduction u/s 37(1) of the Income-tax Act, 1961 subject to the conditions stated therein and subject to tax authorities allowing the claim.

ii. The Surrender value received by the employer, if any, will be liable to tax in the hands of the employer.

iii. On assignment to the employee, it is employer's liability to deduct tax at source u/s 192 of the Income tax Act,1961, on the surrender value of the policy.

Employee:

i. During pre assignment period, premiums paid by the employer should not be treated as perquisite.

ii. Post assignment, premiums paid by the employer on behalf of the employee should be treated as perquisite.

iii. At the time of assignment of the policy to the employee, the employee will have to pay tax on the then surrender value of the policy.

iv. On maturity/surrender of the policy, it will not get the section 10(10D) of the Income-tax Act, 1961, benefit onaccount of the change in law on and from April 1, 2013.

v. Therefore after maturity, the maturity proceeds will become taxable.

vi. On death, proceeds paid will become taxable.

vii. While making the payment either on surrender/maturity/death, the Insurer will deduct tax at source @5% (with effect from September 1, 2019) if PAN is provided by the policyholder and is linked with Aadhar, or @20% if PAN is not provided by the policyholder or PAN provided by the policyholder is not linked with Aadhar. Tax deduction at source shall be @10% if PAN is provided and its status is a "specified person" as per section 206AB of the Income-tax Act, 1961.

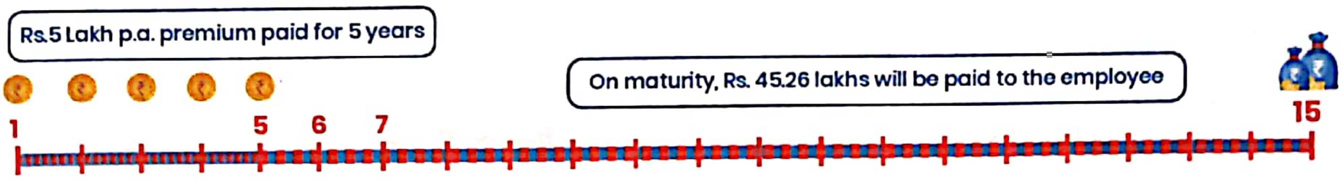
Please note: The above is our understanding of the current Indian Incometax law. The customer is requested to seek tax advice of his Chartered Accountant or personal tax advisor with respect to his personal tax liabilities under the Indian Income-tax law.

Employer Employee 2 scheme Illustrated Example

Proposer	Employer
Life Assured	Employee
Premium Payor	Employer
Policy Owner	Employer

Ms. Alia, 45, is a senior executive with Spic Laboratories. For her long service, the organisation wants to gift her HDFC Life Sanchay Fixed Maturity Plan.

Sum Assured: Rs. 50,00,000; Annual Premium: Rs. 5L; PPT: 5 years; Lock-in period: 5 year; Policy term: 15 years



The above illustration and values are purely for explanatory purposes.

Suggested Solutions: HDFC Life Sanchay Plus, HDFC Life Sanchay Par Advantage (deferred income option), HDFC Life Sanchay Fixed Maturity Plan

HDFC Life

Sar utha ke jiyo!

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HDFC Life Sanchay Plus (UIN:101N134V23) is a Non-Participating, Non-Linked Savings Insurance Plan. HDFC Life Sanchay Fixed Maturity Plan (UIN:101N142V06) is a Non-Linked, Non-Participating, Individual, Savings, Life Insurance Plan. HDFC Life Sanchay Par Advantage (UIN:101N136V03) is a Non-Linked, Participating, Life Insurance Plan. Life Insurance Coverage is available in this product. For more details on risk factors, associated terms and conditions and exclusions please read sales brochure carefully before concluding a sale.ARN: MC/07/24/13477.