

ULIP	A
Date of issue	01.04.2011
Annual premium (Rs)	5,00,000
Sum assured (Rs)	50,00,000
Consideration received as on 01.11.2021 on maturity	60,00,000

Taxability as per fourth proviso to clause (10D) of section 10 of the Act:

The sum received on maturity will be exempt under clause (10D) of section 10 of the Act as the policy has been issued before 01.02.2021 and accordingly not covered by the 4th to 7th provisos to the said clause (10) of section 10, inserted by Finance Act, 2021.

Example 2:

The assessee has the following policy which satisfies all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the fourth and fifth proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible ULIPs in earlier previous years preceding the previous year 2031-32.

ULIP	A
Date of issue	01.04.2021
Annual premium (Rs)	5,00,000
Sum assured (Rs)	50,00,000
Consideration received as on 01.11.2031 on maturity	60,00,000

Taxability as per fourth proviso to clause (10D) of section 10 of the Act:

- The consideration received will not be exempt under clause (10D) as per the provisions of fourth proviso since the annual premium payable on the policy exceeded Rs 2,50,000.

Example 3:

The assessee has the following policy which satisfies all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the fourth and fifth

proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible ULIPs in earlier previous years preceding the previous year 2031-32.

ULIP	A
Date of issue	01.04.2021
Annual premium (Rs)	2,50,000
Sum assured (Rs)	25,00,000
Consideration received as on 01.11.2031 on maturity	32,00,000

Taxability as per fourth proviso to clause (10D) of section 10 of the Act:

The consideration received will be exempt under clause (10D) as the provisions of fourth proviso will not apply since the annual premium payable on the policy does not exceed Rs 2,50,000.

Example 4:

The assessee has the following policies all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the fourth and fifth proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible ULIPs in earlier previous years preceding the previous year 2031-32.

ULIP	A	B
Date of issue	01.04.2021	01.04.2021
Annual premium (Rs)	2,00,000	3,00,000
Sum assured (Rs)	20,00,000	30,00,000
Consideration received as on 01.11.2031 on maturity	22,00,000	35,00,000

Taxability as per fifth proviso to clause (10D) of section 10 of the Act:

- The consideration received under ULIP “B” will not be exempt under clause (10D) as per the provisions of fifth proviso, since aggregate of the annual premium payable for ULIP “A” and ULIP “B” exceeds Rs 2,50,000 during the term of these policies. However, the consideration received under ULIP “A” shall be exempt under clause

(10D) since its annual premium does not exceed Rs 2,50,000 in any of the previous years during the term of the policy.

Example 5:

The assessee has the following policies all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the fourth and fifth proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible ULIPs in earlier previous years preceding the previous year 2031-32.

ULIP	A	B	C
Date of issue	01.04.2021	01.04.2021	01.04.2021
Annual premium (Rs)	1,00,000	1,50,000	3,00,000
Sum assured (Rs)	10,00,000	15,00,000	30,00,000
Consideration received as on 01.11.2031 on maturity	12,00,000	18,00,000	34,00,000

Taxability as per fifth proviso to clause (10D) of section 10 of the Act:

- The consideration received under ULIP “C” will not be exempt under clause (10D) as per the provisions of fifth proviso since aggregate of the annual premium payable for ULIP “A”, ULIP “B” and ULIP “C” exceeds Rs 2,50,000 during the term of these policies.
- However, the consideration received under ULIPs “A” and “B” shall be exempt under clause (10D), since aggregate of annual premium payable for these two policies does not exceed Rs 2,50,000 for any previous year during the term of these two policies.

Example 6:

The assessee has the following policies all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the fourth and fifth proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible ULIPs in earlier previous years preceding the previous year 2030-31.

ULIP	X	A	B	C
Date of issue	01.04.2020	01.04.2021	01.04.2021	01.04.2021
Annual premium (Rs)	2,50,000	1,00,000	1,50,000	3,00,000
Sum assured (Rs)	25,00,000	10,00,000	15,00,000	30,00,000
Consideration received as on 01.11.2030 on maturity	30,00,000			
Consideration received as on 01.11.2031 on maturity		12,00,000	18,00,000	34,00,000

Taxability as per fifth proviso to clause (10D) of section 10 of the Act:

- The consideration under ULIP “X” will be exempt under clause (10D) as the policy has been issued before 01.02.2021 and it is not covered by recently introduced provisions.
- The consideration received under ULIP “C” will not be exempt under clause (10D) as per the provisions of fifth proviso since aggregate of the annual premium payable for ULIP “A”, ULIP “B’ and ULIP “C” exceeds Rs 2,50,000 during the term of these policies.
- However, the consideration received under ULIPs “A” and “B” shall be exempt under clause (10D), since aggregate of annual premium payable for these two policies does not exceed Rs 2,50,000 for any previous year during the term of these two policies.

Example 7:

The assessee has the following policies all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the fourth and fifth proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible ULIPs in earlier previous years preceding the previous year 2031-32.

ULIP	X	A	B	C
Date of issue	01.04.2021	01.04.2022	01.04.2022	01.04.2022
Annual premium (Rs)	2,00,000	1,00,000	1,50,000	3,00,000
Sum assured (Rs)	20,00,000	10,00,000	15,00,000	30,00,000

Consideration received as on 01.11.2031 on maturity	25,00,000			
Consideration received as on 01.11.2032 on maturity		12,00,000	18,00,000	34,00,000

Taxability as per fifth proviso to clause (10D) of section 10 of the Act:

- The consideration under ULIP “X” will be exempt for the previous year 2031-32 under clause (10D) since the annual premium does not exceed Rs 2,50,000.
- The consideration received under ULIPs “A”, “B” and “C” will not be exempt under clause (10D) as per the provisions of fifth proviso since aggregate of the annual premium payable for these three ULIPs and ULIP “X” exceeds Rs 2,50,000 for the previous years 2022-23 to 2031-32 which fall under the tenure of these policies. The consideration under ULIP “A” will also not be eligible for exemption under the said clause as the aggregate of annual premium of ULIPs “X” and “A” exceeds Rs 2,50,000.

Example 8:

The assessee has the following policies all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the fourth and fifth proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible ULIPs in earlier previous years preceding the previous year 2031-32.

ULIP	X	A	B	C
Date of issue	01.04.2021	01.04.2022	01.04.2022	01.04.2022
Annual premium (Rs)	1,00,000	1,00,000	1,50,000	3,00,000
Sum assured (Rs)	10,00,000	10,00,000	15,00,000	30,00,000
Consideration received on maturity as on 01.11.2031	12,00,000			
Consideration received as on 01.11.2032 on maturity		12,00,000	18,00,000	34,00,000

Taxability as per fifth proviso to clause (10D) of section 10 of the Act:

- The consideration under ULIP “X” will be exempt under clause (10D) for the previous year 2031-32 since the annual premium does not exceed Rs 2,50,000.
- The consideration received under ULIP “B” only will be exempt under clause (10D) during the previous year 2032-33 while consideration received under ULIPs “A” and “C” will be taxable as per the provisions of fifth proviso.
- The exemption is restricted to consideration under ULIP “B” since aggregate of the annual premium payable for the ULIPs “X” and “B” together did not exceed Rs 2,50,000 for any of the previous years during the term of ULIP “B”.
- Here instead of ULIP “B”, we could have taken ULIP “A” as the aggregate of annual premium payable for ULIPs “X” and “A” is also less than Rs 2,50,000 during the term of these ULIPs. However, since including ULIP “B” instead of ULIP “A” is more beneficial to the assessee, ULIP “B” has been considered for exemption.

Example 9:

The assessee has the following policies all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the fourth and fifth proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible ULIPs in earlier previous years preceding the previous year 2031-32. **(It needs to be specified that consideration under ULIP “X” has not been claimed exempt)**

ULIP	X	A	B	C
Date of issue	01.04.2021	01.04.2022	01.04.2022	01.04.2022
Annual premium (Rs)	1,00,000	1,00,000	1,50,000	3,00,000
Sum assured (Rs)	10,00,000	10,00,000	15,00,000	30,00,000
Consideration received on maturity as on 01.05.2031	12,00,000			
Consideration received as on 01.05.2032 on maturity		12,00,000	18,00,000	34,00,000

Taxability as per fifth proviso to clause (10D) of section 10 of the Act:

- The consideration under ULIP “X” was not claimed to be exempt under clause (10D) by the assessee therefore it is not covered within the definition of old ULIP.
- The consideration received under ULIPs “A” and “B” will be exempt under clause (10D). However, since aggregate of the annual premium payable for the ULIPs “A” and “B” together did not exceed Rs 2,50,000 for any of the previous years during the term of any of these ULIPs “A” or “B” and ULIP “X” was not claimed to be exempt under clause (10D) the consideration received under ULIP “C” will be taxable as per the provisions of fifth proviso to the said clause (10D) of section 10 of the Act.

Example 10:

The assessee has the following policies all of which satisfy all the conditions laid down in clause (10D) of section 10 of the Act (other than the conditions provided under the fourth and fifth proviso of the said clause, applicability whereof is being explained in the example). The assessee did not receive any consideration under any other eligible ULIPs in earlier previous years preceding the previous year 2032-33 other than under ULIPs “X” and “Y”.

ULIP	X	Y	A	B	C
Date of issue	01.04.2021	01.04.2021	01.04.2022	01.04.2022	01.04.2022
Annual premium (Rs)	1,00,000	1,00,000	1,00,000	1,50,000	3,00,000
Sum assured (Rs)	10,00,000	10,00,000	10,00,000	15,00,000	30,00,000
Consideration received on surrender as on 01.07.2025	6,00,000				
Consideration received on maturity as on 01.11.2031		12,00,000			
Consideration received as on 01.11.2032 on maturity			12,00,000	18,00,000	34,00,000

Taxability as per fifth proviso to clause (10D) of section 10 of the Act:

- The surrender value of ULIP “X” and consideration received under ULIP “Y” on maturity will be exempt under clause (10D) since the annual premium does not exceed Rs 2,50,000 during the term of these policies.

- The consideration received under ULIPs “A”, “B” and “C” will be taxable under clause (10D) as per the provisions of fifth proviso to the said clause (10D) since aggregate of the annual premium payable for the ULIPs “X” and “Y” for the previous years 2021-22 to 2025-26 was Rs 2,00,000. If the annual premium of ULIP “A” or “B” or “C” is added then the aggregate of the premium will exceed Rs 2,50,000 for the previous years 2022-23 to 2025-26.
- As per the provisions of fifth proviso, in case of multiple ULIPs, the aggregate of the premium payable for all the policies which are claimed to be exempt under clause (10D) shall not exceed Rs 2,50,000 for any previous year during the term of any of the policies.

Example 11: If in Example 10, the assessee does not claim exemption with respect to the surrender value of ULIP “X”, then the consideration received under ULIP “Y” will be exempt for the previous year 2031-32 and the consideration received under ULIP “B” will be exempt for the previous year 2032-33 under clause (10D). The exemption is restricted to ULIP “B” since the aggregate of the annual premium payable for the ULIPs “Y” and “B” together did not exceed Rs 2,50,000 for any of the previous years during the term of ULIP “Y” or “B” and the assessee did not claim ULIP “X” as exempt. ULIP “B” is preferred in place of ULIP “A” as it is more beneficial to the assessee.

(Neha Sahay)

Under Secretary to the Government of India

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(Neha Sahay)

Under Secretary to the Government of India