

FICCI pitches for no TDS on health insurance claims

Apex industry body, Federation of Indian Chambers of Commerce and Industry (FICCI) has raised its voice to avail TDS (tax deduction at source) benefit on health insurance claims.

In case of cashless arrangements of health insurance claims, the ultimate beneficiary of such health care services is the individual. Therefore TDS should not be applicable on payments made towards settlement of claims by the insurance company to the hospital on behalf of the insured, said FICCI.

Besides that FICCI emphasized the need to enhance health insurance penetration in the country. According to FICCI it should be mandated that organizations insure every employee for a minimum amount of Rs 1 lakh. The employer should be allowed tax deduction on the premium paid. Moreover, the employee should have the flexibility to increase this cover; the additional premium so paid should also be tax exempt.

This should be over and above the cover extended under the ESI, CGHS and other government health insurance schemes, said FICCI.

In addition, 250% deduction of approved expenditure incurred on R&D activities related to indigenous development of medical technology should be provided, FICCI said in a note.

"To encourage move towards maintenance of EHR (Electronic Health Record), financial incentives/ grants should be provided to willing institutions. 250% deduction on investment made for the implementation of Electronic Health Record (EHR) should be extended," said FICCI.

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