



# Tax Policy

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## **1. Background**

SBI Life being one of India's leading life insurance companies with business operations across multiple locations, is mindful of obligation towards society, people and the environment. This is accomplished by doing business ethically - an integral part of SBI Life's core values.

SBI Life understands that taxes play an important role in creating greater economic and social impact, especially in the development of countries. The tax contributions are critical to our commitment to grow and support development in a sustainable, responsible, and socially inclusive way, for the benefit of all our stakeholders. In addition to promptly paying corporate income taxes and other indirect taxes the Company also collect and remit a significant amount of tax on behalf of various entities along the value chain, including employees.

## **2. Objective**

Objective of this policy is to ensure accurate, transparent and timely reporting to the statutory authorities along with ensuring timely payment of statutory dues, managing and improving tax planning and strategy.

## **3. Applicability**

This policy is applicable for compliance with tax laws by the Company.

## **4. Review and approval of the policy**

The policy will be reviewed by Board Audit Committee and will be recommended to the Board of Directors for approval, at least annually or as and when required.

## **5. Tax Principles**

- Integrity: Maintain integrity and transparency with respect to tax compliance and reporting.
- Appropriate Documentation: Ensure maintenance of appropriate documentation in successfully meeting tax compliance requirements.
- Compliance and timely payout: Strive to comply with applicable laws, rules and regulations in the country and create value.
- Constructive Engagement with Tax Authorities: Develop cooperative relationships with tax authorities to minimize tax disputes and provide constructive inputs on tax policy matters, which enables economic growth.

## **6. Tax Adherence**

The Company adheres with the Indian Tax laws and Regulations by:

1. Ensuring that all matters relating to tax filing, tax reporting and tax payment obligations are carried out on timely basis.
2. Responding to the tax enquiries and audits in transparent and timely manner and ensuring that the relevant facts and circumstances to tax authorities are disclosed.
3. Ensuring all transactions with related parties are carried out on an “arm’s length” basis.
4. These statutory compliances are tracked internally with our tracking mechanism. Furthermore, system-generated reports are made available and monitored at regular intervals.
5. Ensuring evaluation of impact of changes in tax law and timely reporting thereof to the Audit Committee/Board.
6. Engaging in efficient tax planning that supports business and reflects commercial and economic activity.
7. Use tax structures only with commercial substance.

## **7. Legislative framework**

The Company operates within the framework of various taxation laws, including:

### **1) Direct Tax:**

- i. The Income Tax Act, 1961

### **2) Indirect Tax:**

- i. The Goods and Services Tax Law
- ii. Professional Tax
- iii. Stamp duty
- iv. Securities transaction tax (STT)

## **8. Accounting and Compliance Framework**

The tax accounting process is essential for accurately calculating the income tax payable, ensuring compliance with tax and regulatory requirements and effectively managing an insurance company's financial obligations. The key elements involve –

- The Company ensures that the computation of income tax is made in accordance with Section 44, rules contained in the First Schedule and other relevant provisions of the Income Tax Act, 1961. Further, Company files Annual Income Tax Return declaring Income Tax Liabilities and Taxes paid by the Company resulting into Net Tax Payable / (Refundable) as per the prevailing provisions under the Income Tax law.

- The Company is required to file monthly Goods and Services Tax Returns declaring GST liabilities and payments as per the prevailing provisions under Goods and Services Tax law. The Company claims credit of Goods and Services Tax on input services, which is set off against Goods and Services Tax on output services. Unutilized credits, if any, are carried forward under “Advances and other assets” for future set off and are deferred for recognition to the extent there is reasonable certainty that the assets can be realized in future.
- Professional Tax is levied by state governments on the income earned by way of profession, trade or employment. Professional tax is paid on salary of employees and in some states on agents commission as applicable.

## **9. Tax Internal Controls**

1. Internal processes and controls are put in place for determining tax litigations and appropriate accounting and disclosure
2. External legal opinions are sought as required by the management on any new tax law changes or new tax matters, Internal processes and controls are reviewed on an ongoing basis to ensure that the risks are adequately managed. Management and the Board are duly apprised of tax related matters rated high on the risk matrix.

## **10. Record keeping**

All documents / records shall be preserved for a period as specified in the applicable regulations.