

**Government of Karnataka  
(Department of Commercial Taxes)**

No. KSA/GST.CR-05/2019-20 (Vol-IV)

Office of the Commissioner of  
Commercial Taxes  
Vaniya Therige Karyalaya, Gandhinagar,  
Bengaluru-560009, Dated: 29-01-2025

**COMMISSIONER OF COMMERCIAL TAXES CIRCULAR No. GST- 35/2024**

**Subject: Regularizing payment of GST on co-insurance premium apportioned by the lead insurer to the co-insurer and on ceding /re-insurance commission deducted from the reinsurance premium paid by the insurer to the reinsurer – reg.**

Based on the recommendations of the GST Council in its 53<sup>rd</sup> meeting held on 22<sup>nd</sup> June, 2024, at New Delhi, and in exercise of the powers conferred under section 168(1) of the Karnataka Goods and Services Tax Act, 2017, the following clarification is being issued through this Circular:

2. On the recommendations of the 53<sup>rd</sup> meeting of the GST Council held in New Delhi on 22<sup>nd</sup> June, 2024, the following activities or transactions were included in Schedule III of the KGST Act, 2017 as activities or transactions which shall be treated neither as a supply of goods nor as a supply of services:
- a) Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in co-insurance agreements, subject to the condition that the lead insurer pays the Central tax, the State tax, the Union territory tax and the integrated tax on the entire amount of premium paid by the insured.
  - b) Services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, subject to the condition that the Central tax, the State tax, the Union territory tax and the integrated tax is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.

The above provisions were enacted vide Karnataka Ordinance No. 02 of 2024 (later vide Karnataka Act No. 02 of 2025) and have been brought into force on 01.11.2024 vide Notification No. 07/2024 No. FD 07 CSL 2024 dated 16.11.2024.

3. In its 53<sup>rd</sup> meeting, the GST Council further recommended that the payment of GST on the activities or transactions, as specified in paragraph 2 above, may be regularized for the past period, i.e. from 01.07.2017 to the effective date of amendments in the KGST Act, on 'as is where is' basis.

4. Thus, as recommended by the 53<sup>rd</sup> GST Council, the payment of GST on the activities or transactions specified in paragraph 2 above is regularized for the period 01.07.2017 to 31.10.2024, on 'as is where is' basis.

4. Difficulties, if any, in the implementation of this circular may be brought to the notice of this office.



(VIPUL BANSAL)  
Commissioner of Commercial Taxes  
(Karnataka), Bengaluru  
Commissioner of Commercial Taxes  
Karnataka, Bangalore.

To,  
All officers of the Department in the State.