

Tax Policy

I. Background

Established in 2000, HDFC Life Insurance Company Limited (“HDFC Life”) is one of the leading life insurance solutions providers in India, offering innovative protection, pension, savings, and investment, annuity and health solutions to customers.

Being a responsible corporate citizen, HDFC Life and its subsidiaries (collectively referred as the “Company” or “we”) are committed to building a sustainable business whilst creating value for all stakeholders.

II. Objective & Applicability

The Company’s tax policy is guided by the principles and expectations of the Tax Department as defined under the Tax Charter. The building blocks of the Company’s tax strategy are:

- a) Transparency in disclosures
- b) Awareness and fulfillment of compliance obligations
- c) Accuracy of records
- d) Timely submissions
- e) Timely payment of statutory dues

III. Key Taxation laws

A. Direct Tax

- Income Tax Act, 1961

B. Indirect Tax

- The Central Goods and Service Tax Act, 2017(w.e.f. July 01, 2017)
- The States Goods and Service Tax Acts,2017(w.e.f. July 01, 2017)
- Integrated Goods and Service Tax Act, 2017(w.e.f. July 01, 2017)
- The Union Territory Goods and Service Tax Act,2017(w.e.f. July 01, 2017)

IV. Tax Accounting

A. Direct Tax

- Provisions for income tax: are made in accordance with Section 44, rules contained in the First Schedule and other relevant provisions of the Income Tax Act, 1961

- Deferred tax: Deferred tax asset is recognized in accordance with provisions of the Accounting Standard (AS) 22, “Accounting for Taxes on Income” with respect to carrying forward of losses

B. Indirect Tax

- 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

V. Tax Compliance

HDFC Life is committed to complying with the applicable Tax laws and regulations of India by:

- Paying statutory taxes on timely basis
- Filing applicable statutory tax returns within prescribed time lines
- Responding to tax enquiries and audits in a transparent and timely manner
- Ensuring all transactions with related parties are carried out on an “arm’s length” basis
- Pay tax on profits in jurisdictions where value is created thereby complying to arm’s length principle for intra group transactions/activities along with compliance to local transfer pricing rules; if any
- Ensuring adequate resourcing of tax compliance staff
- Ensuring availability of adequate Information Technology resources and data storage for faceless interface with the tax department
- Ensuring evaluation of impact of changes in tax law and timely reporting thereof to the Board

VI. Tax Planning

- We engage in efficient tax planning that supports business and reflects commercial and economic activity
- We adhere to the Global Anti-Base Erosion (GloBE) rules and do not use tax havens to shift profits from high tax jurisdictions to avoid taxes
- Use tax structures only with commercial substance
- We adhere to relevant tax laws and we seek to minimize the risk of uncertainty or disputes

VII. Tax Risks and Internal Controls

- Internal processes and controls are put in place for determining tax litigations and appropriate accounting and disclosure
- 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 risks rated high on the risk matrix.