

# LIC policy will retain its sovereign guarantee: FM

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Says IPO of insurance major will not lead to change in ownership

Finance Minister Nirmala Sitharaman on Sunday assured nearly 30 crore policyholders of Life Insurance Corporation (LIC) that their interests would be protected when the government dilutes its stake in the insurance behemoth.

“We are bringing an initial public offering (IPO) of LIC, and not selling it completely. There will be no change in the ownership,” she said at a post-Budget media interaction.

The Budget has proposed an IPO for LIC, through which the government will dilute its stake in it. Allaying policyholders’ concerns, the Minister said LIC policies would not lose their sovereign guarantee.

## Taxing NRI income in India

Sitharaman also clarified that non-resident Indians (NRI) who are not citizens of any other country will not have to pay tax on the income earned abroad. Only their income generated in India will be taxed, she added. Her clarification sets at rest fears that an NRI who is not a citizen of any other country, and is not paying any tax anywhere, would have to pay income tax in India on his/her overseas income.

“(Suppose) an NRI living in another country earns money there, which is not taxed there, but has some earnings in India, and does not pay tax on it here because he/she does not live here. We are saying: for the income generated in India, pay the tax,” she added. Illustrating it with an example, she said: “If you have a property here that generates rental income, but you live (elsewhere)... you carry this income there and pay tax neither there nor here.” Going forward such income will be taxed in India. “I am not taxing what you earn in Dubai,” she added.

The Budget has proposed that an Indian citizen will be deemed a resident of India if he/she is not liable to be taxed in any other country or jurisdiction. According to the Finance Ministry, this is an anti-abuse provision since some Indian citizens shift to low- or no-tax jurisdictions to avoid paying taxes here. The Ministry also said the provision is not intended to include bona fide workers in other countries in the tax net.

## Optional I-T slabs

Sitharaman said the ₹40,000-crore revenue foregone under the personal tax reform measure is an approximate calculation, as taxpayers use various combinations of exemptions and deductions. The proposed tax regime will benefit all, not just a few, she added.

She reiterated that all the exemptions would be phased out gradually; eventually, “we will move to a simpler and lower tax rate regime”. A process to rationalise tax slabs and rates has begun and, over a period, there will be more changes, she said.

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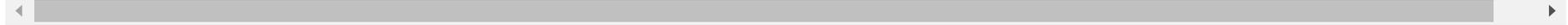
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