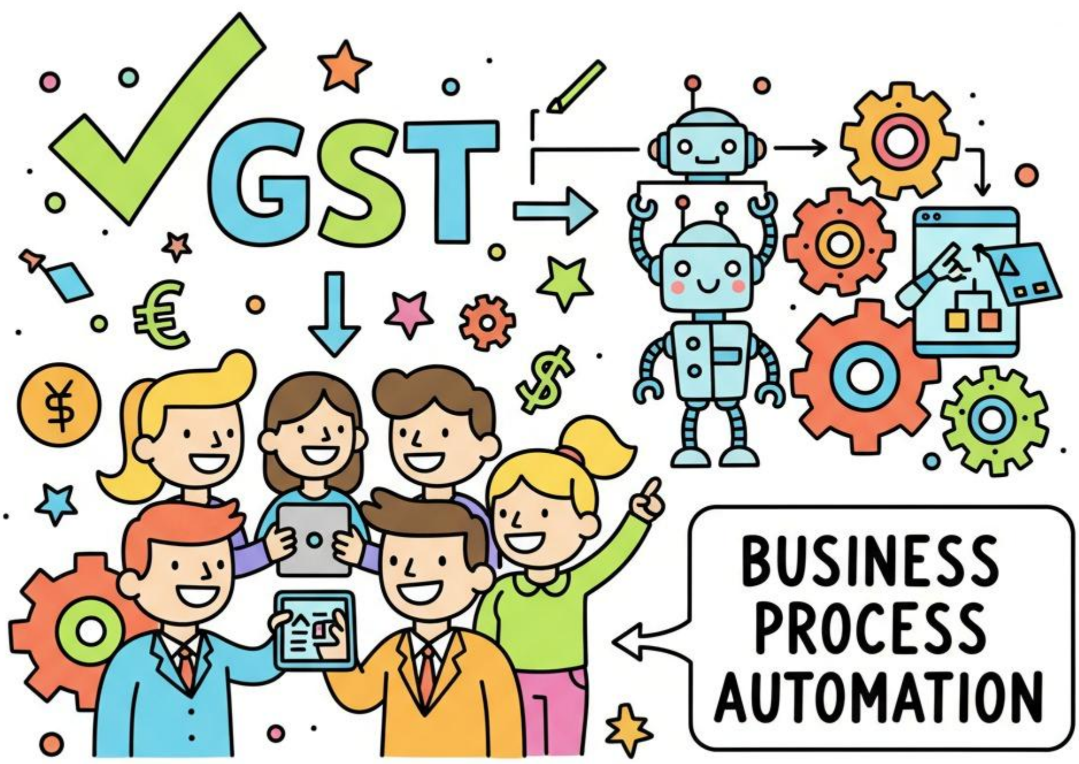
CoralMetrix

Issue 10

Crack the Code

October 2025



An E-Newsletter from CoralMetrix

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Crack the Code

GST MONTHLY UPDATE – September 2025

GST on General Insurance

General insurance encompasses various categories, including fire, marine, motor vehicle, and theft insurance. The current GST rate applicable to general insurance services remains at 18%.

GST Exemptions for Government-Sponsored Life Insurance Schemes:

Life insurance services provided under specific Government schemes are exempted from GST. These schemes include:

- Janashree Bima Yojana (JBY)
- Aam Aadmi Bima Yojana (AABY)
- Life micro-insurance products approved by the Insurance Regulatory and Development Authority (IRDA) with a maximum cover of INR 50,000
- Varishtha Pension Bima Yojana
- Pradhan Mantri Jeevan Jyoti Bima Yojana
- Pradhan Mantri Jan Dhan Yogana
- Pradhan Mantri Vaya Vandan Yojana

Any other State Government insurance scheme as notified by the Government of India upon recommendation by the GST Council (GSTC). Life insurance provided by the Central Government to members of the Army, Navy, and Air Force.

The CGST (R) NN.16/2025 dt. 17th September 2025, has amended the original notification CGST (R) NN.12/2027, (ii) after serial number 36B and the entries relating thereto, the following serial numbers and entries relating thereto shall be inserted, namely: -

(1)	(2)	(3)
“36C	Heading 9971	Services of life insurance business provided by an insurer to the insured, where the insured is not a group. [Please refer to clause (zfb) in para 2] Explanation: For the removal of doubts, it is hereby clarified that: a. This exemption shall apply to a contract of insurance where the insured is an individual, or an individual and family of the said individual. b. For the purposes of (a) above, family shall include all individuals insured as family in the contract of insurance.
		Services of health insurance business provided by an insurer to the insured, where the insured is not a group. [Please refer to clause (zfb) in para 2] Explanation: For the removal of doubts, it is hereby clarified that: a. This exemption shall apply to a contract of insurance where the insured is an individual, or an individual and family of the said individual. b. For the purposes of (a) above, family shall include all individuals insured as family in the contract of insurance.
36E	Heading 9971	Reinsurance of the insurance services specified in serial numbers 36C or 36D.

"(zfb) For the purposes of entries at serial numbers 36C and 36D in the table above, 'group' means group of persons who join together with a commonality of purpose or for engaging in a common economic activity, other than availing insurance, and includes:

- Employer– employee groups, where an employer-employee relationship exists between the master/group policyholder and the members of the group in accordance with the applicable laws;
- Non employer– employee groups, where a clearly evident relationship exists between the master/group policyholder and the members of the group, for services/ activities other than insurance.";

(iii) after clause (zg), the following clause shall be inserted, namely:
"(zga) 'health insurance business' means the effecting of contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient, travel cover and personal accident cover;".

GST on 'No Claim Bonus

Following the 48 th GST Council meeting, the Central Board of Indirect Taxes and Customs (CBIC) issued Circular No. 186/18/2022-GST to clarify the GST applicability on the 'No Claim Bonus' (NCB).

The NCB is typically offered by insurance companies as a reward or discount upon renewal when the insured has not filed any claims during the preceding policy period, and it is consequently deducted from the renewal premium.

No Supply by Insured: The insured person's procurement of an insurance policy is for indemnification against loss or injury.

The insured is not under a contractual obligation to refrain from lodging a claim. Therefore, the act of not filing a claim does not constitute a 'supply' by the insured person to the insurance company.

Discount Under Act: As per Section 15(3)(a) of the Central Goods and Services Tax Act, a discount provided before or at the time of supply and properly recorded on the invoice is excluded from the value of supply.

The No claim bonus is not considered a consideration for any supply. Consequently, it is treated as a discount, deducted from the premium, and is not subject to GST.

Input Tax Credit (ITC) Availability:

- **Corporate Policyholders:** Corporate entities purchasing general insurance policies are eligible to claim Input Tax Credit (ITC) on the GST paid.
- **Individual Policyholders (Life and Health)**: ITC is not available for GST paid on individual life and health insurance policies, as these are typically procured for personal consumption.
- **Group Policies:** Corporate policyholders are ineligible for ITC on GST paid for group life and health insurance provided to their employees.

Conclusion:

The amendments ratified at the 56th GST Council meeting signal a significant shift for both consumers and insurance companies in the Indian market. For consumers, the decision to exempt individual life and health insurance policies from GST, effective September 22, 2025, is a major benefit.

This move to a 0% GST rate on policies such as ULIPs, endowment plans, and family floater policies is expected to make insurance more affordable and accessible, directly reducing the financial burden on policyholders.

For insurance companies, while the exemption on individual policies may lead to a more competitive and accessible market, they still face compliance and administrative challenges.

The GST framework has historically increased these costs for insurers, including the complexities of inter-branch service taxability and a higher number of GST returns. Despite this, the reduction in taxes on key products aims to boost demand and, in turn, may lead to market growth for insurers. The clarification on 'No Claim Bonus' as a discount, not a supply, also provides operational clarity for companies, ensuring it is not subject to GST.

CA SUJATHA G
GST

Karnataka Menstrual Leave Policy 2025

In July 2024, the Supreme Court dismissed a petition seeking directions to the union government, the states, and the union territories to implement menstrual leave policies under the Maternity Benefit Act, 1961. Further, asked the government to frame a model policy and consider the "Right of Women to Menstrual Leave and Free Access to Menstrual Health Products Bill" while allowing states the freedom to act independently.

The Karnataka Menstrual Leave and Hygiene Bill, 2025, drafted by the Law Commission of Karnataka and ratified by the state cabinet under Chief Minister Siddaramaiah, provides 12 paid menstrual leaves annually. The policy was developed after consultations including an 18-member committee and received substantial stakeholder support.

The policy was ratified during a cabinet meeting presided over by Chief Minister Siddaramaiah, who announced:

"Our Government stands committed to dignity and well-being at work. Through the Menstrual Leave Policy 2025, women employees across Karnataka will now receive one paid leave day every month — a step towards a more humane, understanding, and inclusive workplace.".

Menstrual leave policies have been, there in Bihar with a two day monthly menstrual leave for women government employees since 1992, Odisha granting one day annually, and Kerala offering menstrual leave to female students and university employees. These policies have often been limited to public-sector employees/students. Karnataka's policy stands out as it mandates menstrual leave across all employment sectors, recognizing the significant female labour force in the state and the physical and mental stress women face during menstruation. The move addresses menstruation as a health/welfare issue rather than a taboo, aiming to normalize it in workplace culture.

Karnataka has recently adopted a historic and comprehensive menstrual leave policy, providing women employees in both government and private sectors one paid day off per month for menstruation—totalling 12 paid leave days annually. This policy is uniquely expansive in India, covering diverse workplaces such as government offices, IT companies, garment industries, multinational corporations, and private enterprises, benefiting over 50 lakh women in the state.

It follows earlier initiatives by states like Bihar, Odisha, and Kerala but distinguishes itself by including the private sector extensively and promoting workplace inclusion and women's health as fundamental rights. Karnataka's menstrual leave policy is a pioneering step toward gender equality and workplace inclusivity in India. It not only acknowledges the biological realities women face but also integrates menstrual health into formal labor rights, setting a benchmark for other states and private enterprises.

The policy includes penalties for employers who discriminate or deny such leave, ensuring enforceability. It covers a broad spectrum of sectors such as public institutions, technology firms, manufacturing, garment factories, and SMEs. It is poised to mitigate stigma around menstruation, foster gender-sensitive workplaces, and boost women's productivity by allowing them necessary rest during their menstrual cycle.

While the policy promises progressive change, its success will depend on effective implementation, employer awareness, and cultural shifts in workplace attitudes, including support from all employees. This policy, if embraced empathetically, can significantly enhance women's dignity, health, and overall workplace wellbeing. It marks a crucial advancement in India's journey toward creating equitable and humane working environments.

This initiative reflects a broader societal shift recognizing women's health needs as central to labour and human rights, moving beyond outdated stigmas to foster respect and support in professional settings.

Team CoralMetrix

Smart KPIs for Smarter Startups: How Investors can manage governance and transparency:

In recent years, the spectacular failures of once high-flying startups like Byju’s and WeWork have underlined a critical truth: growth without governance is chaos. That’s why **smart KPIs for startups** are becoming the new governance currency for investors. Venture capitalists and boards are learning the hard way that trust needs structure — and that structure often comes from well-designed **KPI's and SLAs (Service Level Agreements**) powered by real-time analytics tools and applications.

Investors require deep financial visibility and KPI tracking capabilities, and not just MIS or reporting tools. What investors need is a digital governance layer for startups. By turning investor expectations into measurable, automated performance indicators, such governance layers can enable startups to move from opaque reporting to continuous accountability.

1. Financial KPI's: Accountability in Real Time

The Smart KPIs for Startups define how efficiently a venture capitalist can manage the capital he invests. Using specialized analytical tools and applications, founders and investors can co-create measurable benchmarks and track them in real time.

Such KPI's as:

1. **Runway KPI**: Maintain a minimum cash runway (e.g., 9 months) based on monthly burn analysis.
2. **Revenue Recognition KPI**: Ensure accurate accounting practices aligned with GAAP or IFRS.
3. **Spend Governance KPI**: Cap discretionary or non-core expenses beyond pre-approved limits.

Such dashboards can provide automated variance alerts and flag anomalies in real time — preventing “creative accounting” before it spirals into crisis. Also, certain red alerts can be maintained to prevent startups from burning cash in non-critical areas while critical areas are choking for want of funds.

The choice between funding revenue and funding expansion is a classic dilemma that trips most founders. A proper governance framework can help guide startups through this perilous phase.

2. Operational KPI's: From Velocity to Sustainability

Operational KPI's focus on how effectively teams execute their core objectives. Instead of broad OKRs, startups can define execution-based KPI's, such as:

1. **Sales Productivity KPI**: Average revenue per salesperson or meeting-to-close ratio.
2. **Customer Retention KPI**: Minimum Net Retention Rate (NRR) or churn thresholds.
3. **Efficiency KPI**: Ratio of operating costs to growth rate, tracking whether scaling is sustainable.

These **KPI's** can provide Investors with a control cockpit, allowing both management and themselves to monitor whether growth is built on real performance or inflated metrics. In this model, the **KPI's** are designed based on the startup business model and then plugged into a dashboard and managed, instead of allowing founders to elect the **KPI's** and measure them.

3. Governance KPI's: Building Ethical Moats

Governance KPI's ensure leadership transparency and board accountability — critical in avoiding mismanagement or information silos. Examples include:

1. **Board Reporting KPI**: Timely, consistent dashboards delivered monthly via automated exports from analytical tools.
2. **Related-Party Transaction KPI**: Automatic flags for expense patterns involving founders or insiders.
3. **Decision Transparency KPI**: Documentation of key investment and hiring decisions within defined timelines.

Such **KPI's** make governance measurable, not just advisory — a key difference between a compliant company and a well-governed one.

4. A Blueprint for VC-Startup Trust

When embedded into the company's Accounting department from day one, these **KPI'**s create a shared truth between founders and investors. No more quarterly surprises — every stakeholder sees the same live data and performance benchmarks.

For VCs, this means better risk mitigation and governance visibility.

For startups, it means fewer oversight hurdles, faster decision cycles, and credibility with future investors.

Conclusion

The next generation of startups will be judged not just by how fast they grow, but how responsibly they grow.

In a world still recovering from the excesses of the last funding boom, smart KPI's are the new fiduciary firewall and **embracing the Digital** is the way to go.

"The future belongs to founders and investors who embrace **smart KPI's for startups** as part of their digital governance strategy."

CA Sujatha

Upcoming Webinar Alert:

Recent Amendments on GST

Join us for an insightful session on the latest GST amendments, notifications, and circulars.

Date: 25 10 2025 | Day: Saturday | Time: 04.00 PM – 05.00 PM

Registration Link: https://meet.zoho.in/xnlk-hai-afy

Financial year 2025 - 2026 Compliance Calendar

Disclaimer: Dates are subject to change as per notification from government authorities

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APR	MAY	JUNE	JULY	AUG	SEPT
07TH MONTHLY TDS PAYMENT	07TH MONTHLY TDS PAYMENT	07TH MONTHLY TDS PAYMENT	07TH MONTHLY TDS PAYMENT	07TH MONTHLY TDS PAYMENT	07TH MONTHLY TDS PAYMENT
07TH GOVT. DEDUCT	10TH GSTR 7	10TH GSTR 7	09TH ECB 2 RETURN	10TH GSTR 7	09TH ECB 2 RETURN
09TH ECB 2 RETURN	11TH GSTR 1	10TH ECB 2 RETURN	10TH GSTR 7	11TH ECB 2 RETURN	10TH GSTR 7
10TH GSTR 7	12TH ECB 2 RETURN	11TH GSTR 1	11TH GSTR 1	11TH GSTR 1	11TH GSTR 1
13TH GSTR 1 (QRMP/IFF)	13TH GSTR 1 (QRMP/IFF)	13TH GSTR 1(QRMP/IFF)	13TH GSTR 1(QRMP/IFF)	13TH GSTR 1(QRMP/IFF)	13TH GSTR 1 (QRMP/IFF)
18TH CMP - 08	20TH GSTR 3B	15TH Q4 TDS CERTIFICATE	15TH FLA RETURN	15TH Q1 TDS CERTIFICATE	15TH Q2 ADVANCE TAX 45%
20TH GSTR 3B	29TH PAS 6	15TH Q1 ADVANCE TAX 15%	18TH CMP 08	20TH GSTR 3B	20TH GSTR 3B
22ND QRMP	30TH LLP ANNUAL RETURN	20TH GSTR 3B	20TH GSTR 3B (QRMP)		30TH TAX AUDIT
25TH PMT 06	31ST TDS Q4 FILING (24-25)	30TH DPT 3	22ND QRMP		30TH DIRECTOR KYC
30TH GSTR 4	31ST FORM 61A		31ST TDS Q1 FILING (25 - 26)		
30TH MSME 1			31ST INDIVIDUAL ITR FILING		
30TH GOVT. NON DEDUCT					

OCT	NOV	DEC	JAN	FEB	MAR
07TH MONTHLY TDS PAYMENT	07TH MONTHLY TDS PAYMENT	07TH MONTHLY TDS PAYMENT	07TH MONTHLY TDS PAYMENT	07TH MONTHLY TDS PAYMENT	07TH MONTHLY TDS PAYMENT
10TH ECB - 2 RETURN	10TH GSTR 7	09TH ECB 2 RETURN	09TH ECB 2 RETURN	10TH GSTR 7	10TH GSTR 7
10TH GSTR 7	11TH ECB 2 RETURN	10TH GSTR 7	10TH GSTR 7	11TH ECB 2 RETURN	11TH ECB 2 RETURN
11TH GSTR 1	11TH GSTR 1	11TH GSTR 1	11TH GSTR 1	11TH GSTR 1	11TH GSTR 1
13TH GSTR 1 (QRMP/IFF)	13TH GSTR 1 (QRMP/IFF)	13TH GSTR 1(QRMP/IFF)	13TH GSTR 1 (QRMP/IFF)	13TH GSTR 1 (QRMP/IFF)	13TH GSTR 1 (QRMP/IFF)
18TH CMP - 08	15TH Q2 TDS CERTFICATE	15TH Q3 ADVANCE TAX 75%	18TH CMP 08	15TH Q3 TDS CERTIFICATE	15TH Q4 ADVANCE TAX 100%
20TH GSTR 3B	20TH GSTR 3B	20TH GSTR 3B	20TH GSTR 3B	20TH GSTR 3B	20TH GSTR 3B
22ND QRMP	28TH MGT-7/MGT - 7A	31ST BELATED/REVISED ITR	22ND GSTR 3B (QRMP)	25TH PMT 06	25TH PMT 06
29TH AOC 4	29TH PAS -6	31ST GSTR - 9/9A/9C	25TH PMT 06		31ST FORM CSR - 2
30TH LLP FORM 8	30TH FINAL ITC	31ST TDS Q3 FILINGC (25 - 26)	31ST Q3 TDS FILING (25 - 26)		31ST ITR U (FY 2022 - 23)
31ST MSME 1		31ST APR RETURN			
31ST COMPANY ITR					
31ST TDS Q2 FILING (25 - 26)					

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