

ALL INDIA BANK RETIREES' FEDERATION (REGD.)

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Together for A Better Tomorrow"



Advocate Shri Ranjit Thampan

Ernakulam

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Dear Sir,

Sub: Interim order of the Hon'ble Division Bench of the Kerala High Court in WA No. 76/2026 and connected cases — Proposed collection of GST from bank retirees on renewal of Group Medical Insurance Policy for 2026–27 — Request for urgent legal intervention

We wish to draw your kind attention to the developments following the interim order passed by the Hon'ble Division Bench of the Kerala High Court in WA No. 76/2026 and connected cases concerning the collection of GST on the Group Medical Insurance Policy for bank retirees sponsored by the Indian Banks' Association (IBA).

2. Continuation of the interim stay

While adjourning the matter to 29.10.2026, the Hon'ble Division Bench has directed that the interim order staying the collection of GST from bank retirees on the Group Medical Insurance Policy shall continue to remain in force until the next date of hearing.

We understand that, notwithstanding the continuation of the interim order, the IBA is taking the position that the interim protection is confined to the premium payable for the policy year 2025–26 and does not extend to subsequent renewals. This interpretation appears to be at

variance with the continuation of the interim order directed by the Hon'ble Court. We would, therefore, appreciate your advice on the appropriate legal course to address this issue.

3. Banks proceeding with renewal for 2026–27

In the meantime, banks have issued circulars for renewal of the Group Medical Insurance Policy for retirees for the year 2026–27, with coverage commencing from 01.11.2026. Applications are being invited along with the requisite premium, and the premium amounts are scheduled to be debited from the accounts of retirees during the third or fourth week of October 2026.

We understand that banks are continuing to include GST in the renewal premium in accordance with the instructions or guidance received from the IBA. Some banks have reportedly already started debiting the accounts of retirees for the premium, including GST.

In our considered view, proceeding with the collection of GST while the interim stay remains in force raises a serious question regarding compliance with the order of the Hon'ble Court. It is necessary that the matter be clarified by the Hon'ble Court before the scheduled debits are completed, so that retirees are not compelled to pay an amount whose collection is presently under judicial restraint.

4. Representations already made

As advised by you, we have already addressed representations to all the respondents in the writ petition, with a copy to you, requesting them not to collect GST on the renewal premium for 2026–27 for as long as the interim stay remains operative.

Simultaneously, in accordance with the draft circulated by AIBRF, our affiliated organisations have also approached the respective bank managements, requesting them to refrain from collecting GST from retirees in view of the subsisting interim order.

However, the feedback received from our affiliates indicates that the banks may not accede to these representations and may proceed with the proposed collection of GST along with the renewal premium.

5. Need for urgent application before the Hon'ble High Court

In view of the above circumstances, we feel that it would be appropriate to approach the Hon'ble Kerala High Court urgently, seeking a specific direction to the respondents to ensure compliance with the interim order and to refrain from collecting GST from retirees on the renewal premium for 2026–27 until further orders of the Court.

We request you to kindly examine the matter and take such appropriate legal steps as may be necessary, including moving an urgent application before the Hon'ble Division Bench for clarification and/or specific directions.

The matter is time-sensitive, as the premium debits are expected to take place shortly and the renewed policy is scheduled to commence on 01.11.2026. Any delay in obtaining appropriate directions may result in the collection of GST from a large number of retirees, potentially necessitating further proceedings for relief.

AIBRF and its team in Kerala will extend full cooperation and provide all necessary documents, bank circulars, communications, details of proposed or completed debits, and other relevant information required for this purpose.

6. Recent decision of the GST Council concerning group health insurance for bank employees

We would also like to invite your attention to an important development that may be relevant to the issue under consideration.

At its 57th meeting held on 08.10.2026, the GST Council reportedly took a decision to permit banks to avail themselves of input tax credit in respect of GST paid on group health insurance policies covering their employees. This measure is significant from the perspective of the financial burden borne by banks towards group health insurance for their serving employees, as the availability of input tax credit would reduce the effective tax cost to the banks, subject to the applicable conditions.

The position of bank retirees, however, is fundamentally different.

Unlike serving employees, retirees are required to bear the entire premium for their group medical insurance from their own resources. They do not receive any corresponding financial concession or additional benefit from their former employers towards this premium. The role of banks in relation to the retirees' policy is essentially that of facilitating the scheme, including the collection of premiums and their remittance to the insurance provider.

Consequently, while the recent decision of the GST Council may provide a tax-related benefit to banks in respect of group health insurance for serving employees, retired bank employees continue to bear the full financial burden of the premium, including the disputed GST component.

We request you to kindly examine whether this distinction, together with the financial hardship faced by retirees and the nature of the arrangement under which the insurance policy is implemented, may appropriately be brought to the notice of the Hon'ble Division Bench. If

considered legally relevant, the recent GST Council decision may also be referred to in support of our submissions concerning the need for appropriate relief to retirees.

We shall be grateful for your urgent consideration of the matter and advice on the further course of action.

With Respectful Regards,

Your Sincerely

A handwritten signature in cursive script, appearing to read 'mabas', written over a horizontal line.

**(S. C. JAIN)
GENERAL SECRETARY**

C. C. to

- 1. Shri K. S. Krishna, Vice President, AIBRF**
- 2. Shri PRS Iyer, Organising Secretary**

