

ALL INDIA BANK RETIREES' FEDERATION (REGD.)

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Together for A Better Tomorrow"



Ref No. 2026/0237

Date: 14.10.2026

**The Office Bearers/ Central Committee Members/ State Committee Chiefs
A.I.B.R.F.**

Dear Sir,

Re: Collection of GST on Renewal of IBA-Sponsored Group Health Insurance Policy for 2026–27 — Interim Stay of Kerala High Court and Further Action by AIBRF

We wish to update you on the steps being taken by AIBRF regarding the collection of Goods and Services Tax (GST) on insurance premiums payable by bank retirees under the IBA-sponsored Group Health Insurance Scheme for the policy year 2026–27.

1. Background and Present Legal Position

As you are aware, AIBRF has been relentlessly pursuing the demand for exemption from GST on health insurance premiums payable by bank retirees. Following the announcement of zero GST on individual health insurance policies by the GST Council in 2025, AIBRF initiated legal proceedings before the Hon'ble Kerala High Court to secure similar relief for bank retirees covered under the IBA-sponsored group insurance scheme.

In the proceedings instituted by AIBRF, the Hon'ble Kerala High Court granted an interim stay on the collection of GSTs from bank retirees. This interim protection has continued through subsequent hearings and adjournments. **The interim stay remains effective and operative as on date**, subject to the terms of the Court's order and any subsequent directions.

However, we find that several banks, while issuing circulars for the renewal of the Group Health Insurance Policy for 2026–27, have included GST in the premium payable by retirees. This has understandably caused concern among our members, particularly in view of the subsisting interim order of the Hon’ble High Court.

2. Steps Already Taken by AIBRF

Immediately after receiving information about the renewal circulars issued by various banks, AIBRF initiated the following steps to safeguard the interests of bank retirees:

(a) Notices to individual banks: AIBRF circulated a draft notice to all affiliates, advising them to serve the notice on their respective bank managements and request them not to collect GST from retirees during the current policy year in view of the interim stay granted by the Hon’ble Kerala High Court. We are pleased to note that several affiliates have already acted upon this advice and served the notices.

(b) Notice to the defendants: AIBRF has served a notice on all the defendants in the writ petition, bringing the issue of GST collection during the 2026–27 renewal process to their attention.

(c) Legal consultation: The Central Office has prepared and forwarded a detailed note to AIBRF's advocate, setting out the developments and seeking appropriate legal action to protect the interests of retirees. This note has also been circulated among affiliates, office bearers and Central Committee members for their information.

3. Further Legal Action Under Examination

Our team in Kerala is in close contact with the advocate handling the matter. Discussions are underway to examine the necessity and feasibility of moving the Hon’ble Kerala High Court for a specific direction concerning the collection of GSTs during the renewal of the policy for 2026–27, in the light of the existing interim stay.

AIBRF is conscious of the urgency of the matter, as retirees are presently required to complete the renewal formalities. We are taking the necessary steps through appropriate legal and organisational channels to protect their interests.

We assure all our affiliates and members that **AIBRF is actively pursuing the matter and will continue to take all appropriate steps to secure the intended relief.**

4. Appeal to Affiliates and Members Regarding Social Media Messages

It has come to our notice that certain communications are being circulated on social media, quoting communications issued by IBA or individual banks. These messages are creating an impression among retirees that no effective action is being taken by AIBRF and that the collection of GST by banks will continue without any challenge.

Such impressions are misplaced and do not reflect the facts set out above.

We request all affiliates, office bearers and members not to be misled by unverified or incomplete social media messages. The legal proceedings initiated by AIBRF, the interim protection granted by the Hon'ble Kerala High Court and the steps being taken in response to the latest renewal circulars are matters of record.

We appeal to all our affiliates to maintain close contact with their members, communicate the correct position and avoid the unnecessary spread of apprehension or confusion. Any further developments in the matter will be communicated through the official channels of AIBRF.

5. Input Tax Credit Announced by the GST Council — AIBRF's Position

We also wish to clarify an important issue concerning the announcement made at the 57th meeting of the GST Council regarding input tax credit on GST paid on insurance premiums for employees.

Following this announcement, some retirees have written to AIBRF suggesting that the Federation should demand that the benefit of input tax credit available to banks be passed on to retirees.

We appreciate the concern behind these suggestions. However, it is necessary to distinguish between the demand for **exemption from GST itself** and the issue of **input tax credit in respect of GST paid by a taxable entity**.

Input tax credit is a mechanism under the GST framework through which an eligible taxpayer may claim credit for GST paid on inputs, subject to the applicable statutory conditions. It is conceptually different from an exemption from GST on the insurance premium payable by retirees. The precise applicability of the announced measure to the insurance arrangements in question will depend on the relevant provisions and implementation details.

AIBRF has been pursuing the demand for zero GST on health insurance premiums for several years. Following the GST Council's announcement in 2025, the Federation took the matter to the Hon'ble Kerala High Court and secured an interim stay on the collection of GST from bank retirees.

Our demand remains clear and unequivocal: bank retirees should not be burdened with GST on their health insurance premiums.

The issue of input tax credit for banks cannot be treated as a substitute for our long-standing demand for exemption from GST. Nor should the discussion on input tax credit divert attention from the relief that AIBRF is seeking through its legal proceedings.

We will continue to pursue the objective of zero GST through appropriate representations, negotiations and legal action. Our position on this issue remains unchanged.

6. Our Appeal

We appeal to all affiliates, office bearers, Central Committee members and State Committee Chiefs to extend their full cooperation in this matter. Please ensure that the correct legal position and the actions being taken by AIBRF are communicated to retirees in your respective areas.

The issue concerns the financial interests of thousands of bank retirees and their families. It calls for unity, vigilance and a clear understanding of the facts rather than confusion arising from incomplete information.

AIBRF remains firmly committed to protecting the legitimate interests of bank retirees. We shall continue our efforts with determination until appropriate relief is secured.

With regards,

Your Sincerely

A handwritten signature in black ink, appearing to read 'mabab', written over a horizontal line.

**(S. C. JAIN)
GENERAL SECRETARY
Mobile No. 8966019488**

