

	General scenarios	Treatment of premium in the hands of		Treatment of payout by insurance company in the hands of		Treatment of payout which the employer pays to the employee by discretion	
		Employer	Employee	Employer	Employee	Employer	Employee
<b>(A)</b>	<b>Employer is the beneficiary of the policy and there is no contractual obligation to pay the insurance payout to the employees</b>						
<b>1</b>	Employer pays premium on life or personal accident of employees (of whom none is a 'keyman')	Deductible with effect from YA 2019 <sup>1</sup>	N.A.	Taxable with effect from YA 2019 <sup>1</sup>	N.A.	Deductible	Taxable, unless exempted under Section 13(1)(i) <sup>1</sup>
<b>2</b>	Employer pays premium on life of 'keyman' to insure against profits arising from death/ disability of persons whom the company has an insurable benefit	Deductible	N.A.	Taxable	N.A.	Deductible	Taxable
<b>(B)</b>	<b>Employees are the beneficiaries or have the contractual right<sup>2</sup> to the insurance payouts from a group insurance policy</b>						
<b>3</b>	Employer pays premium on life or personal accident of employees	Deductible	Taxable	N.A.	Not taxable	N.A.	N.A.
<b>4</b>	Employer pays the premium but elects not to claim tax deduction on the premium under the administrative concession	Not deductible	Not taxable	N.A.	Not taxable	N.A.	N.A.

<b>(C)</b>	<b>Work injury compensation insurance</b>						
<b>5</b>	Work injury compensation insurance where employer pays for the premium for the work injury compensation policy	Deductible	N.A.	Taxable	N.A.	Deductible	Taxable, unless exempted under section 13(1)(i) <sup>3</sup>
<b>(D)</b>	<b>Group medical insurance</b>						
<b>6</b>	Employer is the policy holder and pays for the premium of the medical insurance. As the medical insurance is provided in lieu of medical reimbursement to employees, insurance payout by the insurance company will be used to reimburse the employee's medical cost	Deductible <sup>4</sup>	N.A.	Taxable	N.A.	Deductible	Not taxable
<b>7</b>	Employer pays for the premium but the employees are the named beneficiaries where insurance company will make a payout to employees directly	Deductible <sup>4</sup>	Not taxable under administrative concession <sup>5</sup>	N.A.	Not taxable	N.A.	N.A.

## Notes

<sup>1</sup> Prior to YA 2019, such premiums were not deductible as they were considered to be for the purpose of acquiring a capital asset. The payouts received under such policies were also not taxable in the hands of the employers. Arising from business feedback that such policies are purchased to provide a staff benefit and employers are named as beneficiaries only for administrative convenience, IRAS allows a tax deduction on such premiums with effect from YA 2019 on the basis that these are staff costs. Correspondingly, the payouts made under such policies are taxable in the hands of the employers with effect from YA 2019.

<sup>2</sup> The contractual right would have been communicated to employees via employment contract or staff handbook and staff are legally entitled to the compensation payment.

<sup>3</sup> Sum received by way of death gratuities or as a consolidated compensation for death and injuries is exempted under section 13(1)(i).

<sup>4</sup> The medical insurance premium paid forms part of the medical expenses, which is deductible subject to the relevant cap.

<sup>5</sup> This refers to the administrative concession for group medical insurance which is provided in lieu of medical cost that would have been reimbursed by employers and where the benefit is available to all staff.