

## Keyman insurance policy not taxable on its assignment before maturity for period prior to April 1, 2014

**Summary – The High Court of Bombay in a recent case of Prashant J. Agarwal., (the Assessee) held that Amendment in Explanation I to section 10(10D) was brought into effect from 1-4-2014; it would not govern/apply to amounts received prior to assessment year 2014-15 under Keyman Insurance Policy**

### Facts

- The Respondent-assessee received an amount on maturity of Keyman Insurance Policy. He claimed exemption under section 10(10D).
- The Assessing Officer denied the same and brought the amount received by the respondent-assessee to tax under section 17(3)(ii).
- On appeal, the Commissioner (Appeals) allowed the assessee's appeal by following decision of High Court in *CIT v. Rajan Nanda* [[2012](#)] 349 ITR 8/205 Taxman 138/18 taxmann.com 98 (Delhi).
- On further appeal, the Tribunal affirmed the order of the Commissioner(Appeals):
- On appeal to the High Court:

### Held

- *Explanation I* to section 10(10D) was amended by clarifying the meaning of 'Keyman Insurance Policy' to include a Keyman Policy which has been assigned to any other person only effective from 1-4-2014.
- The matter in the instant case is concerned with the period prior to 1-4-2014; hence, the amendment would not apply in the subject assessment year.
- The revenue very fairly states that the issue arising stands concluded against the revenue for the reasons mentioned by the Delhi High Court in *Rajan Nanda (supra)*. It is also accepted by the revenue that the amendment in *Explanation I* to section 10(10D) has specifically come into force only from 1-4-2014 and it would not govern/apply to amounts received under the assigned Keyman Insurance Policy prior to assessment year 2014-15.