ABSTRACT

As it is known, basic characteristic of life insurance is to give protection for financial lost because of premature death or long live. The risks can happen anywhere, anytime to anyone, and if it happens there will be lost that not expected. Therefore in life insurance, the sum assured amount becomes very important considering it will be the financial solution for beneficiary.

In life insurance, the amount decision of sum assured for beneficiary depends on the economic value of family based on its financial capability. Therefore, the sum assured should be calculated first to know the amount of money that will be needed in the future to get the optimum family protection benefit from insurance product. The benefit of sum assured is to give protection for beneficiary so they can continue their lifestyle even though the income is no longer available.

Income tax regulation controls the income as taxable and non-taxable income. This regulation causes the non-taxable income as non tax payable even it receives by the tax payers. The premium payment of life insurance in annual tax return is not acclaimed as treasure because it’s defined as cost when there is no premature death. However, if there’s incident and the insurer pay the claim, it will be acclaimed as non-taxable income. Based on income tax regulation, if the tax object is included but the tax subject is excluded so there will be no obligation to pay tax, vice versa.

For unit link type of life insurance, it can be categorized as treasure because it’s potentially can increase the amount of treasure because of investment increasing in the future that should be reported by the tax payer in annual tax return of individual income tax. The insurance premium payment is allocated as investment should be recognized as treasure and reported in treasure section in annual tax return of individual income tax. However, if there’s incident and the insurer pay the claim, it will be acclaimed as non-taxable income.

Keywords: Life Insurance, Tax statement, Tax amnesty