



GST EXEMPTIONS TO HEALTH CARE PROFESSIONALS – OUR COVID 19 WARRIORS

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In the global war against coronavirus, doctors, nurses, pathologists and paramedics, ambulance drivers, medical cleaners and hospital administrators etc. are risking their lives in the seemingly unending battle against COVID 19. They are our true heroes. That's the state of the global army today that's taking on a pandemic which has already claimed thousands of lives and affected lakhs of people around the world. The noble services performed by the healthcare professionals towards the society deserve certain tax exemptions from the government. How the Goods & Services Tax provides exemptions to the Health Care Services has been enumerated below.



EXEMPTION TO HEALTH CARE SERVICES UNDER GST

Exemptions are provided vide Notification No. 12/2017-Central Tax (Rate) dated 28-06-2017 and Notification No.9/2017 – Integrated Tax (Rate) dated 28-06-2017.

Exemption to Health Care Services by way of:

- (1) Health Care Services by a Clinical Establishment, an Authorised Medical Practitioner or Para-Medics;
- (2) Services provided by way of Transportation of a patient in an Ambulance other than those specified in (a)above.

AUTHORISED MEDICAL PRACTITIONER	CLINICAL ESTABLISHMENT	HEALTH CARE SERVICES
Medical Practitioner Registered with any of the Councils of the recognized systems of Medicines established or recognized by law in India & includes a medical professional having requisite qualification to practice in any recognized systems of medicines in India.	Hospital, Nursing Homes, clinic, sanatorium or any other institution by, whatever name called, that offers services or facilitates requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicines in India, or a place established as an independent entity or a part of an establishment to carry out diagnostic or investigative services of diseases.	Service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicines in India & includes services by way of transportation of the patient to & from a clinical establishment, does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, development abnormality, injury or trauma.

REQUIREMENT OF REGISTRATION

A Doctor providing both exempted & non exempted services has to consider the total turnover from exempted & non exempted services. Thus, if the total turnover from all services exceeds the exemption threshold limit GST registration would be required. Aggregate turnover includes taxable as well as exempted supplies. A GST registered Medical Professional has to report both the exempt & non-exempt turnover in the GST return.

SERVICES PROVIDED BY THE HEALTH CARE PROFESSIONALS & THEIR TAXABILITY

OUT PATIENT DEPARTMENT SERVICES (OPD)	Medical consultancy and treatment without admitting a patient in the Hospital. These services are exempted from GST. However, GST is payable on supply of Medicines, implants, consumables to out-patients through hospital owned pharmacy to outpatients.
INPATIENT DEPARTMENT SERVICES (IPD)	Supply of Medicines, consumables, implants, charges for room rent, consultancy charges, food & beverages, bed charges, operation theater rent, equipment charges, Doctor fees, pharmacy consumed, various testing like blood test etc. It is a Composite Supply. These services are exempted from GST. However, if food & Medicine is supplied separately on optional basis, it is not a composite supply. Hence, GST is payable.
RENTING	GST is leviable on rent paid/payable for premises, given on lease by hospital. E.g. Medical Shops on rent in Hospital Premises, pathology on rent in hospital.
WASTE TREATMENT FACILITY	Services provided by operators of the common bio-medical waste treatment facility to clinical establishment by way of treatment or disposal of bio-medical or the processes incidental thereto are EXEMPT.
MEDICAL TEST SERVICES	Medical Test (either done in own Clinical establishment or done in the separate clinical establishment setup specially for such test) are exempt under GST.
MEDICAL COUNSELLING SERVICES	If consultancy has been given for the purpose of CURE then it is exempted but if the purpose is CARE then GST will be payable.
CORD BLOOD BANK SERVICES	Services provided by the Cord Blood Banks by way of preservation of stem cells or other service in relation to such preservation are EXEMPT.
BEAUTY TREATMENT SERVICES.	Beauty treatment services are mostly provided for the CARE purpose and not for the CURE purpose. Hence GST will be payable.
SUPPLY OF FOOD WITH HEALTH CARE SERVICES	Food supplies to patients as part of health care services is composite supply & not separately taxable.
SERVICES PROVIDED BY VETERINARY DOCTORS	Services in relation to health of animals and birds are exempt from GST.
AMBULANCE SERVICES	Ambulance services are also exempt from the ambit of GST.

FEW HEALTHY PRESCRIPTIONS FROM CBIC CIRCULARS

Question: Hospitals hire senior doctors/ consultants/ technicians independently, without any contract of such persons with the patient; and pay them consultancy charges, without there being any employer employee relationship. Will such consultancy charges be exempt from GST? Will revenue take a stand that they are providing services to hospitals and not to patients and hence must pay GST?

Answer: Health care services provided by a clinical establishment, an authorised medical practitioner or para-medics are exempt. [Sl. No. 74 of notification No. 12/2017- CT(Rate) dated 28.06.2017 as amended refers]. Services provided by senior doctors/ consultants/ technicians hired by the hospitals, whether employees or not, are healthcare services which are exempt. **(CBIC circular No. 32/06/2018-GST dated 12-02-2018)**

Question: Hospitals charge the patients, say, Rs.10000/- and pay to the consultants/ technicians only Rs. 7500/- and keep the balance for providing ancillary services which include nursing care, infrastructure facilities, paramedic care, emergency services, checking of temperature, weight, blood pressure etc. Will

GST be applicable on such money retained by the hospitals?

Answer: Healthcare services have been defined to mean any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India[para 2(zg) of notification No. 12/2017- CT(Rate)]. Therefore, hospitals also provide healthcare services. The entire amount charged by them from the patients including the retention money and the fee/payments made to the doctors etc., is towards the healthcare services provided by the hospitals to the patients and is exempt. (CBIC circular No. 32/06/2018-GST dated 12-02-2018)

Question: Food supplied to the patients: Health care services provided by the clinical establishments will include food supplied to the patients; but such food may be prepared by the canteens run by the hospitals or may be outsourced by the Hospitals from outdoor caterers. When outsourced, there should be no ambiguity that the suppliers shall charge tax as applicable and hospital will get no ITC. If hospitals have their own canteens and prepare their own food; then no ITC will be available on inputs including capital goods and in turn if they supply food to the doctors and their staff; such supplies, even when not charged, may be subjected to GST

Answer: Food supplied to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare and not separately taxable. Other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable. (CBIC circular No. 32/06/2018-GST dated 12-02-2018)

CLARIFICATION TABLETS

1	The supply of medicines and allied items provided by the hospital through the pharmacy to the in-patients is part of composite supply of health care treatment and hence not separately taxable. The supply of medicines and allied items provided by the hospital through the pharmacy to the out-patients is taxable.
2	Taking of X –ray photographs is nothing but rendering professional services and does not involve any element of sale. It is not a commodity can be sold by the radiologist to the patient. In the GST, it would be treated as composite supply, where healthcare services is principle supply.
3	GST is not applicable on ambulance services provided to Government under National Health Mission.
4	GST is leviable on rent paid/payable for premises, given on lease by Hospital.
5	Services provided by diagnostic centre is a clinical establishment and providing healthcare services is exempted from GST.

Role of CMA

CMAs can provide Value Added services to this sector like Impact of GST on Health Care Industry, Price Fixation of various Health Care Services, Supply Chain & Logistics Distribution Management of various Medical Equipments, Participation in development of Systems, Process and Controls, Complete analysis and evaluation of an ERP or Accounting System of Health Care Organization.

