

No GST on health care services agreed to be provided for next 20 years in lieu of lump sum payment: The AAR, Gujarat

Fact of the Case

The applicant was planning to establish a multi-super specialty hospital and provide health care services to patients. It devised a plan for providing health care services for next 20 years for which a lump sum amount of Rs. 10 lacs would be charged. It filed an application for advance ruling to determine taxability of lump sum amount received for providing health care services.

Decision of the Case

The Authority for Advance Ruling observed that the applicant would be providing services of health care and as per the details of plan submitted by the applicant, the health care services would be provided to family, i.e., member, spouse and up to two children (age below 21 years). The consideration would be received in lump sum for health care services and it would tie-up with the other hospital for diagnosis which would not alter the scope of supply of health care services by the applicant to its service recipients. Therefore, it was held that services supplied by applicant under its plan would be exempted under GST.