

18% GST payable on Nominal Charges received from Patients towards an “Unparallel Health Insurance Scheme” for the purpose of Imparting Medical Education: The AAR, Maharashtra

Fact of the Case

The Applicant, Kasturba Health Society (KHS), registered under the Societies Registration Act, 1860 and The Bombay Public Trust Act, 1950, exists solely for imparting Medical Education, till Post Graduation. The Society has named its Medical College as “Mahatama Gandhi Institute of Medical Sciences” (MGIMS) and Clinical Laboratory as KASTURBA HOSPITAL”. The entire activity as a whole is funded by Central Government @50 State Government @25 % and remaining 25% is derived as IRG in form of Fess from Students and Nominal Charges from Patients.

The applicant society since solely engaged in Education and there being no business activity was not obliged to get registered under the erstwhile Bombay Sales Act, 1959, MVAT Act, 2002 as well as Service Tax Act, on account of specific exclusions therein.

The applicant has sought the advance ruling on the issue

- whether the applicant, a Charitable Society having the main object and factually engaged in imparting medical education, satisfying all the criteria of “Educational Institution” is liable for registration under the provisions of section 22 of the Central Goods and Service Tax Act, 2017 and Maharashtra Goods and Service Tax Act, 2017 or it can remain outside the purview of registration in view of the provisions of section 23 of the said act as there is no Taxable supply.

Decision of the Case

The Coram ruled that a Charitable Society having the main object and factually engaged in imparting medical education, satisfying all the criteria of “Educational Institution” is liable for registration under the provisions of section 22 of the Central Goods and Service Tax Act, 2017 and Maharashtra Goods and Service Tax Act, 2017.

Yet another issue raised was whether the fees and other charges received from students and recoupment charges received from patients (who is an essential clinical material for education laboratory) would constitute as “outward supply” as defined in section 2 (83) of The Central Goods and Service Tax Act, 2017 and Maharashtra Goods and Service Tax Act, 2017 and if yes then whether it will fall in classification entry at Sr. No 66 or the portion of nominal amount received from patients (who is an essential clinical material for education laboratory) at Sr. No. 74 in terms of Notification 12/2017 Central Tax-dt. 28/6/2017. The AAR ruled that the said charges collected are exempt from GST.

The Maharashtra Authority of Advance Ruling (AAR) ruled that 18% GST is payable on nominal charges received from patients towards an “Unparallel Health Insurance Scheme”.