

SIRC OF ICAI

GST IMPACT IN HEALTH SERVICES

08.01.2020

Presented by
CA J.MURALI
CHARTERED ACCOUNTANT

Health Care Services – Category Exempt Notification 9/2017 – Integrated Tax(Rate) dated 28.06.2017

- ▶ **1. Health Care Services**
- ▶ **2. Clinical establishment**
- ▶ **3. Authorised Medical Practitioner**
- ▶ **4. Para Medical**

Health Care Services

- ▶ Diagnosis or Treatment
- ▶ Care for illness, injury
- ▶ Deformity, abnormality or Pregnancy
- ▶ Recognised System of Medicine

Health Care Services (Contd)

- ▶ Excludes Hair Transplant, Cosmetic Surgery
- ▶ Plastic Surgery except undertaken to restore

Health Care Services (Contd)



Plastic
Surgery done
to accident
victim is
Health care

Health Care Services (Contd)



Beautification Surgery
– Not Health Care

GST – Healthcare

- ▶ Health care Exempted under GST

Tax Free

- ▶ Life Saving Drugs
- ▶ Healthcare Services
- ▶ Medical Devices

Services increased in GST

- ▶ Dialysis
- ▶ Pacemaker
- ▶ Support devices in orthopedics
- ▶ All support devices for cancer except Blood cancer

Clinical establishment means

- ▶ Hospital, Nursing Home, Clinic, Sanatorium etc.,
- ▶ Services in connection with Diagnosis and treatment for care

Place of establishment – Health Care

- ▶ Separate entity which owns the services like Diagnosis, treatment for Disease, Pregnancy, Pathological, Biological etc

Categories of Clinical establishment

- ▶ Hospital – Where the healthcare Services are provided
- ▶ Maternity Home – Pregnant Women treated and child birth

Categories of Clinical establishment (Contd)

- ▶ Nursing Home : Place for treatment of all Sickness and providing healthcare services with accommodation
- ▶ Clinic : Small type of establishment providing outpatient services

Categories of Clinical establishment (Contd)

- ▶ Sanatorium : Treatment place for Chronic diseases like Tuberculosis

Authorised Medical Professional

- ▶ Registered Practitioner with any Medical Council
- ▶ Qualification to Practice Medicine
- ▶ Qualification in any system of medicine recognised in India

System of Medicine

- ▶ Allopathic
- ▶ Ayurvedic
- ▶ Siddha
- ▶ Unani
- ▶ Homeopathy
- ▶ Yoga
- ▶ Naturopathy

Para Medicine

- ▶ Trained Healthcare Professional such as
 - Nursing Staff
 - Physiotherapy
 - Techniciary
 - Lab Assistant

Other exempted Services under Notification 9/17

- Veterinary Doctor
 - Blood Banks
 - Medical Test
 - Bio Medical Waste
 - Room Rent for Patient
 - Ambulance Service
- (Entry 48)
 - (Entry 76)
 - (Entry 77)
 - (Entry 78)
 - (Entry 77)
 - (Entry 77)

Taxable Healthcare Services

- ▶ Medicines, Consumables and Services Produced by Plastic Surgery taxable
- ▶ Artificial Limbs – Taxable

Composite Services

- ▶ When two naturally bundled services are done together then rate of Tax for Principle Service, will apply for the ancillary service.

COMPOSITE SUPPLY- TAXED AS ONE

IRCTC's e-Ticketing Service
Electronic Reservation Slip

Transaction ID: 0042210208		PNR No: 8319249431	
Train No. & Name: 2925PASHIM EXPRESS		Date Of Journey: 30/5/2008	
Class: SL		Date of Booking: 03/05/2008 03:54:13 PM	
Date of Boarding: 30/5/2008		Distance: 0047 KM	
From: NEW DELHI(NDLS)	To: SONPAT(SNP)	Quota: General	
Boarding Point: NEW DELHI(NDLS)	Reservation Upto: SONPAT(SNP)	Adult: 1 Child: 0	
Scheduled Departure: 11:15	Total Fare: Rs 141.00		

* Departure time printed on the ERS is liable to change. New time table from 01-07-2007.

Sno.	Name	Age	Sex	Coch No/ Seat No/ Status
1.	R K Thapar	39	Male	660041/ Booked

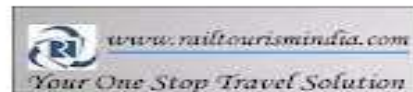
* Passenger who has to carry the following Photo Identity Card in Original

Type	No.	Issuing Authority
Driving License	33	33



SAHTABDI TRAIN TICKET

- Composite supply
- ticket and meals
- You cannot opt for one.



Important

- The accommodation booked is not transferable and is valid only against the above noted photo identity card.
- On demand from ticket checking staff the passenger should produce the above noted photo identity card along with the 'Electronic Reservation Slip' print out. In case the passenger does not carry the electronic reservation slip, a charge of Rs.50/- per ticket shall be recovered by the ticket checking staff and an excess fare ticket will be issued in lieu of that.
- E-ticket cancellations are permitted through www.irctc.co.in by the user. In case e-ticket is booked through an agent, please contact respective agent for cancellations.
- Enquiries about PNR status, accommodation availability, fare, arrival and departure are also available at "phone no. 1199" on 24x7 basis from any BSNL, MTNL, Vodafone and Spice phones.

Contact us on : 011-23340000 / 23344797 / 23344773 / 23345500 / 23346600 or Mail To : care@irctc.co.in

Thank you for using IRCTC's Services.

[Print ERS-Instructions](#)

- ▶ Hence Medical Services done for Inpatients with Rooms is exempted.

HSN CODE FOR THE MEDICAL SERVICES

Classification of Services with SAC Code			CGST	SGST	IGST
Heading No. 9993	SAC	HUMAN HEALTH AND SOCIAL CARE SERVICES			
Group 99931		Human Health Care Services			
	999311	Inpatient services	9%	9%	18%
	999312	Medical and dental services	9%	9%	18%
	999313	Childbirth and related services	9%	9%	18%
	999314	Nursing and Physio therapeutic services	9%	9%	18%
	999315	Ambulance services	9%	9%	18%
	999316	Medical Laboratory and Diagnostic-imaging services	9%	9%	18%
	999317	Blood, sperm and organ bank services	9%	9%	18%
	999319	Other human health services including homeopathy, unani, ayurveda, naturopathy, acupuncture etc.	9%	9%	18%

HSN CODE FOR THE MEDICAL SERVICES

		SOCIAL CARE SERVICES			
Group 99932		Residential care services for the elderly and disabled			
	999321	Residential health-care services other than by hospitals	9%	9%	18%
	999322	Residential care services for the elderly and persons with disabilities	9%	9%	18%

HSN CODE FOR THE MEDICAL SERVICES

Group 99933		Other social services with accommodation			
	999331	Residential care services for children suffering from mental retardation, mental health illnesses or substance abuse	9%	9%	18%
	999332	Other social services with accommodation for children	9%	9%	18%
	999333	Residential care services for adults suffering from mental retardation, mental health illnesses or substance abuse	9%	9%	18%
	999334	Other social services with accommodation for adults	9%	9%	18%

HSN CODE FOR THE MEDICAL SERVICES

Group 99934		Social services without accommodation for the elderly and disabled			
	999341	Vocational rehabilitation services			
	999349	Other social services without accommodation for the elderly and disabled	9%	9%	18%
Group 99935		Other social services without accommodation			
	999351	Child day-care services	9%	9%	18%
	999352	Guidance and counselling services related to children	9%	9%	18%
	999353	Welfare services without accommodation	9%	9%	18%
	999359	Other social services without accommodation	9%	9%	18%

HSN CODE FOR THE MEDICAL SERVICES

Tax ability of Medicines sold by Pharmacy and other items of implant

The general rate of medicines etc, *inter alia* is covered under the following classification



Chapter No.	Item Description	CGST	SGST	IGST
30	Drugs or medicines including their salts and esters & diagnostic test kits, specified in list 1.	2.5% or 6%	2.5% or 6%	5% or 12%
9804	Dutiable drugs and medicines (imported by post or air) including their salts and esters and diagnostic test kits specified in list 1, given at chapter 30, and Formulations specified in list 2 given in chapter 30, intended for personal use.	2.5%	2.5%	5%
9804	Other Dutiable drugs and medicines intended for personal use.	6%	6%	12%



HEALTH CARE SERVICES :

2. Definitions. - For the purposes of this notification, unless the context otherwise requires, -

((s) “clinical establishment” means a **hospital, nursing home, clinic, sanatorium** or any other institution by, whatever name called,

that offers services or facilities requiring **diagnosis or treatment or care** for **illness, injury, deformity, abnormality or pregnancy**

in any recognised 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;

Notification No. 12/2017-Central Tax (Rate)



HEALTH CARE SERVICES :

2. Definitions. - For the purposes of this notification, unless the context otherwise requires, -

(zg) “**health care services**” **means** 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 and

includes **services by way of transportation of the patient to and from a clinical establishment,**

but **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, developmental abnormalities, injury or trauma;

Notification No. 12/2017-Central Tax (Rate)



SR 73 HEADING 9993

Services by way of –

- ▶ a) Health care services by a clinical establishment, an authorised medical practitioner or para-medics;
- ▶ b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.

Notification No. 12/2017-Central Tax (Rate

HEALTH CARE SERVICES :

MEDICINE SUPPLY:

```
graph TD; A[MEDICINE SUPPLY:] --> B[Supplied from Pharmacy either owned or managed by Hospital or others – Will be Taxable as per applicable GST rate notified.]; A --> C[Consumed during the provision of providing health services : - Will not be Taxable as Composite Supply.];
```

Supplied from Pharmacy either owned or managed by Hospital or others – **Will be Taxable as per applicable GST rate notified.**

Consumed during the provision of providing health services : - **Will not be Taxable as Composite Supply .**

HEALTH CARE SERVICES :

Is GST leviable in following cases:

SR. 5 - Clarification

(1) 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?

Clarification Issued : - Services provided by senior doctors/ consultants/ technicians hired by the hospitals, **whether employees or not, are healthcare services which are exempt.**

CIRCULAR NO. 32/06/2018-GST -12TH FEBRUARY 2018

HEALTH CARE SERVICES :

SR. 5 - Clarification

Is GST leviable in following cases:

(2) **Retention money:** 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?

Clarification Issued : - 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.

CIRCULAR NO. 32/06/2018-GST -12TH FEBRUARY 2018

HEALTH CARE SERVICES :

Is GST leviable in following cases:

(3) 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.

Clarification Issued : - 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.

CIRCULAR NO. 32/06/2018-GST -12TH FEBRUARY 2018

HEALTH CARE SERVICES :

Entity registered under section 12AA of the Income-tax Act :

❑ Services by an entity registered under section 12AA of the Income- tax Act, 1961 (43 of 1961) by way of charitable activities.

(r) “**charitable activities**” means activities relating to -

(i) public health by way of, -

(A) **care or counselling** of

(I) terminally ill persons or persons with severe **physical or mental disability**;

(II) persons afflicted with **HIV or AIDS**;

(III) persons **addicted** to a dependence-forming substance such as **narcotics drugs or alcohol**

(B) public **awareness of preventive health**, family planning or prevention of HIV infection;

Notification No. 12/2017-Central Tax (Rate)

SR. 46 HEADING 9983

Services by a -

- ☐ Services by a **veterinary clinic** in relation to **health care of animals or birds.**

Notification No. 12/2017-Central Tax (Rate)



HEALTH CARE INSTITUTION :

OTHER REVENUES OF HOSPITALS

HEALTH CARE INSTITUTION :

SR.	Other Revenue & Income	Taxable /Not
1.	Parking Fees collected directly by Hospital / Licensee fee Collected from Contractor	
2.	Renting of Premises to Canteen Operator / Pharmacy	Taxable
3.	Scrap Sales	Taxable
5.	Sales of Assets / Machinery	Taxable
6.	Separate lodging , Boarding, Canteen facility –Attendant	Taxable
7.	Any other service cannot be categorized as Health care service	Taxable



A presentation by
CA J.MURALI
M.COM,ACMA.,FCA.,MBA.,
jmuraliandco@gmail.com
www.jmuraliandco.com
9841028000/9500028000
23662355/23662781/23664993