

GST Dilemmas for Health Care Service Providers: An Overview and Analysis



Health care services (HCS) encompass various aspects such as diagnosis, treatment and care of patients. Any of these services, if provided by a Clinical Establishment (such as a hospital, nursing home, clinic or diagnostic lab), or by an authorised medical practitioner or paramedic, are exempt from tax under the existing GST Law. Also, ambulance services provided to patients for transportation are in the “NO TAX Zone.” A simple medical consultation or Lab diagnosis or Physiotherapy can be termed as BARE or PURE HCS as opposed to Composite HCS, which includes supply of goods like Medicines and medical devices. Supply of Food is treated under CGST as a Service under Schedule II and hence it forms part of Pure HCS. Pure HCS also includes incidental medical materials like Dressing and non-medical items like Soap, Gloves, and Towels. Items like dressing materials or food or soap are incidental goods to the Principal health care services and are not of a dominant nature, hence forms part of pure HCS. This article highlights some issues with respect to GST being faced by health care service providers. Read on...

Nature of Health Care Services

Pure or Composite Health care services (HCS) can be an integrated service as generally rendered by large hospitals, partly integrated as seen in the case of



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mushrooming nursing homes, or standalone services as are rendered by clinics, doctors or paramedical persons.

The structure of Composite HCS involves various components such as Diagnosis, Lab/Diagnostic tests, Surgeries, administration of medicines in various forms such as injections and tablets, medical devices such as Pacemakers, Heart Valves and Knee replacements, and external aids such as crutches.

Needless to say, infrastructure facilities like Buildings, Equipment and Machines contribute to a major portion of today's medical care.

Care of In-patients also involves providing proper accommodation and food in the hospital for recovery.

The Composite HCS provider could charge separately for each of the above like medical consultation, lab/ diagnostic tests, surgical fee and theatre charges, medical devices, external aids, Medicines, and so on. Alternatively, billing can be done on a consolidated basis.

Advance Ruling - Columbia Asia Hospitals

On 13-11-18 Vide Order No KAR ADRG 26/2018, the Authority of Advance Ruling (AAR) of Karnataka, in response to an application filed by Columbia Asia Hospitals (P) Limited, Bengaluru, issued a ruling to the effect that Consolidated charges for Composite HCS of In-patients; amounts to Composite Supply comprising Exempt supplies like PURE HCS and Taxable supplies of goods like medicines, implants etc. Since the tax rate applicable to the Principal supply; applies to the whole of the Composite supply, which in this case is the supply of Pure health care services - which is exempt Vide Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017, no tax is payable on the Whole of the Composite supply including Medicines and devices prescribed by Doctors. This is because the supply of pure health care, medicines are naturally bundled and supplied in conjunction with each other and one of them, is a Principal Supply, as per the definition of “Composite Supply” under section 2 (30) of the CGST ACT.

It should be noted that as discussed above food and Consumables be medical or otherwise are part of PURE HCS and Exempted under the above Notification. They cannot be equated with supply of goods like Medicines and devices.

It was also ruled that tax is payable on medicines sold separately and on food supplied to non-patients.

Furthermore, no input tax credit can be sustained on inputs of goods or services used for such Exempt composite supplies and the relevant input tax credit would have to be reversed.

It can also be said that even providing non-medical items like soap and towels to in-patients amounts to “Patient Care” and, therefore, would be covered under Pure HCS. Similarly, if a Doctor visits a patient at his or her residence and bills for taxi fare or airfare, it also amounts to Pure HCS.

There should a clear nexus between the supply of goods, services or both, and the health care. The

nexus may be direct (in most cases), or indirect (as in the case of conveyance charges for visits of a doctor).

It was also made clear in the above Advance Ruling that in case of out-patients, Pure HCS bundled together with medicines where out-patients have no choice except to buy medicines from the hospital, is a Composite HCS and Exempted from GST as in the case of in-patients. However, if the out-patients are free to buy medicines anywhere, and they buy from the hospital, tax is payable on supply of such medicines.

A few points are worth noting here:

Firstly, it is next to impossible to make out whether the patients are free to buy medicines anywhere; from the prescription or other documents.

Secondly, no hospital would deprive the patient the tax benefit by expressly saying so.

Thirdly, it is illogical to link the option to buy medicines anywhere, with the concept of Composite supply as done by Various ARAs.

The main determinant of a composite supply is, whether the supply of two or more taxable goods or services, or combination thereof, are Naturally Bundled Together— in the ordinary course of business, one of which is a Principal supply.

In other words, each item should be in sync with one another as per normal business practice or consumer habits. No one can say that Hearing aid and Spectacles are naturally bundled together. Similarly no one can deny that an inverter and batteries are not natural combination as no inverter can function without batteries. It is the common practice to buy both together though some customers may buy inverter at one place and the batteries from another. But as long as a customer buys both from the same supplier at the same time, the benefit of composite supply cannot be denied. The same is the case when one avails a broad band connection with wireless router. There could be hundreds of such examples in real life like buying torch light and cells for it, tablet PCs with covers, vehicles with insurance cover, New power connection with power meter etc.; In all these cases the recipient of the Supply **has the option of taking the supply together or separately.**

Taxable Supplies – The Real Meaning

It may be stated here that the above hospital was not treating its Composite HCS as a Composite Supply on the wrong notion that Composite Supplies comprise,

two or more taxable supplies and since Pure HCS is an Exempted Supply, the same cannot form part of Composite supply.

Based on this the Hospital was not charging GST on Pure HCS and Charging GST on medicines and food treating them as an independent supplies and availing input tax only on medicines but not on food.

It may be mentioned here that the term “Taxable Supply” under GST means any Supply on which tax can be levied irrespective of the fact whether such a tax is levied or not. (Section 2 (108) of CGST ACT). **“Leviable to Tax” is different from “Liable to Tax”. In the latter case, it covers the Supply on which GST is above Zero.**

As on March, 2019 except alcoholic liquor for human consumption Petroleum Crude, HSD, Petrol and Aviation Turbine Fuel; the rest are subject to levy of CGST.

Notification

As per the CGST Act, by way of Notification No. **12/2017- Central Tax (Rate)** dated 28th June 2017, Pure HCS are totally exempt from CGST under Sl.No-74.

The above Sl.No.74 reads as under:

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 covered in those specified in (a) above.

As per the definition given under 2 (Zg) in the above Notification, “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.”

From the above definition, it is clear that as a part of Pure HCS, if a clinical establishment renders any supply, of services like Medical Consultation, Lab tests, Surgery, accommodation to patients, food to patients, or any special nursing facilities to Patients either for a Consolidated Price or for Split Charges, NO GST is payable. The Method of billing is immaterial to determine tax liability; rather, the

nature of supply of services is Crucial.

There is a deficiency in the above Notification in as much as it refers to “--- any service by way of---“. It ought to have referred to “ --- any supply of goods or services or both---“. This would then automatically exempt items such as medicines, medical devices supplied to patients and so on.

The ambiguity around the matter of whether something is a Composite Supply or not, as was referred to the AAR, Karnataka by Columbia Asia Hospital has arisen due to deficiency in the Notification as mentioned above.

Unless the Notification is suitably modified as suggested above, future disputes are bound to arise on the determination of Principal Supply in HCS.

There is an inbuilt ambiguity of determining principal supply.

For instance, if the value of supply of medicines and medical devices like heart valves exceeds over the Medical Services and hospitalisation charges, tax authorities may hold Supply of Goods as a Principal Supply and demand GST on the whole amount of the bill including Supply of Services.

Clinical Establishments /Clinics

As per the definition in the above Notification under 2 (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.”

Hospitals are generally understood to be organised health care institutions with professional doctors and nursing staff treating both in and out patients with the aid of diagnostic labs and other medical equipment.

Nursing homes are akin to hospitals but are generally smaller with regard to size and facilities, and may help patients to recoup for longer periods.

Clinics are small in nature and simply provide medical examination and treatment that do not require hospitalisation. Clinics typically depend on other sources like diagnostic labs and hospitals for investigations.

Sanatoriums are places for treatment of long drawn illness like T.B.

Every disease is an illness but all illnesses are not diseases. For Ex: fever, cold and diarrhoea are illnesses but they are not diseases. Chronic Back pain, osteoarthritis, hypertension and diabetes are diseases which may require long drawn treatment.

However in practice both the terms are very loosely used.

As per 2 (k) of the above Notification, “authorised medical practitioner” means a medical practitioner registered with any of the councils of the recognised system of medicines established or recognised by law in India and includes a medical professional having the requisite qualification to practice in any recognised system of medicines in India as per any law for the time being in force.

It appears from the above definition that even an unregistered medical professional having requisite qualifications to practice is an authorised medical practitioner, **which is not quite right.**

Para-Medic is not defined in the Notification and it ought to have defined to avoid future litigations.

As per Cambridge English dictionary, it means,

“person who is trained to do medical work, especially in an emergency, but who is not a doctor or nurse.” This definition is observed in Developed Countries by regulating the Para-Medics.

In India, Para-Medics are not regulated by any Law and it seems a Laissez-faire. Physio-Therapists, Speech-Therapists, Dieticians, etc.; are classified as “Allied Health Professionals” elsewhere in the world and regulated unlike in India.

Nurses are a class by themselves and are also regulated in Developed Nations.

The recognised Indian Systems of medicine are:

Ayurveda, Siddha, Unani, Homeopathy, Yoga and Naturopathy. (SOURCE): *Govt. of India Order Regarding Grant of Recognition for various streams of Alternative Medicine. No. R.14015/25/96-U&H(R) (Pt) Government of India, Ministry of Health & Family Welfare, (Research Desk) Dated the 25th November 2003*

Other Dilemmas

Dilemmas may also arise regarding GST liability on providing Artificial Limbs, Crutches or even Wheel Chairs to patients by a Clinical Establishment. The acid test in such cases is whether such external aids are for the treatment or care of patients. It can be convincingly said that these aids are to

treat either a permanent or temporary disability or deformity and hence must be exempt from GST. Even if there is any doubt in this reasoning, one can confidently say that it is for the Care of Patients with disabilities or deformities and hence should be exempt. The word “Care” has a very broad connotation.

It is immaterial whether a Clinical Establishment provides Health Care at Hospitals or at home. In both the cases, it is exempt. For instance, a hospital, after discharging a patient may continue to provide health care at the Patient’s home by way of Nursing Facilities, hospital medicines, use of hospital equipment like B.P, blood sugar monitors, wheel chairs, in addition to visits by Medical Doctors and so on. Such cases are not infrequent in today’s medical world due to paucity of beds in hospitals. Further, reasons to cut costs to patients on hospital charges, terminal illness make home medical care a better option.

If a clinic, particularly in Indian medical system like Ayurveda provides its own medicines, needless to say the charges for consultations and medicines whether charged as a consolidated amount or separately are exempt from GST as such charges are towards Composite HCS.

Billing

Some entities may include in the consolidated bill amount, charges for medicines at MRP, as a part of Composite HCS. This is not right as is explained in the below Illustration.

Such a charge may attract CGST ACT Provisions of Section 32 (2)- Unauthorised Collection of Tax and Section 76-Tax Collected but not paid to the Government.

Similarly, if entities charge for medicines separately as in the above case of Columbia Hospitals, it should be based on MRP minus input tax credit availed.

Otherwise, it attracts CGST ACT provisions under section 171(1)- Anti-Profiteering.

When hospitals charge a consolidated amount for Composite HCS including medicines, care should be taken to ensure that the charges for medicines are not included at MRP of medicines. This is due to the fact that no GST can be charged on Medicines provided under Composite HCS and MRP includes GST.

Needless to say, hospitals cannot avail or sustain input tax credit on medicines charged as a part of Composite HCS as such services are Exempt.

Below is an illustration of the above concept:

S Hospitals bought 5000 healthy tablets from Impatient limited in the month of February, 2019.

The following are the Purchase details:	Amount in Rupees
Healthy Tablets- 500 nos. @ ₹ 100 per tablet	50,000
Less Discount @ 30%	(-) 15,000
Net Amount	35,000
CGST @ 2.5%	875
SGST @ 2.5%	875
Total	36750
Note :	
MRP before GST	50,000
CGST 2.5% and SGST 2.5 %	2,500
MRP including GST	52,500

In the above case, the S Hospitals treated a neck ailment of a patient Mr. Luck for a period of 10 days by admitting him as an in-patient. The hospital, whether it charges a consolidated amount for the treatment or separately for tablets, the hospital cannot charge ₹ 52,500/- towards MRP of tablets including GST. It should charge a maximum of only ₹ 51,750/-. This is made up of the undiscounted price of ₹ 50000 and ₹ 1750/- GST paid by the hospital for which no input tax rebate is available.

However, it is possible that some hospitals in the name of consolidated charges include the Final MRP price, which is generally not discovered even by auditors.

Considering the practicalities of Tax administration in India, it is recommended to issue a SINGLE INVOICE rather than separate invoices for Room charges, Consultation, Medicines etc.;

Where a bill is raised for a consolidated amount, transparency and ethics requires, that a break down is provided for different charges.

Further, when the Patient in the above example is supplied with 500 tablets for a period of say 3 months, no GST is chargeable on the whole supply though the tablets supplied are beyond the hospitalisation period.

IVF – In Vitro Fertilisation procedures and medicines for the same, if undertaken by a Clinical Establishment, should be exempt from GST as they

are for the purpose of treating an abnormality.

It may happen that in the course of IVF treatment, a consolidated amount is agreed including for medicines and later on due to special reasons, additional amounts are charged towards medicines outside of the agreed charges. As long as the additional amounts are towards treatment of the abnormality they are also exempt from GST.

Health Care Service Consultants: It is possible that some Doctors or Semi- Qualified persons may act as a bridge between Patients and Clinical establishments by rendering advice to patients on the best medical care available in a cost effective and timely manner, especially to lower middle class sections and charge a fee.

However, such a fee is not exempt from GST as it is not to diagnose or treat a patient.

Also, specific Exemptions in the above referred Notification are available for GST **Under Sl. No. 73 for cord Blood Banks** for preservation of Stem Cells or any other Services in relation to such preservation and **Under Sl. No. 75 for Bio-Medical waste** treatment/disposal and incidental services thereto provided to Clinical establishments.

Food and medicines supplied to others are liable to GST, including room rent charged to Non-Patients. **In other words, any supply of goods or services that does not constitute Pure health care comes under the Purview of GST if it is not otherwise exempt. The criterion applied to In-Patients in granting exemption to Pure HCS charges applies to out-patients too.**

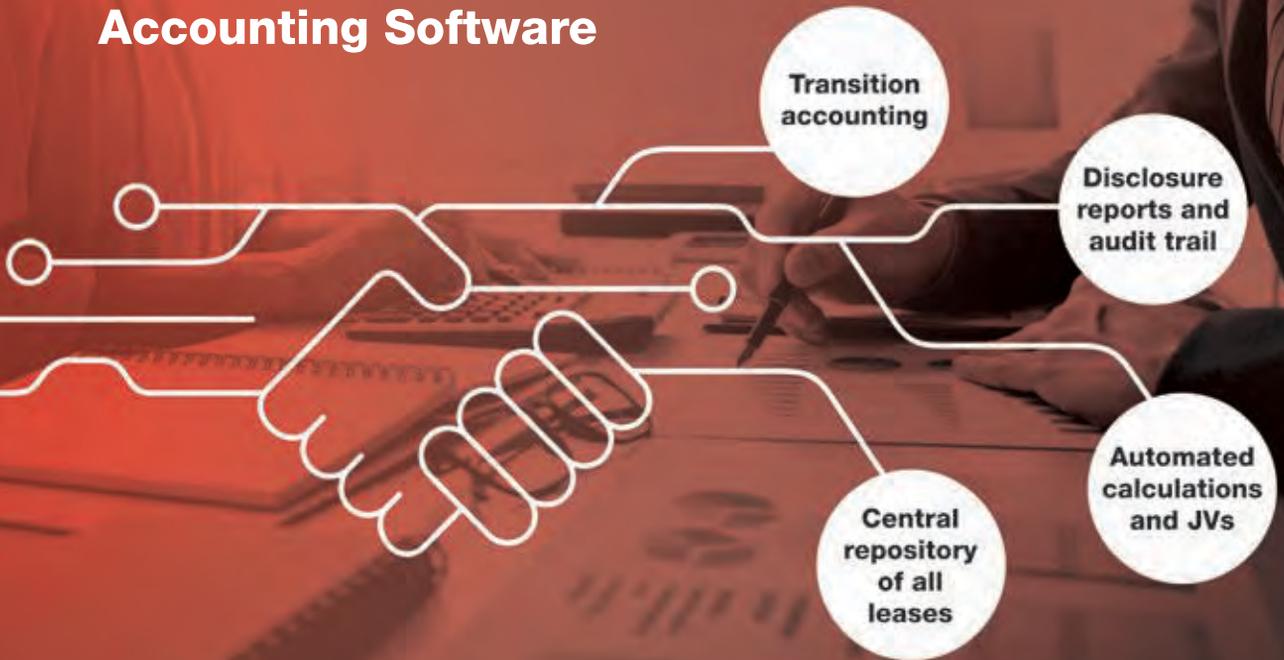
For Example, if a hospital examines a patient for injury, takes diagnostic tests and provides dressing and tablets, it is all for diagnosis/treatment of a patient and is Exempt from GST.

If a hospital examines a patient simply by clinical means and provides tablets, again it falls under the purview of Exemption Notification.

Only in cases where a hospital supplies medicines prescribed by another Clinical Establishment or Clinic, one can say that it amounts to supply of Medicines and attracts GST. **This is because the hospital is neither diagnosing a patient nor providing treatment but it is simply selling tablets like any other trader.**

Some hospitals or labs may charge an additional amount for collecting samples of blood etc. at

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home. Such charges though specific and extra to a patient, are exempt because the objective is to collect samples for investigation or diagnosis of illness. It may be said that the cost of diagnosis is increased in such cases due to reason of patient's immobility or other reasons.

Any other income earned by doctors, say faculty fees from medical colleges or Consultation fees from Pharmacy companies, would not fall under the GST Exempt category.

The CGST Law is equally compassionate of Pure HCS of Animals and birds by fully exempting Pure HCS to them provided by veterinary Clinics. (See Sr. No. 46 of the above referred Notification).

Ancillary Aspects:

Registration (Section 22, 23 and 24 read with relevant Rules): Though HCS are totally exempt from GST, HCS Providers like hospitals, nursing homes must obtain GST Registration in a State or Union territory from where they make taxable supplies of goods or services or both; provided such institutions supply goods or services or both that are liable to tax and the Aggregate Turnover on all India basis with the same Pan Number Comprising Taxable supplies, Exempt Supplies, Exports, Inter State supplies of goods and services exceeds in a financial year the Current threshold limit of ₹ 20 lakhs (₹ 10 lakhs in Special Category States). However the limits are proposed to be doubled for Supply of goods as per the February 2019 Budget speech. Accordingly, Notification No. 10/2019 – Central Tax, dated the 7th of March, 2019 was issued. As per this Notification which is effective from 01-04-2019, Registration is obligatory case of Suppliers of GOODS without any supply of Services, if the threshold limit exceeds ₹ 40 lakhs. However, this New Limit is not applicable to Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura and Uttarakhand. The above amendment only further complicates the already cumbersome GST Law. The New limit should have been made applicable for all Suppliers except in Special Category States for whom the limit could have been ₹ 20 lakhs in lieu of the Present ₹ 10 lakhs. However, since HCS deal either exclusively in Service or Goods and Services, the NEW LIMIT has no consequence.

Composition Tax: As per the recent Notification No. 2/2019-Central Tax (Rate) dated 7th March, 2019

HCS Providers can avail the right of paying Composition Tax of CGST @ 3% and SGST 3 % on the Aggregate Turnover subject to conditions etc. specified in the said Notification. One of the main conditions is that the aggregate turnover in the previous financial year of goods or services or both shall not exceed ₹ 50 lakhs. Further, no input tax credit can be availed and no CGST, SGST can be charged on outward supplies. Tax on RCM is payable wherever applicable.

The application for availing Composition Scheme shall be made prior to start of the F.Y., that means for the next F.Y-2019-20, the application last date is 31-03-19. Since the Notification is issued very recently, the authorities should extend the last date at least to 30-04-2019.

Aggregate Turn over does not include inward supplies on which tax is payable under RCM:

Further, *inter alia*, persons supplying goods or services or both outside the State or Union territory or liable to pay tax under reverse charge or holding Registration under erstwhile Law or Input Service Distributor are liable to get Registration irrespective of the above Turn Over Criteria.

Any Hospital providing only HCS which are Wholly Exempt need not register.

However, an hospital supplying Tablets or Medical devices independently not forming part of HCS or providing hair transplant or cosmetic or plastic surgery not covered under Exempted HCS, require Registration if the Turnover criteria is met.

Also if a hospital supplies medical devices outside the State to other hospitals or hospital management services outside the State, such hospitals must obtain registration irrespective of Turnover criteria.

Reverse Charge Mechanism (RCM) – Section 9 read with relevant Rules: Under Section 9 (3), tax is payable under RCM by the recipient of goods or services or both in respect of Notified items like Goods Transport services, Legal Services or Services by a Director of a company , Securities Services Provided by Non-Corporates – See full details in Notification No 13/2017- CT(R) dated 28-06-2017 as amended from time to time.

Under section 9 (4) as amended W.E.F 01-02-2019, tax is payable by a Registered dealer on NOTIFIED goods or services or both received from an Unregistered dealer under RCM. No notification is issued so far and, hence, as on date it is ineffective.

Input Service Distribution/Cross Charge-Sections 2(61), 20, 24, 39 read with relevant Rules: Section 2 (61) explains the Concept of Input Service Distributor (ISD)

Broadly, it means transferring the Input Services together with relevant GST from a Common office to the concerned recipients of Service.

The ISD requires separate Registration under section 24 of the CGST ACT read with Rule 8. Section 20 read with Rule 39 deals with the manner of distribution of Input Tax. Section 39 read with Rule 65 deals with the monthly Return to be filed by an ISD.

In case of Chain of Hospitals or hospitals with a branch or branches either within a State or at multiple States, Common Services like Centralised Accounting, Marketing, Advertisements, Administration may be distributed to the concerned hospital irrespective of whether it is Registered in that State or not, generally on a proportionate basis of the Turnover of the concerned hospital in a State in the immediate previous year that bears to the Total Turnover of all such hospitals that availed such Common Services. Turn over for this purpose shall also include Non-Taxable supplies Excluding Excise, VAT/Sales Taxes. Ineligible tax, Eligible tax credit shall be allocated to each Unit separately by an Invoice as prescribed, every month. Any Credit or Debit Notes issued to the ISD by suppliers need to be adjusted by issuing ISD - Credit or Debit Note as the case may be in the same month to the concerned recipients of service.

In cases where the hospitals receiving of actual service and the Supplier of Service and the ISD are in the same State, the Bill raised by the Suppliers in a month on ISD would comprise CGST and SGST. The same (i.e CGST AND SGST) will be distributed in the same month by the ISD to hospitals as such; that received actual Services.

In the above case, if the ISD alone is located in a different State, CGST and SGST will be distributed as IGST and not as CGST and SGST as per the Rules.

If the Suppliers are in one State, say Haryana and the Actual Service recipients are all in different States, say U.P, Punjab, Bihar and the ISD is in the State of Supplier (Haryana) or in a different State (Karnataka), Suppliers' Bills on ISD charging IGST will be distributed as IGST.

Cross Charge: Another example could be, let us assume that the Supplier Providing Hospital Management Consultancy Services located in the State of Andhra Pradesh and the Hospitals which are located in States of Telangana and Orissa but attend an Interactive Programme at Vijayawada (A.P) and the Supplier Charges CGST and SGST to ISD located in Tamil Nadu.

In the author's opinion, though the hospitals receiving Service at Vijayawada (A.P) though have no offices in A.P and no Registration in A.P, yet the ISD could distribute CGST and SGST as IGST.

ISD is a standalone concept as enumerated under the ACT and the Rules. No where it is said that the Recipient of Service should have Registration in the State where it receives the Service. As long as the Service is taxable and tax is charged to the ISD, the ISD has an inherent right to distribute such a tax to service receivers, in the above case as IGST. There is no bar in this either explicitly or by implication under the concept of ISD.

However, some practitioners came up with the concept of "Cross Charge" which is not existent in the GST LAW.

As per the "Cross Charge" concept, in the above case, the Hospital should have a Registration in the State of AP for receiving "Business Support Services" and the supplier in the above case raises bills on such an office charging CGST and SGST. The business support services in turn will bill to ISD and the ISD thereafter distributes the tax to actual receivers of services.

ISSUE: If a supplier of Accounting Service is in the State of Tamil Nadu (TN) and there are 8 hospitals 3 of Which are in TN and 5 are outside the State of TN, and the Price is a Consolidated Price for providing Accounting Services to all 8 Hospitals, how the Supplier should charge GST. The only answer could be the Price should be separate for hospitals located in TN and elsewhere.

AT A GLANCE- LIABILITY TO GST- HEALTH CARE SERVICES

TABLE 1

NATURE OF HEALTH CARE SERVICE.	LIABILITY TO GST	REMARKS
Medical Consultation/Surgeries including Conveyance charges/travel expenses of Doctors to diagnose/ treat patients	EXEMPT under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017.	PURE HCS
AMBULANCE CHARGES	EXEMPT under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017	PURE HCS
LABORATORY TESTS/ DIAGNOSTICS	EXEMPT under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017	PURE HCS
Medicines in all forms like tablets,injections.	EXEMPT under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017	Exemption applies only if medicines are supplied as an integral part of treatment. No Exemption if supplied independently to others.
ROOM CHARGES FOR IN-PATIENTS	EXEMPT under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017	PURE HCS
FOOD to Patients as per Medical Advice	EXEMPT under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017	Supply of Food is treated as Service under GST. Hence it forms Part of PURE HCS.
Consumables used for Patients like towels,Soap,Cotton	EXEMPT under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017	Consumables are incidental to HCS of-patients.Hence it forms part of Pure HCS.
Medical devices like Pace Maker,Heart Valves, knee replacements	EXEMPT under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017	Exemption applies only if such devices are supplied as an integral part of treatment. No Exemption if supplied independently to others.
External aids like Wheel Chairs,Crutches	EXEMPT under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017	Exemption applies only if supplied as an integral part of treatment/ patient care. No Exemption if supplied independently to others.
Physio Therapy, Speech Therapy, Diet prescriptions and similar services to treat Patients	EXEMPT under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017	These are supposedly covered under services by Para-Medics. Para-Medics is not defined in the Notification
In Vitro Fertilisation procedures and medicines	EXEMPT under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017	• Exempt from GST as they are for the purpose of treating an abnormality.
Health Care Advisory Services	Liable for GST	This is not a HCS.
cord Blood Banks	EXEMPT under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017	Exempt if it is For preservation of Stem Cells or any other Services in relation to such preservation
Bio-Medical waste	EXEMPT under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017	If it is for treatment/disposal and incidental services thereto provided to Clinical establishments.
Food and medicines supplied to others independently and not as a Part of HCS. Also room rent charges to Non-Patients	Liable for GST	Not Covered under Exemption Notification. Food Supplied is a Service.Medicines are supply of goods
Faculty Fee received by Doctors	Liable for GST	Not covered in the Exemption Notification
PURE HCS of Animals and birds	EXEMPT under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017	Applicable to veterinary Clinics

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TABLE 2

DILEMMA	ANSWER
IS REGISTRATION OF A CLINICAL ESTABLISHMENT Obligatory ?	YES., if the threshold limit of aggregate turnover in a FY is breached or in certain other situations. See Para "Registration" for more details.
IS Registration of a Doctor's Clinic mandatory?	Most of the Clinics render only Exempted HCS. Hence Registration for such Clinics is not required. However, if Clinics render non- exempted HCS or sell medicines or medical devices to General public or undertake Hospital Management Services or engage in Faculty related activities and the aggregate T.O exceeds the maximum limit in a F.Y, Registration is required. See Para "Registration" for more details.
Does a Physiotherapist or Para Medics require Registration?	These persons also render generally exempted HCS and do not require Registration unless engage themselves in Taxable supplies of goods or services crossing the Maximum Limit in a F.Y. See Para "Registration" for more details.
Is HCS Exemption available only when services rendered in person?	There is no such stipulation in the Notification. As long as the Patients are treated by rendering medical consultation services either in person or through Tele Talk or through E.Mail or Whats APP as permitted by applicable Professional Standards and Ethics , the HCS exemption is available. So, services of Health Care rendered by way of " TELE MEDICINE" are Exempt .
Could medicines administered or sold to In-Patients be charged at MRP?	See Para " BILLING" in the main article
What could be the Taxable Supplies by a Hospital or other Clinical Establishments?	AS explained in the article, it includes medicines or medical devices sold to persons who are neither In-patients nor out patients of the Hospital and hence do not form part of Exempted HCS. Room Charges to Visitors, food supplies to Non- patients are some of the other Taxable supplies. Non-Exempted HCS also form part of Taxable Supplies.
" Exemption" Under Notification CGST (Rate) 12/2017 dated 28-06-2017: Is it for Supplies of Services or to a Supplier or both?	As per Section 11(1) of the CGST ACT and the Notification referred in the question, exemption applies to "Intra-State Supplies of Services". Also u/s 9 (1) tax is levied on Supplies, though payable by a Taxable person. Hence, Exemption applies to Supplies of Services Per se though the implication of such an exemption in terms of Section 9 (1) and 11 (1) read with the Notification is that it frees a taxable person from tax liability on such exempted supplies.
What are the implications of GST when a hospital rents out its Operation Theatre or other facilities to a Doctor who uses the same to treat his Patient?	The O.T is used by the doctor to treat a Patient. Hence, the Charges for the same by the Hospital to Doctor is Exempt under HCS. It is of no consequence that the treatment is not to that of the hospital Patient; as long as the O.T is used to treat illness or injury --. The counter argument could be as follows: The hospital is not providing HCS to a Third Party Doctor. It is just hiring out its facilities. Hence GST is Chargeable by the hospital . However, the Charges payable to the Doctor by the Patient is Exempt which in turn includes Theatre charges charged by the Hospital. The Doctor cannot take any input tax credit since the services provided by him to the patient is Exempt from GST. However the former argument is more logical and is in line with the spirit of the Law.
If a hospital hires doctors or para medics either on a retainer ship basis or specific case basis, is GST applicable on the charges billed by the Doctor or para medics to hospital.	As the doctor or para medics charges to the hospital to treat the patients at hospital, no GST is chargeable by the fee collected by them from hospitals. It is immaterial that they treat hospital patients but not their own patients. The counter argument could be that the Charges by the Doctor or Para-Medics are in the nature of services to the Hospital and hence attracts GST. However the former argument is more logical and is in line with the spirit of the Law.
What is the liability for GST with regards to Revenue Sharing arrangements between hospitals and doctors?	The answer is the same as mentioned in the first para for (8) above. It is immaterial what method is adopted by the Doctor and hospital to compensate for the services of a doctor to treat hospital patients.
Implications of GST on Amounts paid by one hospital to another or amounts paid by a Pharmacy to hospital or Doctor	As long as the amounts paid by one hospital to another or by a pharmacy to a hospital or doctor are towards referrals, no Exemption is available from GST for billing such payments. However, input tax credit can be availed by the recipient of referral services.

Disclaimer: Utmost care is taken in interpreting the Current CGST LAW. However, interpretations of Tax Authorities may vary. ■