

TAX INFO

Dated: 22.10.2020

Latest update on GST Law: Information regarding **GST on medicines, drugs, stents, implants supplied to In-patients** based on the **Ruling** given by **Andhra Pradesh Authority for Advance Ruling**.

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GST on medicines, drugs, stents, implants supplied to In-patients

Name of Applicant	In re CMC Vellore Association
Name of Court	AAR Andhra Pradesh
Appeal Number	03/AP/GST/2020
Date of Judgement	17.02.2020

Facts of the Case:

M/s CMC Vellore Association is a non- profit organization governed by the Christian Medical College Vellore Association who provide health care services and categorized the patients as out-patients and In-patients for the administrative convenience. CMC is rendering medical services with professionals like doctors, nursing staff, lab technicians etc. Medicines, Drugs, stents, Implants etc. are supplied through pharmacy to inpatients under the prescription of the doctors which are incidental to the health care services rendered in the hospital. The out-patients are those who visit the hospital for routine check-ups clinical visits whereas the in-patients are those who are admitted in to the hospital for the required treatment. The in-patients are provided with stay facilities, medicines, consumables, implants, dietary food and other surgeries/ procedures required for the treatment.

Questions on which Advance Ruling is sought:

1. Tax liability on the medicines supplied to In-patients through pharmacy.
2. Tax liability on the medicines, drugs, stents, implants etc administered to in-patients during the medical treatment or procedure.

Observations:

The supply of medicines and the consumables are integral part of the treatment extended to the in-patients by the hospital. Hence, we are of the opinion that the services rendered by the applicant is a composite supply as defined under section 2(30) of CGST Act, 2017 in which the principal supply is health care, being predominant and the supply of medicines, drugs, implants, stents, and Other consumables, come under ancillary supplies and accordingly tax liability has to be determined under section 8 of CGST Act, 2017, Since the entry of "Services by way of -a) health cure services by a clinical establishment, and authorised medical practitioner or para-medics;" at SI.No. 74 Heading 9993 vide Notification no. 12/2017 -Central Tax (Rate) Date: 28.06.2017 is nil rated, the supply of medicines, drugs, implants, stents, and other consumables are exempted from liability under GST.

Even the Circular No. 32/06/2018-GST (F.N0.354/17/2018-TRU) date: 12.02.2018 released on the approval of the CGST council 25th meeting clarifies the issue on the similar lines stating that the food supplied to in-patients is part of composite supply of health care and not separately taxable, whereas other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable.

Judgement:

The supply of medicines supplied to In-patients through pharmacy is not liable to tax, being a part of the composite supply of health care services under SI.No. 74 Heading 9993 vide Notification no. 12/2017 -Central Tax (Rate) Date: 28.06.2017 which are nil rated.

Suresh Aggarwal, Advocate

Compliance & Litigation under GST

Address:House No. 54, Pocket A-3, Sector-5, Rohini- 110085

Phone:91-9810032846; 011 - 45131427

Email:sureshagg@gmail.com

Website:<http://www.sureshtaxation.com>