

MAHARASHTRA AUTHORITY FOR ADVANCE RULING

GST Bhavan, Room No.107, 1st floor, B-Wing, Old Building, Mazgaon, Mumbai - 400010.

(Constituted under Section 96 of the Maharashtra Goods and Services Tax Act, 2017)

BEFORE THE BENCH OF

(1) Shri. D. P. Gojamgunde, Joint Commissioner of State Tax, (Member)

(2) Smt. Himani Dhamija, Joint Commissioner of Central Tax, (Member)

ARN No.	
GSTIN Number, if any/ User-id	27AADFL3248E1ZI
Legal Name of Applicant	M/s. Laxmi Health Care Centre & ICCU
Registered Address/ Address provided while obtaining user id	D-3/002, Lokpuram Bansuri, Pokharan Road No.2 Majiwada, Thane, Maharashtra, 400610
Details of application	GST-ARA, Application No. 68 Dated 11.01.2021
Concerned officer	THA-VAT-C-19, Thane Division
Nature of activity(s) (proposed/present) in respect of which advance ruling sought	
A Category	Service Provision
B Description (in brief)	Health Care Services
Issue/s on which advance ruling required	<ul style="list-style-type: none">➤ classification of goods and /or services or both➤ Applicability of a notification issued under the provisions of this Act.➤ determination of the liability to pay tax on any goods or services or both
Question(s) on which advance ruling is required	As reproduced in para 01 of the Proceedings below

PROCEEDINGS

(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

The present application has been filed under section 97 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017 [hereinafter referred to as "the CGST Act and MGST Act" respectively] by **M/s. Laxmi Health Care Centre & ICCU**, the applicant, seeking an advance ruling in respect of the following questions.

1. Whether charges recovered towards pathological test, radiological test and other medical test, bed charges and charges for medicines & other consumables during course rendering medical treatment to in-patients is single supply of healthcare service?
2. Whether applicant is eligible for exemption under entry 74 of notification 12/2017-CT (Rate) dated 28th June, 2017 for above charges recovered from in patients under 1 common contract/invoice?

At the outset, we would like to make it clear that the provisions of both the CGST Act and the MGST Act are the same except for certain provisions. Therefore,



unless a mention is specifically made to any dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the MGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, the expression 'GST Act' would mean CGST Act and MGST Act.

1. FACTS AND CONTENTION - AS PER THE APPLICANT

1.1 The applicant is a partnership firm and operating as nursing home. The renewed registration certificate under Maharashtra Nursing Home Registration Act, 1949.

1.2 The applicant provides health care services with the help of professional doctors and is equipped to treat the patients admitted to the hospital. Also, the hospital has its in-house pharmacy/ chemist operating under trade name "LAXMI CHEMIST" for supply of medicines and allied items. For the purpose of administration and identification, the patients visiting the hospital are categorized as "in-patients" and "out-patients".

1.3 The "in-patients" are those who are advised and admitted to the hospital for the getting the required treatment. These patients are under continuous monitoring of doctors & the nursing staff. They are provided with stay facilities, medicines, consumables etc. during course of the treatment. The entire treatment protocol is documented and recorded. The medicines are prescribed to them as part of treatment and care for illness. The invoice/bill raised for the treatment to an inpatient is a single bill with detailed bifurcation of charges (like room rent, nursing care charges, laboratory, consumables, medicines, equipment charges, doctor's fee, etc.) towards all the facilities/ services provided during the course of treatment in the hospital. The sample copies of invoices/ case paper/ discharge summary for treatment of in-patients are attached with this application.

1.4 The "out-patients" or commonly referred as walk-in customers and are those who visit the hospital for consultation, diagnosis and check-up from the professional doctors. The doctors based on their diagnosis prescribe medicines to such patients. Thereafter, it is the choice of the patient whether to follow the medical advice given by the doctor or not. These patients are not admitted to hospital for treatment. These patients at their choice may purchase the medicines prescribed from the pharmacy shop run by the hospital on making payment of charges. The sample copies of invoices for supply of medicines are enclosed with this application.

2. STATEMENT CONTAINING APPLICANT'S INTERPRETATION

I. Services/goods provided to in-patients by nursing home which interalia includes various aspects such as providing of bed, doctor's visit and treatment, carrying out various clinical tests, care by the nurses, supply of medicines/consumable



as prescribed by the doctor etc. Till patient is discharged from the hospital is single supply of healthcare services.

2.1 As explained in the statement of facts the applicant while giving medical treatment to in-patients, are providing/performing range of activities under the supervision of doctors, which inter alia includes:

- Visit and treatment by the professional doctors
- Stay facility / bed charges
- Provision of medicines/consumable
- Care by the nurses
- Carry out pathological tests and other tests as required
- Carry out X-ray/ Scanning, etc as required

2.2 The in-patient is under continuous monitoring of the doctors and nursing staff and administration and dosage of medication is all under the control of the doctor and the nursing staff. The entire treatment protocol is documented and recorded. The invoice/bill raised for the treatment as an inpatient is a single bill Charging for all the facilities/ services utilized for the treatment in the hospital including room rent, nursing care charges, laboratory, consumables, medicines, equipment charges, doctor's fee, etc.

2.3 In other words, the patient admitted to the nursing home is concerned with getting treatment and cure for his disease. The applicant in the course of rendering treatment to such patients provides one or more of the above services as required. Thus, it is submitted that they are providing single supply of health care services which comprised of several aspects i.e. services and goods. The entire services are provided in ordinary course of their business to treat the in-patients.

2.4 The term "composite supply" as provided u/s 2(30) of CGST Act,2017.

(30) "composite supply" means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

Illustration: Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.

2.5 Thus, to constitute a "composite supply" the supply should consist of two or more taxable supplies which are naturally bundled and supplied in conjunction with each other and one of which is principal supply.



2.6 Further, the term "principal supply" is defined u/s 2(90) of CGST Act,2017 reproduced as under:

(90) "principal supply" means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary

2.7 In instant case the in-patient is customer and he expects healthcare services from Nursing home. The nursing home has structured package for providing healthcare services, which interalia includes various aspects stated herein above. All these various aspects collectively make the entire supply as single supply of Healthcare services. The in-patient does not have any choice of selecting anything more or less as regards the aspects covered in package of treatment by nursing home.

2.8 With regards to supply of medicines under prescription to in-patients it is further elaborated that patients visit the hospital with the basic intention of getting total medical care and not to purchase medicines from the pharmacy. The patient does not have any choice of the medicines that are being prescribed and the only thing the patient interested in is the treatment provided for the ailment. There is no separate contract for the supply of medicines which is independent of the supply of treatment services. Any medicines which are prescribed/provided to the patient are a part of the treatment services and there is no separate supply of medicines to the patients.

2.9 In nutshell, as far as an in-patient is concerned, hospital is expected to provide lodging, care, medicine and food as part of treatment under supervision till discharge from the hospital. Supplies of these services are part and parcel of the treatment and they are essentially required to provide health care services. Inpatients receive medical facility as per the scheduled procedure and have strict restriction to ensure quantity/quality of items for consumption.

2.10 As regards composite supply, there has to be presence of 2 or more taxable supply of goods or services. In instant case in our view there is only one and single healthcare supply services and absence of second supply, the transaction cannot be covered under composite supply.

2.11 Reference is be made to Circular No.32/06/2018-GST dated 12th February,2018 issued pursuant GST council 25th meeting which clarifies that:

• **Hospitals provide healthcare services.**

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. 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.

2.12 Therefore, the nursing home is said to have made single supply of healthcare services to in- patients.

II APPLICANT FALLS WITHIN THE DEFINITION OF "CLINICAL ESTABLISHMENT" & ITS SERVICES ARE THAT OF "HEALTH CARE SERVICES", HENCE SUPPLY OF ITS SERVICES IS EXEMPTED UNDER ENTRY 74 OF NOTIFICATION 12/2017-CTR

2.13 The notification 12/2017-CTR dated 28th June,2017 prescribes the list of various services which are exempt from payment of GST, subject to relevant conditions specified therein. Entry 74 of said notification exemption from payment of GST in respect of health care services provided by clinical establishment. The relevant excerpts of the said entry and related definitions is reproduced herein below:

74. *Services by way of-*

(a) health care services by a clinical establishment, an authorised medical practitioner or para-medics;

Definitions

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.

2(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

2.14 As stated herein above, the applicant is registered as "nursing home" which provides health care services by way of diagnosis and/ or treatment to cure the diseases of the patients coming to nursing home / hospital for consultation and/ or treatment. The treatment & consultation is provided by the professional doctors who are engaged with the applicant nursing home.



2.15 Further, the applicant is not engaged in providing any surgery or treatment related to curing or enhancing aesthetic appearance of their customers by performing cosmetic/plastic surgeries.

2.16 Reference is made to Circular No.27/01/2018-GST dated 4th January,2018 issued clarifies that rent on rooms charged by hospitals to in-patients is exempt (Refer Sr. No. 4 of said circular).

2.17 We also place reliance on following rulings given by various authority of advance ruling wherein it is held that supply of medicines, surgical items etc. provided during the course of treatment to in-patients admitted to hospital is incidental to principal supply of health care services and therefore exempt under entry 74 of notification 12/2017-CTR:

- M/s Baby Memorial Hospital Ltd [(2019) 11 TMI 154 -KERALA AAR]
- M/s Terna Public Charitable Trust [(2019) 7 TMI 1331 - MAHARASHTRA AAR]
- M/s CMC Vellore Association [(2020) 7 TMI 380 - ANDHRA PRADESH AAR]
- M/s Ernakulam Medical Centre Pvt Ltd [(2019) 3 TMI 757 - KERALA AAAR]

2.18 In view of above facts, the services provided by the applicant fall within the ambit of exemption entry 74 & definitions related to it as provided in above notification 12/2017-CTR. Therefore, the applicant is of the view that health care services provided by them are not leviable to GST pursuant to said exemption.

Applicant Submission dated 23.07.2025.

2.19 Applicant is a partnership firm and operating as nursing home. The registration certificate under Maharashtra Nursing Home Registration Act, 1949 was enclosed with the application. Also, it has inhouse pharmacy store for supply of medicines and allied surgical items under trade name "LAXMI CHEMIST".

2.20 The patients treated at nursing home are identified & classified as "In-patients" & "Out- patients". In-Patients are those. who are admitted to hospital for treatment under the supervision of doctor. The applicant issues single bill with detailed bifurcation of various charges like room rent, nursing care, medicine, laboratory tests, doctors fee etc.

2.21 Out-patients are walk in customers and those who visit hospital only for consultation of doctors. They are not admitted to hospital for treatment.

2.22 Applicant intends to claim exemption related to "health care services" under entry 74 of notification 12/2017-CTR for "services provided to inpatients". Therefore, they seek ruling on following 2 questions:

- Whether charges recovered towards pathological test, radiological test and other medical test, bed charges and charges for medicines & other consumables during course rendering medical treatment to in-patients is single supply of healthcare service?
- Whether applicant is eligible for exemption under entry 74 of notification 12/2017-CT (Rate) dated 28th June, 2017 for above charges recovered from in patients under 1 common contract/invoice?

2.23 Ld. State Tax Officer (Ld. Proper officer) filed report and proceeding sheet dated 7th July, 2025 where in it is stated that nature of services provided in hospital besides treatment are ancillary, hence covered under exemption entry no. 74 of notification 12/2017-CTR.

2.24 We are making following submission for your kind perusal.

SERVICES/GOODS PROVIDED TO IN-PATIENTS BY NURSING HOME WHICH INTERALIA INCLUDES VARIOUS ASPECTS SUCH AS PROVIDING OF BED, DOCTOR'S VISIT AND TREATMENT, CARRYING OUT VARIOUS CLINICAL TESTS, CARE BY THE NURSES, SUPPLY OF MEDICINES/CONSUMABLE AS PRESCRIBED BY THE DOCTOR ETC. TILL PATIENT IS DISCHARGED FROM THE HOSPITAL IS SINGLE SUPPLY OF HEALTHCARE SERVICES.

2.25 Appellant are providing range of services under the supervision of doctors, which inter alia includes:

- Visit and treatment by the professional doctors
- Stay facility / bed charges
- Provision of medicines/consumable
- Care by the nurses
- Carry out pathological tests and other tests as required
- Carry out X-ray/ Scanning, etc. as required

2.26 The Patients admitted to nursing home for seeking medical treatment for their illness. The applicant provides necessary services and goods (i.e. medicines, consumables etc.) as part of this treatment. Hence, it is a single supply of healthcare services offered in the ordinary course of treating in- patients.

2.27 CBIC vide Circular No.32/06/2018-GST dated 12th February, 2018 clarified that Hospital providing Health care services, total amount charges from patients, including retention money and payments to doctors, is for healthcare services and is exempt from GST.

2.28 In view of above we are of the view that our services provided to In-Patients is SINGLE SUPPLY.

APPLICANT FALLS WITHIN THE DEFINITION OF "CLINICAL ESTABLISHMENT" & ITS SERVICES ARE THAT OF "HEALTH CARE SERVICES", HENCE SUPPLY OF ITS SERVICES IS EXEMPTED UNDER ENTRY 74 OF NOTIFICATION 12/2017-CTR

2.29 Detailed reply is submitted in para 2.1 to 2.6 of AAR.

2.30 Hon'ble Karnataka AAR in the case of M/S SPANDANA REHABILITATION RESEARCH AND TRAINING CENTRE PRIVATE LIMITED 2024 (1) TMI 1420 held that supply of medicines, drugs and consumables used in the course of providing healthcare services to in-patients during the course of diagnosis and treatment would be considered as "Composite Supply" of health care services qualifying for exemption as per entry No. 74(a) of Notification No. 12/2017-Central Tax (Rate) dated: 28-06-2017.

2.31 Hon'ble Tamil Nadu AAR in the case of MAHA CRITICAL SPECIALITY DIVISION 2025 (5) TMI 1098 held that taxable supplies such as medicines and consumables provided to in-patients are naturally bundled and supplied in conjunction with health services being the principal supply, qualifies as a composite supply. Therefore, supply of medicines and consumables to in-patients in the course of the treatment till the patient is discharged is a composite supply of health care services and covered under exemption notification.

2.32 In view of above explanation, the applicant is of the view that health care services provided by them are not leviable to GST pursuant to said exemption entry no. 74 of notification 12/2017-CTR.

3. CONTENTION - AS PER THE CONCERNED JURISDICTIONAL OFFICER:

Dealer has applied for GST AAR on 11 JAN 2021. In this regard, this office Visited Dealer's Place of business and Place of Work on 11 June 2025.

M/s Laxmi Health Care Centre operating Nursing Home (as service provider). Dealer provide Health care service through doctors equipped to treat the admitted patients.

There is a Pharmacy/Chemist operating Trade Name; LAXMI CHEMISTS

QUESTION:

1. Where charges recovered towards pathological test, radiological test and other medical test, bed charges for medicines & other consumables during course rendering medical treatment to in-patients is single of healthcare services?

Ans: NO

2. Whether applicant is eligible for Exemption under entry 74 of notification 12/2017-CT (Rate) dated 28th June 2017 for above charges recovered from in patients from in patients under 1common contract/invoice?

Ans: YES

3.1 M/s Laxmi Health Care Centre ICCU (The applicant / Hospital) is a nursing home The renewed partnership firm and operating as Registration Certificate under Maharashtra Nursing Home Registration Act-1949.

3.2 The applicant provides Health care services with the help of professional doctors and is equipped to treat the patients admitted to the hospital. Also, the hospital has its in- house pharmacy / chemists operating under the Trade Name LAXMI CHEMIST FOR supply of Medicines and allied Items.

3.3 The "in-Patients" are those who are advised and admitted the Hospital for getting the required treatment. These patients are under continuous monitoring of doctors & Nursing Staff. They are provided with stay facility medicines, consumables etc. during the treatment. The entire treatment protocol is documented and recorded the medicines are prescribed to them as part of treatment and care for illness. The invoice/bill raised for the treatment to an inpatient is single bill with detailed bifurcation of charges (like room rent, nursing care charges, laboratory, consumables medicines, equipment charges, doctor's fee etc.) towards all the facilities/services/services provided during treatment in the Hospital.

3.4 The "Out patients" or commonly referred as walk-in customers and are those visit the hospital for consultation diagnosis and check-up from professional doctors. The doctors based on their diagnosis prescribed medicines to such patients. Thereafter, is the choice of the patient whether to follow the medical advice given by the doctor or not. These patients are not admitted to hospital for treatment. These patient at their choice may purchase the medicines prescribed from pharmacy shop run by the hospital on making payments of charges.

3.5 Service /goods provided to in-patients by Nursing Home which interalia includes various aspects such as providing of Bed, Doctors, Visit ant Treatment Clinical Test, Care by the Nurses. Supply of Medicines/consumable as prescribed by the Doctors etc. Till patient is Discharged from the Hospital is single supply by the Healthcare Services.

As a conclusion which is my opinion this is mix supply, which is liable for Tax.



4. HEARING

Preliminary e-hearing in the matter was held on 12.10.2021. Smt. Jinal Maru, C.A. appeared, and requested for admission of the application. Jurisdictional Officer was absent.

The application was admitted and called for final e-hearing on 23.07.2025. Mr. Rajive Luthia, C.A., Authorized Representative, appeared made oral and written submissions. Jurisdictional Officer Mr. Anil Mane, State Tax Officer of SGST Appeared. We heard both the sides.

5. OBSERVATIONS AND FINDINGS:

5.1 The applicant is a partnership firm and operating as nursing home. They hold registration certificate under Maharashtra Nursing Home Registration Act, 1949.

5.2 The applicant provides health care services with the help of professional doctors and is equipped to treat the patients admitted to the hospital. Also, the hospital has its in-house pharmacy/ chemist operating under trade name "LAXMI CHEMIST" for supply of medicines and allied items. For the purpose of administration and identification, the patients visiting the hospital are categorized as "in-patients" and "out-patients".

5.3 The "in-patients" are those who are advised and admitted to the hospital for getting the required treatment. These patients are under continuous monitoring of doctors & the nursing staff. They are provided with stay facilities, medicines, consumables etc. during course of the treatment. The entire treatment protocol is documented and recorded. The medicines are prescribed to them as part of treatment and care for illness. The invoice/bill raised for the treatment to an inpatient is a single bill with detailed bifurcation of charges (like room rent, nursing care charges, laboratory, consumables, medicines, equipment charges, doctor's fee, etc.) towards all the facilities/ services provided during the course of treatment in the hospital. The sample copies of invoices/ case paper/ discharge summary for treatment of in-patients are attached with the application.

5.4 The "out-patients" or commonly referred as walk-in customers and are those who visit the hospital for consultation, diagnosis and check-up from the professional doctors. The doctors based on their diagnosis prescribe medicines to such patients. Thereafter, it is the choice of the patient whether to follow the medical advice given by the doctor or not. These patients are not admitted to hospital for treatment. These patients at their choice may purchase the medicines prescribed from the pharmacy shop run by the hospital on making payment of charges.

5.5 In the instant case, the healthcare services rendered to in-patients is first taken up for discussion: - said services are covered under SAC

9993: - Human Health and social care services

99931: - Covers 'Human Health Services'

999311: - Inpatient services

This service code includes:

- i) Surgical services delivered under the direction of medical doctors to inpatients, aimed at curing, restoring and /or maintaining the health of a patient.
- ii) Gynaecological and obstetrical services delivered under the direction of medical doctors to inpatients, aimed at curing, restoring and/or maintaining the health of a patient.
- iii) Psychiatric services delivered under the direction of medical doctors to inpatients, aimed at curing, restoring and/or maintaining the health of a patient.
- iv) Other hospital services delivered under the direction of medical doctors to inpatients, aimed at curing, restoring and/or maintaining the health of a patient. These services comprise medical, pharmaceutical and para medical services, rehabilitation services, nursing services and laboratory and technical services, including radiological and anesthesiologic services, etc.

5.6 Thus, inpatient services means services provided by hospitals to inpatients under the direction of medical doctors aimed at curing, restoring and/ or maintaining the health of a patient and the service comprises of medical, pharmaceutical and paramedical services, rehabilitation services, nursing services and laboratory and technical services till the patient gets discharged. A complete gamut of activities required for well-being of a patient from admission till discharge, provided by a hospital under the direction of medical doctors is a composite supply of service and is covered under 'Inpatient services' classifiable under SAC 999311.

5.7 Health care services provided by a clinical establishment or an authorized medical practitioner or paramedics are exempted vide Sl.No.74 of Notification No.12/2017 - C.T(Rate) dated 28.06.2017 as amended by Notification No. 4/2022 CT(R) dated 13.07.2022 is given below:

Services by way of-

(a) health care services by a clinical establishment, an authorised medical practitioner or para-medics;

"Provided that nothing in this entry shall apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit

(ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding Rs. 5000 per day to a person receiving health care services.”.

(b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.

5.8 “Clinical Establishment” is defined in the said notification under:

2(s), as “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 recognized 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”.

5.9 “Health care services” is defined under para 2(zg) as follows :-

“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;

5.10 Explanation of service pertaining to Inpatient services and the clarification above, it is evident that the exemption is applicable to a “Clinical Establishment”, when services by way of diagnosis or treatment or care for illness, etc., are undertaken by such establishment under the directions of a medical doctor. The applicant hospital is a Clinical Establishment and the ‘health care services’ provided as defined in the Notification above provided to inpatients from admission till discharge including the supply of medicines, are exempt under Sl.No.74 of Notification No.12/2017-C.T.(Rate) dated 28.06.2017 as amended from time to time.

5.11 Section 2(30) of CGST Act 2017, defines “Composite Supply” as supply consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

5.12 In the instant case, taxable supplies such as medicines and consumables, room or bed charges, food charges provided to in-patients are naturally bundled and supplied in conjunction with ‘health care services’ which is the principal supply. Therefore, these supplies to in-patients in the course of the treatment till the patient is discharged is a composite supply of goods and services.

5.13 The applicant provides 'health care services' as defined in para 2(zg) of the Notification NO. 12/2017 CT(R) dated 28.06.2017. Alongwith 'health care services', the applicant also provides incidental services of room for inpatients on rent and medical supplies from its chemist shop to the in-patients which are admitted to the hospital. The invoice presented to the in-patient shows bifurcation of total bill among various heads as mentioned above.

Here, 'healthcare service' is the principal supply and other supplies of services and goods are ancillary or incidental to the principal supply. Hence, it can be said that the all the services provided to 'in-patient' are naturally bundled and supplied in conjunction with each other.

Thus, these supplies of services & goods which are offered to the inpatients in a hospital are naturally bundled supplies and liable to be taxed at the rate of provided for 'health care services' as it is the principal supply.

Sl. No. 74 of Notification No. 12/2017 CT(R) provides for exemption to healthcare services. This entry is further amended by Notification No. 4/2022 CT(R) dated 13.07.2022 to provide that nothing in this entry shall apply to the services provided by a clinical establishment by way of providing room (excluding ICU/CCU, etc.) having room charges exceeding Rs. 5000/- per day to a person receiving healthcare services.

Thus, we find that the exemption under S.No.74 of Notification No.12/2017 CT (R) is not a blanket exemption. It is qualified by a proviso which says that the benefit of the said notification would not be applicable to the services provided by a clinical establishment by way of room (excluding ICCU/CCU etc) having room charges exceeding Rs.5000/- per day to a person receiving healthcare services. Therefore, even though the services provided by the applicant is a composite service of healthcare, food, room charges, medicines etc., and the principle supply in such cases is the healthcare service which is exempt, they will still have to pay the tax on the room rent charges (other than ICU/CCCU etc as mentioned in the notification), if the same is more than Rs.5000/-.

5.14 Further, the clarification provided under the Circular No.32/06/2018- GST, dated 12.02.2018, in relation to the issue in question reads as below: -
"5(2) Healthcare services have been defined to mean any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicines in India (Para 2(zg) of notification No.12/ 2017 CT (Rate). Therefore, hospitals also provide healthcare services. The entire amount charged by them from patients including retention of 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."

5.15 In the case of M/s. Kumaran Medical Center, the applicant had sought Advance Ruling from Tamilnadu AAR on the following questions: -

Whether the supply of medicines, drugs and other surgical goods to In-Patients during the course of diagnosis and treatment of disease, illness, injuries, deformities and abnormalities would fall meaning of "composite supply" qualifying for exemption under the category of "health care services."?

The advance ruling authority of Tamilnadu ruled that, Supply of medicines and consumables used in the course of providing health care services to In-patients by pharmacy unit of Kumaran Medical Center for diagnosis or treatment during the patients admission in hospital till discharge is to be considered as "Composite Supply" of health care service under GST and consequently exemption under Notification No. 12/2017- CT (Rate) read with Section 8(a) of GST is available for such supplies based on the discussions above. Further, its ruled that, The supply of medicines and consumables used in the course of providing health care services to Out-patients by pharmacy unit at Kumaran Medical Center is an independent supply and cannot be considered as "Composite Supply" of health care service and are taxable as individual supplies as established in the discussion above; Supply of implants during the course of diagnosis and treatment for diseases, illness, injuries, deformities and abnormalities for in-patients is to be considered as "Composite supply" of health care service under GST and consequently exemption under Notification No. 12/2017- CT (Rate) read with Section 8(a) of GST is available for such supplies based on the discussions above, while supply of mobility-aids, prosthetics, etc which are independent supplies are not part of 'Composite supply' of 'Health Care services'.

5.16 In the case of M/s. Kinder Womens Hospital and Fertility Centre private Limited, the applicant had sought Advance Ruling from Kerala AAR on the following questions: -

Q) Whether the supply of medicines, consumables, surgical items, items such as needles, reagents etc used in laboratory, room rent used in the course of providing health care services to in patients for diagnosis or treatments which are naturally bundled and are provided in conjunction with each other, would be considered as "Composite Supply" and eligible for exemption under the category 'health care services' under SI.No. 74 of Notification No.12/2017-CT(R) dated 28th June, 2017.

The Advance Ruling Authority of Kerala answered as, "The supply of medicines, consumables, surgical items, items such as needles, reagents etc

used in laboratory, room ten used in the course of providing health care services to in-patients for diagnosis or treatments which are naturally bundled and are provided in conjunction with each other, would be considered as "Composite Supply". The in-patient is under continuous monitoring of the doctors and nursing staff and administration and dosage of medication is all under the control of the doctor and the nursing staff. The entire treatment protocol is documented and recorded. Thus, it is clear that in case of an inpatient, the hospital provides a bundle of supplies which is classifiable under health care services eligible for exemption under Sl.No.74 of Notification No.12/2017-CT(R) dated 28th June, 2017.

5.17 In the case of M/s. Terana Public Charitable Trust, Maharashtra Advance Ruling Authority dealt with the following questions: -

Question 1: - Whether the supply of medicines, surgical items, implants, consumables and other allied items provided by the hospital through the hospital owned pharmacy, as well as food, room on rent to the in-patients is part of composite supply of health care treatment; and hence not taxable under CGST/SGST?

Answer: - Answered in the affirmative.

Question 2: Whether the supply of medicines, surgical items, implants, consumables and other allied items provided by the hospital through the hospital owned pharmacy to the out-patients, is part of composite supply of health care treatment; and hence not taxable under CGST/SGST?

Answer: - Answered in the negative.

5.18 In light of the aforementioned judicial precedents, it is evident that the services rendered by hospitals or clinical establishments to in-patients constitute composite supplies, wherein the principal supply is healthcare services. Consequently, such supplies are eligible for exemption under Sl. No. 74 of the Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, read with Section 8(a) of CGST Act, subject to conditions mentioned in Sl. No. 74 of the Said Notification.

6. In view of the extensive deliberations as held hereinabove, we pass an order as follows:

ORDER

(Under section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

For reasons as discussed in the body of the order, the questions are answered thus -

NO.GST-ARA- 68/2020-21/B- 628

Mumbai, dt. 28/11/2025

Question 1: - Whether charges recovered towards pathological test, radiological test and other medical test, bed charges and charges for medicines & other consumables during course rendering medical treatment to in-patients is single supply of healthcare service?

Answer: - This supply is a composite supply of goods and services with 'healthcare services' as the principal supply and the rate provided for 'health care services' as per Sl. No.74 of Notification no. 12/2017 CT(R) read with section 8(a) of CGST Act would be applicable.

Question 2: - Whether applicant is eligible for exemption under Sl. No. 74 of notification 12/2017-CT (Rate) dated 28th June 2017 for above charges recovered from in patients under 1 common contract/invoice?

Answer: - The services provided by the applicant is a composite service of healthcare, food, room, charges, medicines etc., and the principle supply in such cases is the healthcare services which is exempt, they will still have to pay the tax on the room rent charges (other than ICU/CCU etc. as mentioned in the notification), if the same is more than Rs.5000/-. This is as per Sl.no.74 of Notification No.12/2017 CT (Rate) dated 28.6.2017.




D. P. GOJAMGUNDE
(MEMBER)


HIMANI DHAMIYA
(MEMBER)

PLACE - Mumbai

Copy to: -

1. The applicant
2. The concerned Central / State officer
3. The Commissioner of State Tax, Maharashtra State, Mumbai
4. The Pr.Chief Commissioner of Central Tax, Churchgate, Mumbai
5. Joint commissioner of State Tax, Mahavikas for Website.

Note:-An Appeal against this advance ruling order shall be made before The Maharashtra Appellate Authority for Advance Ruling for Goods and Services Tax, 15th floor, Air India Building, Nariman Point, Mumbai - 400021. Online facility is available on gst.gov.in for online appeal application against order passed by Advance Ruling Authority.