

AUTHORITY FOR ADVANCE RULING, TAMIL NADU
No.207, 2nd FLOOR, PAPJM BUILDING, No.1, GREAMS ROAD,
CHENNAI 600 006.

ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017 AND
UNDER SECTION 98(4) OF THE TNGST ACT, 2017

Members present:

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| Shri C. Thiyagarajan, I.R.S., Commissioner/Member (CGST), Office of the Commissioner of GST and Central Excise, Audit I Commissionerate, Chennai - 600 101. | Shri B. Suseel Kumar, B.E., MBA., Joint Commissioner/Member (SGST), Authority for Advance Ruling, Tamil Nadu, Chennai - 600 006. |
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Advance Ruling No. 10/ARA/2025, dated 29.01.2026.

1. *Any appeal against this Advance Ruling order shall lie before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-Section (1) of Section 100 of CGST Act 2017/TNGST Act 2017, within 30 days from the date on which the ruling sought to be appealed is communicated.*
2. *In terms of Section 103(1) of the Act, Advance Ruling pronounced by the Authority under Chapter XVII of the Act shall be binding only-*
 - (a) *On the applicant who had sought it in respect of any matter referred to in sub-section (2) Section 97 for advance ruling.*
 - (b) *On the concerned officer or the Jurisdictional Officer in respect of the applicant.*
3. *In terms of Section 103(2) of the Act, this Advance Ruling shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed.*
4. *Advance Ruling obtained by the applicant by fraud or suppression of material facts or misrepresentation of facts, shall render such ruling to be void ab initio in accordance with Section 104 of the Act.*
5. *The provisions of both the Central Goods and Services Tax Act and the Tamil Nadu Goods and Services Tax Act (herein referred to as the Act) are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Services Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Services Tax Act.*

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| GSTIN Number, if any / User | 33AAACR7668G1Z8 |
| Legal Name of Applicant | M/s. Rajarajeswari Hospitals Private Limited |
| Trade Name of Applicant | M/s. Rajarajeswari Hospitals Private Limited |
| Registered Address / Address provided while obtaining user id | No. 46, Thiruvallur Salai, Spencer Nagar, Dindigul – 624 003. |
| Details of Application | GST ARA – 01 Application dated 16.06.2025 |
| Jurisdictional Officer Concerned Officer | State: Dindigul (Town) Assessment Circle, Madurai Division. Center: Madurai Commissionerate, Dindigul Division. |
| Nature of activity(s) (proposed / present) in respect of which advance ruling sought for A Category B Description (in brief) | Service Provision The applicant is a multi - specialty hospital, engaged in the provision of comprehensive healthcare services to both inpatients and outpatients. The hospital operates with a team of 'qualified medical professionals, nursing staff, and paramedical personnel, and provides a range of medical services including diagnostic investigations, surgical procedures, outpatient consultations, emergency care, and inpatient hospitalization. |
| Issue/s on which advance ruling required | 1. Applicability of a notification issued under the provisions of this Act. 2. Determination of the liability to pay tax on any goods or services or both. |
| Question(s) on which advance ruling is required | 1. Whether the supply of medicines, consumables, implants, and medical items to In-patients as part of the treatment provided by the hospital is exempt under Entry No. 74 of Notification No. 12/2017-Central Tax (Rate) |

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| | <p>dated 28.06.2017 as a composite supply of healthcare services?</p> <p>2. Whether the supply of medicines, consumables, implants, and medical items to Out-patients as part of the treatment provided by the hospital is exempt under Entry No. 74 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 as a composite supply of healthcare services?</p> |
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The applicant is a multi-speciality hospital, engaged in the provision of comprehensive healthcare services to both inpatients and outpatients. The hospital operates with a team of qualified medical professionals, nursing staff, and paramedical personnel, and provides a range of medical services including diagnostic investigations, surgical procedures, outpatient consultations, emergency care, and inpatient hospitalization.

1.2 The applicant has sought advance ruling on the following questions :-

1. Whether the supply of medicines, consumables, implants, and medical items to In-patients as part of the treatment provided by the hospital is exempt under Entry No. 74 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 as a composite supply of healthcare services?

2. Whether the supply of medicines, consumables, implants, and medical items to Out-patients as part of the treatment provided by the hospital is exempt under Entry No. 74 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 as a composite supply of healthcare services?

2.0 The Applicant has made a payment of application fees of Rs.5,000/- each under sub rule (1) of Rule 104 of CGST Rules, 2017 and SGST Rules, 2017.

Statement of the Relevant Facts:

3.1 The applicant states that theirs is a multi-specialty hospital, duly registered under the Goods and Services Tax (GST) regime, engaged in the provision of comprehensive healthcare services to both inpatients and outpatients. The hospital has obtained a Drug License Numbered TN/MDS/20/01590 dated 24-03-2025 under the Drugs and Cosmetics Act, 1940 in its own name, authorizing it to procure, store, and dispense pharmaceutical products for the purpose of patient treatment. The in-house pharmacy is not operated as an independent commercial unit but is managed entirely under the control and billing mechanism of the hospital.

Medicines and related items are issued exclusively to patients receiving treatment, both inpatients and outpatients, based on valid prescriptions from the hospital's medical personnel.

3.2 These consumables and disposables form an essential component of clinical care and are dispensed only in accordance with instructions or prescriptions issued by the hospital's medical staff. These items are not sold to walk-in customers or the general public and are exclusively used in the course of treatment provided within the hospital.

3.3 The pharmacy and stores, including the stock of medicines and consumables, are fully integrated with the hospital's operations and billing system. All such supplies are made only to patients receiving treatment from the hospital and are billed as part of the consolidated medical services rendered to such patients.

3.4 The hospital maintains a central store and surgical store for both inpatient and outpatient departments. All medicines, drugs, and consumables are procured through a single procurement and inventory management system, and purchase invoices are common and not segregated between inpatient and outpatient usage. The inventory is tracked and managed centrally to ensure seamless operations and uniform service delivery.

3.5 The integrated nature of pharmacy and consumable supply operations ensures that there is no independent or stand-alone supply of medicines or consumables; rather, such items are issued solely as a part of patient treatment, forming an inseparable part of the overall healthcare service.

3.6 Inpatient Scenario

When a patient is admitted to a hospital for inpatient care, the hospital provides a comprehensive treatment tailored to the patient's medical needs. This typically encompasses a broad range of services and goods that are necessary for the patient's treatment and recovery during the hospital stay. The key components included in this services are:

1. Room Charges:

- Charges for the hospital room or bed, which may vary based on the type of room (e.g., general ward, semi-private, or private room).
- Includes basic facilities such as bed linen, housekeeping, and other support services.

2. Medical and Nursing Services:

- Continuous medical care provided by doctors, including visits, monitoring, and consultations.
- Nursing care, such as administering medications, managing intravenous lines, and monitoring vital signs.

3. Diagnostic Tests:

- Laboratory investigations (e.g., blood tests, urine tests).
- Imaging services (e.g., X-rays, MRIs, CT scans), as needed for diagnosis and treatment planning.

4. Surgical Procedures (if applicable):

- If surgery is required, it is included as part of the inpatient treatment.
- This includes surgeon fees, operation theatre charges, anaesthetist fees, and related medical support.

5. Medicines and Consumables:

- All medicines prescribed by the treating physician, during the stay are dispensed by the hospital's pharmacy.
- Other consumables (e.g., syringes, gloves, bandages, catheters, etc.) used in patient care are also included.

6. Implants (if required):

- Any medical implants (e.g., orthopedic implants, cardiac stents) used during treatment are part thereof.

3.7 Outpatient Scenario

- In the case of outpatients, patients typically visit the hospital for consultation with a medical practitioner, after which they may be advised to undergo diagnostic tests and/or receive prescribed medication.
- The hospital operates an in-house pharmacy, which dispenses medicines exclusively based on valid prescriptions issued by doctors practicing within the hospital.
- Medicines may be:
 - Administered on the hospital premises (e.g., injections, nebulization), or
 - Dispensed for use at home, strictly against valid in-hospital prescriptions.

- The hospital does not operate a retail pharmacy open to the general public; it does not sell medicines to walk-in customers without a valid consultation or treatment record. All pharmaceutical supplies are intrinsically linked to clinical services rendered within the hospital.
- This operational model underscores that medicines are not sold in the course of independent trade, but are instead supplied as part of or incidental to outpatient healthcare services.

3.8 Billing Process:

➤ **Single Consolidated Invoice:**

- The hospital adopts a single consolidated billing system for inpatient care, wherein all services and supplies provided during the patient's admission are grouped into one comprehensive invoice.
- This invoice includes—but is not limited to—the following components:
 - Room and nursing charges
 - Doctor consultation fees
 - Surgical and diagnostic procedures
 - Laboratory and imaging services
 - Medicines and consumables
- While each component is itemized for transparency, they collectively form a composite supply, where the principal supply is inpatient healthcare service.

➤ **Unique Patient Identification (Inpatient vs Outpatient):**

- The hospital maintains separate unique patient identifiers for inpatient and outpatient services to ensure proper segregation of services, documentation, and billing.
- This distinct ID system ensures that services provided to inpatients are clearly differentiated from outpatient services.
- The separate IDs facilitate accurate treatment mapping, clinical record maintenance, and compliance with GST audit requirements.
- The system facilitates seamless integration with hospital information systems (HIS), enabling reliable reporting, audits, and patient care continuity.

➤ **Integration of Pharmacy Billing:**

- All medicines and medical consumables used during inpatient treatment are itemized through the hospital's in-house pharmacy,

- under the Unique Hospital ID and Patient ID of the patient.
- These are not sold independently to the patient and are strictly dispensed as part of medical treatment prescribed by the attending physician.
 - Each pharmaceutical item is documented and linked to the clinical records and treatment plan, forming an integral part of the healthcare service.
 - Though listed separately in the bill for transparency and audit purposes, these items are cannot be considered as a separate taxable supply.
 - This billing method reinforces the non-commercial nature of hospital pharmacy operations in the context of inpatient care.

3.9 Accordingly, the applicant has reiterated that the supply of medicines, implants, and consumables in this context is not a retail sale. Instead, these are provided as part of a composite medical service, meaning they are inseparably linked to the treatment provided to the inpatient. Their cost is included in the overall billing structure and is not for separate purchase outside the hospital's treatment context.

GST Compliance Status:

4.1 Presently, the hospital is charging GST on the supply of medicines, implants, and consumables under relevant HSN codes, even when supplied in the course of treatment. Separate tax invoices are generated showing the GST charged on such supplies. This is being done as a measure of compliance and due to ambiguity about the applicability of exemption provisions under Notification No. 12/2017-Central Tax (Rate), especially in the context of the hospital holding a drug license.

4.2 However, the hospital contends that the supply of such goods is incidental and ancillary to the healthcare service, and forms part of a composite supply, where the principal supply is the exempt healthcare service provided by a clinical establishment.

4.3 Therefore, the applicant seeks an advance ruling to obtain clarity on whether the supply of medicines and consumables-despite holding a drug license and charging GST- qualifies for exemption when it is intrinsically linked to the provision of medical treatment and healthcare.

4.4 The applicant seeks clarity on whether the supply of medicines, consumables, implants and other goods used in the course of treatment to inpatients and outpatients in a hospital, being part of healthcare services, is exempt from GST under the said notification.

5.1 Statement of the Applicant's Interpretation of Law: Legal Provisions Involved:

- Section 97(2)(b) of the CGST Act, 2017: Classification of any goods or services or both.
- Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, Entry 74: "Health care services by a clinical establishment, an authorized medical practitioner or paramedics" are exempt from GST."
- Explanation (zg) to Entry 74 of the said Notification: "Health care services" means 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 and includes services by way of transportation of the patient to and from a clinical establishment."
- "Clinical establishment" means a hospital, nursing home, clinic, sanatorium or any other institution that offers services requiring diagnosis or treatment."

5.2 Judicial and Advance Ruling References:

➤ **AAR – M/s Be Well Hospitals Private Limited (Tamil Nadu):**

It was held that the supply of medicines and consumables used in the course of providing health care service to inpatients admitted to the hospital for diagnosis, or medical treatment or procedures till discharge is a composite supply, where the principal supply is healthcare service, and thus exempt.

➤ **AAR – M/s ST. Thomas Hospital (Kerala):**

The supply of medicines, surgical items, implants, stents, and other consumables to inpatients admitted to the hospital for diagnosis, or medical treatment or procedures is a composite supply where principal supply is health care service falling under SAC 999311 which is exempted.

5.3 Applicant's Interpretation:

- The applicant respectfully submits that the supply of medicines, implants, and consumables to inpatients is incidental and integrally connected to the provision of inpatient healthcare services.

- Such supplies are rendered in the course of diagnosis and treatment provided by the hospital, which qualifies as a clinical establishment under the relevant GST provisions.
- As per Section 2(30) of the CGST Act, 2017, these bundled supplies constitute a composite supply, wherein the principal supply is the exempt healthcare service.
- Accordingly, the entire value of the supply, including medicines and consumables administered or provided during inpatient care, should be treated as part of the exempt supply of healthcare services, in line with Entry 74 of Notification No. 12/2017 – Central Tax (Rate) dated 28.06.2017.
- The applicant seeks confirmation of this interpretation to ensure compliance and uniform tax treatment of such composite healthcare transactions.

6.1 In this regard, the Joint Commissioner (ST), Madurai Intelligence has conveyed that there is no pending proceedings in their office.

6.2 The Assistant Commissioner (ST), Dindigul (Town) Assessment Circle has conveyed their remarks as follows :-

- 1) **Healthcare services** are exempt under Notification No.12/2017-CT (Rate).
- 2) **Construction of hospital building** is taxable as works contract service @ 18%. ITC is blocked under Section 17(5)(d).
- 3) **Medicines to inpatients** form part of composite healthcare services -> exempt.
- 4) **Medicines to outpatients / Public** are independent supply of goods -> taxable at respective HSN rates.

Further, they stated that there are no pending proceedings, or, proceedings already decided, as per the Liability registers in respect of this taxpayer.

6.3 Since, no remarks has been received from the Central GST jurisdictional Authorities, it is construed that there are no pending proceedings against the applicant on the questions raised by them in their advance ruling application.

PERSONAL HEARING

7.1 Personal hearing was held on 17.12.2025. Shri. N Gokul Kishore, GST Practitioner and Authorized Representative (AR) of M/s. Rajarajeswari Hospitals Private Limited appeared for the personal hearing.

7.2 The AR reiterated the submissions made under the Application for Advance Ruling filed by them. AR explains the facts of the case and furnished additional submissions during the personal hearing. AR informed that the applicant is multi-specialty hospital engaged in providing comprehensive healthcare services to inpatients and outpatients. The hospital has in-house pharmacy and stores department and are holding drug license for procuring and dispensing medicines for patients. Presently, the hospital is charging GST separately on medicines and consumables and paying the same to the Government.

7.3 AR stated that as per Entry No. 74 of Notification No. 12/2017 – CT (Rate) they are eligible to claim exemption from payment of GST as healthcare services for inpatients and out-patients. The members informed AR that the notification is clear and that the exemption is available only for healthcare services provided to inpatients which is a composite supply that is inclusive of both treatment and medicines. However, the AR informed that they require clarification on this issue and hence had sought advance ruling on the said issue.

Discussions and Findings:

8.1. We have carefully examined the submissions made by the applicant in their advance ruling application, the submissions made and the documents furnished during the personal hearing.

8.2 The questions on which an advance ruling is requested are as follows:-

“(i) Whether the supply of medicines, consumables, implants, and medical items to In-patients as part of the treatment provided by the hospital is exempt under Entry No.74 of Notification No.12/2017-Central Tax (Rate) dated 28.06.2017 as a composite supply of healthcare services?”

“(ii) Whether the supply of medicines, consumables, implants, and medical items to Out-patients as part of the treatment provided by the hospital is exempt under Entry No.74 of Notification No.12/2017-Central Tax (Rate) dated 28.06.2017 as a composite supply of healthcare services?”

As the above questions relate to applicability of a notification and determination of liability to pay tax on any goods or services or both, they fall within the purview of Section 97(2) of the CGST Act, 2017 and are liable for admission.

8.3 The applicant states that theirs is a multi-specialty hospital, duly registered under the Goods and Services Tax (GST) regime, engaged in the provision of comprehensive healthcare services to both inpatients and outpatients. The hospital has obtained a Drug License Numbered TN/MDS/20/01590 dated 24-03-2025 under the Drugs and Cosmetics Act, 1940 in its own name, authorizing it to procure, store, and dispense pharmaceutical products for the purpose of patient treatment. The in-house

pharmacy is not operated as an independent commercial unit but is managed entirely under the control and billing mechanism of the hospital. Medicines and related items are issued exclusively to patients receiving treatment, both inpatients and outpatients, based on valid prescriptions from the hospital's medical personnel.

8.4 To begin with, we note that '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. For ease of reference, the relevant entry is reproduced below :-

| Sl. No | Chapter, Section, Heading, Group or Service Code (Tariff) | Description of Services | Rate (percent) | Condition |
|--------|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------|
| 74 | 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. | Nil | Nil |

"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".

And "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;

8.5 Under the 'Scheme of Classification of Services', annexed to GST Rate Notification No.11/2017-CT(Rate) dated 28.06.2017, as amended, we find from the relevant extract under the Group - 99931 (Human health Services) of heading 9993, as affixed below, that apart from other healthcare services, 'Inpatient Services' gets specifically covered under the service code 999311.

| S.No | Chapter, Section, Heading or Group | Service Code (Tariff) | Service Description |
|------|------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------|
| 603 | Heading 9993 | | Human health and social care services |
| 604 | Group 99931 | | Human health services |
| 605 | | 999311 | <i>Inpatient services</i> |
| 606 | | 999312 | Medical and dental services |
| 607 | | 999313 | Childbirth and related services |
| 608 | | 999314 | Nursing and physiotherapeutic services |
| 609 | | 999315 | Ambulance services |
| 610 | | 999316 | Medical laboratory and diagnostic-imaging services |
| 611 | | 999317 | Blood, sperm and organ bank services |
| 612 | | 999319 | Other human health services including homeopathy, unani, ayurveda, naturopathy, acupuncture and the like. |

8.6 Further, under the 'Explanatory Notes to the Scheme of Classification of Services', the services rendered to in-patients under the service code '999311' 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 anaesthesiological services, etc.*

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 the 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.

8.7 In this regard, we observe that the relevant extract of 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 recognised 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(3) Food supplied to the in-patients as advised by the doctor/nutritionists is 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."

8.8 From a conjoint reading of the '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 as in the instant case, is a 'Clinical Establishment' and it is clear that they are exempt under Sl.No.74 of Notification No.12/2017-C.T.(Rate) dated 28.06.2017, in respect of the 'Healthcare services' provided by them in general.

8.9 We further note that Section 2(30) of CGST Act 2017, defines "Composite Supply" as a 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. In the instant case, taxable supplies such as medicines, consumables, implants, etc., provided to in-patients qualifies as a 'composite supply', since they are naturally bundled and are supplied in conjunction with the 'Healthcare services', which happen to be the principal supply. Therefore, supply of medicines and consumables including food to in-patients in the course of the treatment till the patient is discharged is a composite supply of health care services.


8.10 In this regard, we find that under the additional submissions made during the personal hearing, the applicant has stated further that the issue is no longer res integra and that the same is squarely covered by multiple Advance Rulings in the state of Tamil Nadu, which have consistently held that supply of medicines to in-patients is part of exempt healthcare services, as in the cases involving M/s. Shifa Hospitals, M/s. Maha Critical Care Speciality Division, M/s. Kovai Medical Center and Hospital Ltd., M/s. PSG Hospitals, M/s. G. Kuppuswamy Naidu Memorial Hospital and M/s. MGM Healthcare Pvt. Ltd., Apart from the same, we find that in the application for advance ruling filed by them, the applicant has referred and discussed the cases relating to M/s. Be Well Hospitals (P) Ltd., (AAR, Tamil Nadu), and M/s. St. Thomas Hospital (AAR, Kerala). Here again, we find that both the aforesaid cases discuss about the supply of medicines and consumables used in the course of providing health care service to in-patients admitted to the hospital for diagnosis.

8.11 At this juncture, we take note of the fact that the applicant has discussed the issue relating to out-patients also in the same vein as that of the in-patients. In this regard, it is to be noted that while providing health care related services to out-patients, medicines and consumables which is of advisory nature, are prescribed by the Doctor who attends to the patient. It is also to be noted here that the pharmacy attached to the hospital/clinical establishment is an outlet to dispense medicines and consumables based on prescriptions, but in the case of out-patients, the said patients are not mandated to procure them only from the pharmacy attached to the hospital, and they are at liberty to procure the same from the hospital or other pharmacies of their choice. Whereas, in the case of in-patients, medicines and consumables are necessarily issued by the hospital's pharmacy to ensure proper and timely treatment, thereby becoming an integral part of the healthcare service provided together to the in-patients. Further, as already discussed, the clarification provided as in para 5(3) of the Circular No.32/06/2018-GST, dated 12.02.2018, addresses the issue by clarifying that the food supplied to the in-patients as advised by the doctor/nutritionist is part of the composite supply of healthcare and not separately taxable, whereas the other supplies of food to patients who are not admitted are taxable. It therefore becomes evident that the same analogy applies to the instant case as far as it relates to dispensing of medicines, implants and consumables, etc., to out-patients also. Accordingly, we are of the opinion that the supply of Medicines and consumables used in the course of providing health care services to out-patients visiting the hospital for diagnosis or medical treatment or follow up procedures cannot be considered to be an integral part of a composite supply involving supply of health care service, as they become different supplies independent of each other. Therefore except for the exempted healthcare service, all other supplies including medicines, implants, consumables, etc., in the case of supplies to out-patients are taxable to GST.


9 In view of the above, we rule as under:

Ruling

- (i) Supply of medicines, consumables, implants and other medical items **to In-patients** as part of the treatment provided by the hospital **is exempt** under Entry No.74 of the Notification No.12/2017-Central Tax (Rate) dated 28.06.2017, as a composite supply of healthcare services.
- (ii) The Consultation service provided to out-patients is exempted under Entry No.74 of Notification No.12/2017-Central Tax (Rate) dated 28.06.2017. **However, the supply of medicines, consumables, implants and medical items to out-patients attract payment of GST.**


(B. Suseel Kumar)
Member (SGST)




(C. Thiyagarajan)
Member (CGST)

To
M/s. Rajarajeswari Hospitals Private Limited,
No. 46, Thiruvallur Salai, Spencer Nagar,
Dindigul - 624 003. (By Speed Post)

Copy submitted to :

1. The Principal Chief Commissioner of GST & Central Excise,
26/1, Mahatma Gandhi Road, Nungambakkam, Chennai-600034.
2. The Commissioner of Commercial Taxes,
2nd Floor, Ezhilagam, Chepauk, Chennai - 600 005.
3. The Commissioner of GST & Central Excise,
Madurai Commissionerate,
Central Avenue Building,
No.4, Lal Bahadur Shastri Road,
Bibikulam, Madurai - 625 002.

Copy to :

1. The Assistant Commissioner (ST),
Dindigul (Town) Assessment Circle,
Integrated Commercial Taxes Office Building,
Government Buildings, Sub-Collectors Office Road,
Dindigul - 624 001.
2. Master File/ Sparc - 2.