

A laboratory setting with a pipette dispensing a drop of yellow liquid into a petri dish. The background is a blurred blue and green, suggesting a clean, clinical environment. The text is overlaid on the left side of the image.

GST on Hospitals

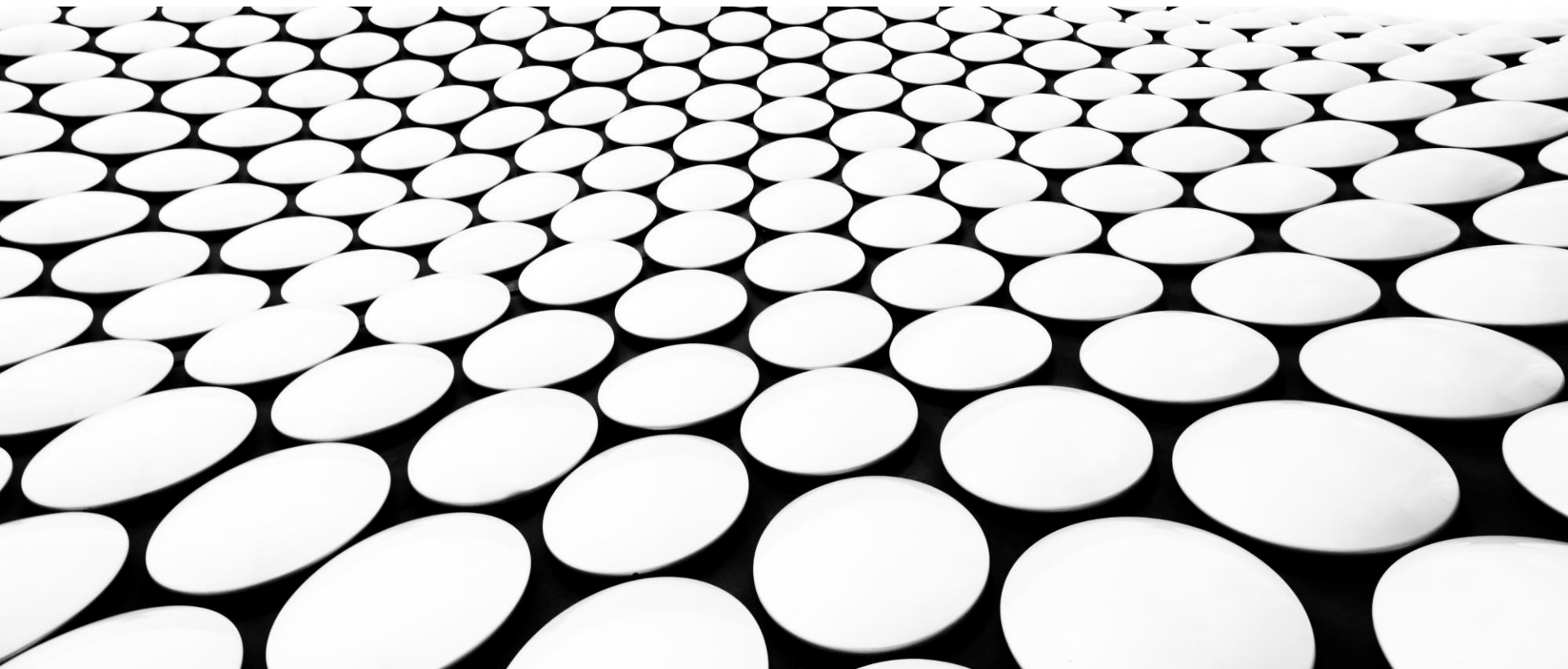
Immediate attention needed!

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1. Why hospitals deserve immediate attention?




1.1 COVID-19 and Hospitals

Entire world is engulfed by COVID-19 and hospitals are relentlessly fighting against the outbreak!



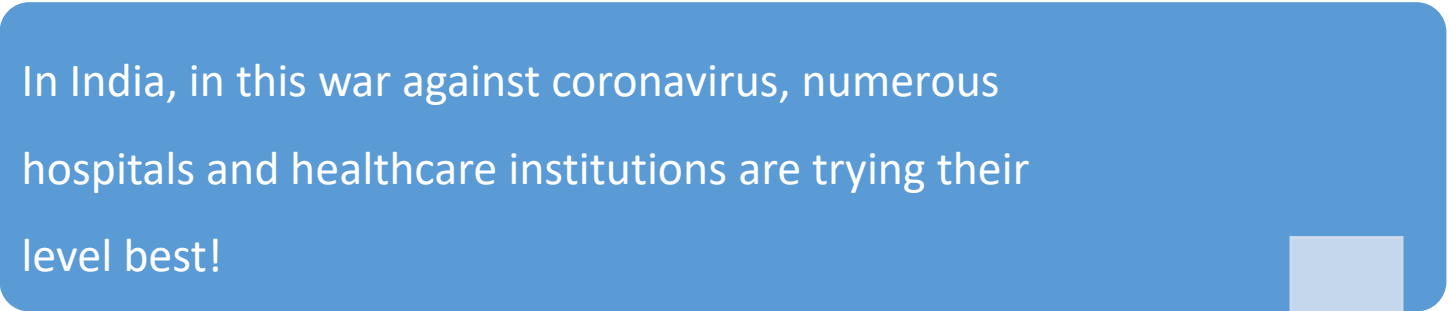
As per news reports, more than 100 doctors and health worker have lost their lives while fighting against corona virus!



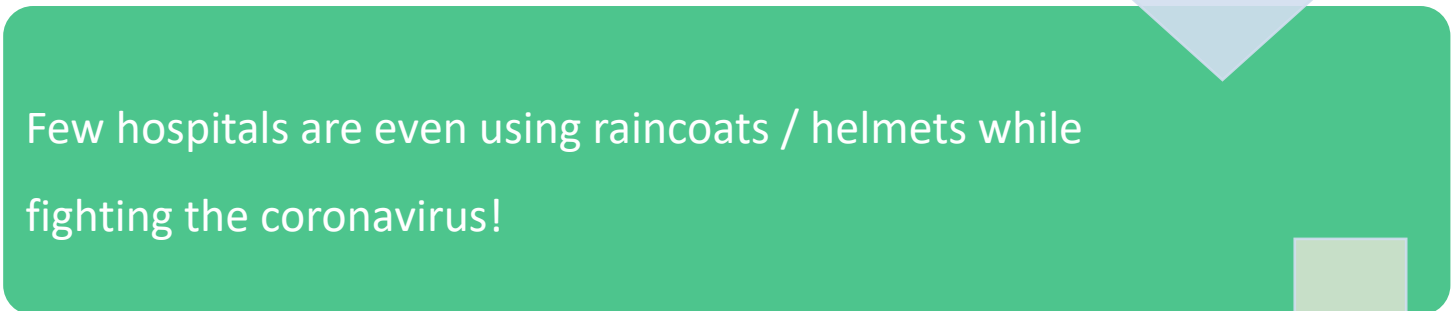
In this war against COVID-19, doctors and healthcare workers are even short of protective health gear and equipments!

1.2 How Hospitals are fighting against Corona?

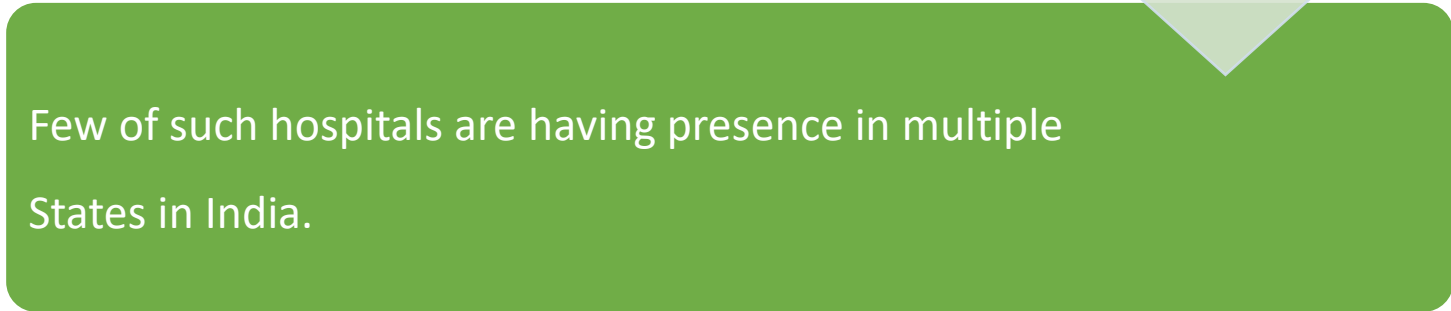
In India, in this war against coronavirus, numerous hospitals and healthcare institutions are trying their level best!



Few hospitals are even using raincoats / helmets while fighting the coronavirus!




Few of such hospitals are having presence in multiple States in India.




1.3 Can GST become a challenge for Hospitals?

Such multi-State hospitals are supporting their branches in other States through online consultations, administrative support, IT system etc




At present, the knowledge sharing and support to other State branches is the only way to fight against Coronavirus!



However, in India, Entry 2 of Schedule I of CGST Act specifically makes supply of services to 'distinct person' as liable to GST

1.4 What Advance Ruling Authority says?


It may be recalled that in **Columbia Asia Hospital** [[2018-TIOL-113-AAR-GST](#)] AAR stated that GST is applicable on services provided by Head Office (HO) to its Branch Office (BO) located in other States (confirmed by even AAAR)



GST, if any, is said as applicable on support activities by HO then the same will become substantial cost for hospitals

1.5 How globally such transactions are taxed?


Unlike India, globally, B2B business transactions within a legal entity as well as between separate legal entities within 'Tax Group' (refer [article](#) on Tax Groups) are dis-regarded for VAT / GST purposes.




Even in India, as Schedule III of CGST Act specifically excludes services by an employer to employee, and thus, it may be stated that the legislative intention may not be collect GST on such costs

1.6 How GST Council can help?

Although, in India, purpose to transfer ITC to consuming States, the taxpayers are getting caught between cross fire of provisions



Due to aforesaid, multi-State hospitals are afraid that on such support services GST will be demanded by Authorities



Thus, as a way forward, GST Council should provide clarity on healthcare or support services provided by HO located in one State to the BO located in another States!

Thank you!

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Happy to Discuss

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E-books on GST

E-books on How to be Future Proof