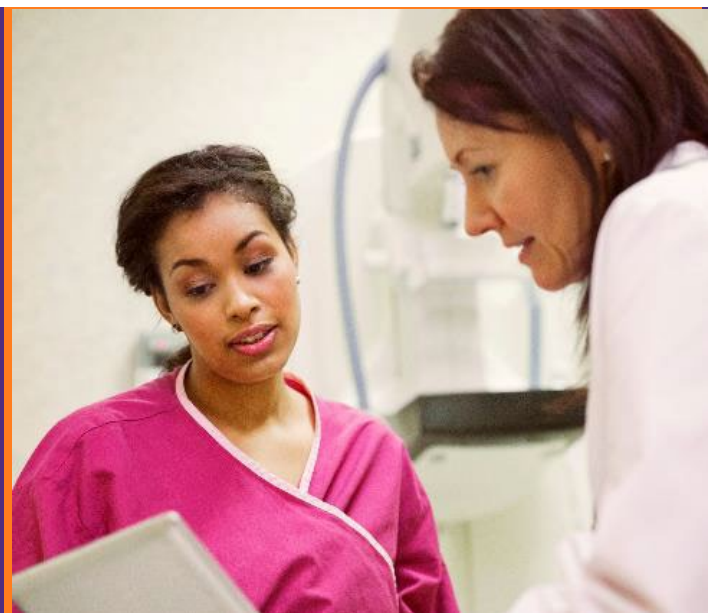


# Goods and services tax: Challenges and opportunities for healthcare sector

The healthcare sector, also known as a sunrise sector in India, is one of the most diversified and the fastest growing sector in India.

The government is committed to develop the healthcare sector and make India Atmanirbhar. This requires a close interplay with the implementation of various fiscal statutes vis-a-vis government policies.

Though healthcare is largely exempted from the levy of goods and services tax (GST), there are several transactions where GST would be applicable. Hence, it is essential for organisations to periodically review various tax positions adopted by them to ensure compliance with law.



**A quick health check may help in identifying opportunities to reduce cash outflow on account of tax and may also mitigate unnecessary litigations by undertaking review of the following key focus areas:**



**Tax positions adopted for key outward transactions**



**Tax liabilities under reverse charge mechanism (RCM)**



**Input tax credit (ITC) optimisation**



**Anti-profiteering measures**



**Other miscellaneous transactions**



**Transactions during COVID-19**

## Illustrative list of transactions under key focus areas are:



### Tax positions adopted for key outward transactions

- IPD/OPD services
- Revenue sharing with vendors such as pharmacy and canteen
- Stock/asset transfer between hospitals
- Export of services such as trials, research and trainings
- Sale of human plasma



### Tax liabilities under RCM

- Director remuneration
- Training from foreign doctors
- Legal service from advocates



### ITC optimisation

- ITC on procurements of pharmacy



### Anti-profiteering measures

- Evaluate anti-profiteering measures taken by large vendors



### Other miscellaneous transactions

- Cross charge of common expenses
- Valuation of stock/asset transfers
- Corporate and personal guarantees by company and directors
- Employer-employee transactions
- Place of supply in case of pharmacy supplies
- Taxability of any plug and play model, turnkey transactions



### Transactions during COVID-19

- Taxability of vaccine and other COVID-19 treatment essential drugs
- Import of oxygen concentrator: Taxable or exempt?
- Taxability of home-care facilities
- Tax position on arrangements made with hotels
- Tax applicability on supply of kettle/slippers/bedsheets to patients
- HSN study of various products/machines used for providing healthcare services
- Tax position adopted on any referral arrangement with third party vendors for carrying out any ancillary healthcare services
- Tax positions adopted for any mixed or composite supplies
- Taxability of donations of medicines and medical equipment



# How Grant Thornton can assist



## Our experts

Grant Thornton Bharat delivers the greatest value by collaborating across services to create innovative and tailored solutions to resolve the clients' complex challenges.

Our sector experts span transaction mapping, review of tax positions and compliances under GST, etc.



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