

**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:

Shri Balakrishna S, I.R.S., Additional Commissioner/Member (CGST), Office of the Commissioner of GST and Central Excise, Audit II Commissionerate, Chennai - 600 034.	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. 12/ARA/2025, dated 29.04.2025

- 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.*

GSTIN Number, if any/User id	33AAWFM5910H1Z2
Legal Name of Applicant	M/s. Maha Critical Speciality Division
Trade Name of Applicant	M/s. Maha Critical Speciality Division
Registered Address/ Address provided while obtaining User id	No.37, 2 nd Floor, MTH Road, Ambattur, Chennai 600 053.
Details of Application	Application Form GST ARA-01 received from the applicant on 03.07.2024.
Jurisdictional Officer	State – Ambattur Assessment Circle, Kancheepuram Division Center – Ambattur Division, Chennai (North) Commissionerate.
Nature of activity (s) (proposed/present) in respect of which advance ruling sought for A. Category B. Description (in brief)	Providing health care services to in-patients Whether the supply of medicines and consumables used in the course of providing health care services to In-patients by pharmacy unit of Maha Critical Speciality Division for diagnosis or treatment during the patients admission in hospital would be considered as “Composite Supply” of health care services as under GST and consequently avail exemption under Notification No.12/2017, CT (Rate) read with Section 8(a) of GST?
Issues on which advance ruling required	Classification of any goods or services or both Applicability of a notification issued under the provisions of this Act. Determination of time and value of supply of goods or services or both. Whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term.
Question(s) on which advance ruling is required	Whether the supply of medicines and consumables used in the course of providing health care services to In-patients by pharmacy unit of Maha Critical Speciality Division for diagnosis

	or treatment during the patients admission in hospital would be considered as "Composite Supply" of health care services as under GST and consequently avail exemption under Notification No.12/2017, CT (Rate) read with Section 8(a) of GST?
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M/s. Maha Critical Speciality Division, No.37, 2nd Floor, MTH Road, Ambattur, Chennai 600 053 (hereinafter called as the "Applicant") are registered under the GST Act with GSTIN 33AAWFM5910H1Z2. The applicant has sought advance ruling on the following question:

"Whether the supply of medicines and consumables used in the course of providing health care services to In-patients by pharmacy unit of Maha Critical Speciality Division for diagnosis or treatment during the patients admission in hospital would be considered as "Composite Supply" of health care services as under GST and consequently avail exemption under Notification No.12/2017, CT (Rate) read with Section 8(a) of GST?"

2. 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.

3.1 The applicant are providing health care services in the category such as Emergency care, preventive care, healthcare consultancy and corporate services to both inter-state and intra-state patients. Inter-state consultancy services are provided online without any travel assistance. They established pharmacy Unit and supplies medicine to in-patients and out-patients. Pharmacy charges GST on MRP basis against all the supplies provided to patients including supplies to in-patients. Currently the pharmacy unit forms part of the clinical establishment and have common registration within Tamil Nadu in the name and style of Maha Critical Speciality Division.

3.2 On interpretation of law the applicant has stated that Health Care Services provided by a Clinical establishment or an authorised medical practitioner or paramedics are exempted vide Sl.No.74 of Notification No.12/2017 CT(R) dated 28.06.2017 as amended and Sl.No.74 of Notification No. II(2/CTR) 532(d-15)2017 vide G.O (Ms) No.73 dated 29.06.2017. They have stated that there is no distinction between the provision of Health care services to both in-patients and out-patients from the above exemption notification. The intention of the Government in granting exemptions to health care services, supplies to in-patients and out-patients incidental to the health care services are one and the same except in latter case the patient is not admitted to the clinical establishment for a considerable amount of time which does not change the substance of supply rendered by the clinical establishment. There is no segregation among doctors, physicians providing health care services. Doctors need to work together providing service to both in-patients and out-patients regardless of their speciality though there is division of time between in-patient and out-patient services. Since medicines and other allied items supplied to in-patient forms part of composite supply of health care services,

accordingly similar supply of medicines and other allied items supplied to out-patients shall also constitute a composite supply. The applicant have stated that there is no clear distinction between in-patients and out-patients in GST law for the purpose of levy, since the nature of supplies service providers are same in case of both in-patients and out-patients there should not be any differences for the purpose of levy of GST based on duration of stay of the patients in clinical establishments. Further, it is also pertinent to mention that the definition of health care services as well as clinical establishment under Notification No.12/2017 CT (Rate) dated 28.06.2017 issued under CGST Act, 2017 do not impose any specific restriction or condition to grant GST exemption only for in-patients. They have submitted that out-patients do not buy medicines voluntarily without prescriptions. It is being purchased as part of the advice from doctor to get themselves cured from illness. Hence it is clear case of composite health care services, wherein the purchase of medicines is mandated to complete the nexus of health care. The sale of medicines and doctor consultancy cannot be separated as without consumption of medicines illness cannot be cured. Therefore, the intention of law is always to allow exemption on health care services, which shall also include sale of medicines to out-patients and in-patients based on the prescription issued by the doctor.

3.3 The applicant has stated that the supplies of medicines and consumables used in the course of providing health care services to in-patients by pharmacy unit is a composite supply of health care services. They also state that as per circular No.32/06/2018 dated 12.02.2018 foods supplied to the in-patients as advised by the doctor/nutritionists is a part of composite supply of health care and not separately taxable. Other supplies of food by hospital to out-patients (not admitted) or their attendants or visitors are taxable. They stated that here the word 'food' can also be extended to other similar supplies such as medicines, implants, room rent etc. The health care services provided to in-patients includes continuous monitoring of patient health, doctor consultancy, room services, nursing services, implants etc., which are rendered in a given point of time say, during the period patients are admitted to hospital. This is clearly covered by the definition of composite supply under GST and can be said to be a composite health care services. All these services are bundled together in providing the primary service of health care and it is billed as one single invoice though the hospital provides detailed breakup of the service fee, it is charged as bundled service. The pharmacy also supplies medicine to the patients as a part of the said service. In view of the above facts, the applicant contends that in-patients treatment including pharmacy supplied to them is composite health care services under GST and exempted by Sl.No.74 of Notification No.12/2017 CT(Rate), dated 28.06.2017. The applicant have cited the following judgements and advance rulings:

- (i) Kerala High Court in the case of Nils Abbott Healthcare Ltd has mentioned that supplies made by two different persons cannot be clubbed together to constitute composite supply. Further, the clubbing of the supplies may be considered for valuation purposes and not for the purpose of altering the nature of the supply findings in relation to composite supply must take into account supplies effected at a given point of time on "as is where is" basis.

- (ii) Tamil Nadu Advance Ruling Authority in M/s. Royal Care Speciality Hospital Ltd it was held that Medicines, Consumables and implants used in the course of providing healthcare to inpatients by the applicant is a composite supply of inpatient services classifiable under SAC 999311.
- (iii) Tamil Nadu Advance Ruling Authority in case of M/s. Be Well Hospitals Pvt. Ltd., it was held that – Supply of Medicines and consumables used in the course of providing health care services to inpatients admitted to the hospital for diagnosis or medical treatment or procedures till discharge is a composite supply of inpatient health care service, provided the consolidated bill raised in the name of the patient indicates the supply of medicines and consumables during the course of provision of health care services as defined in Para 2(zg) of Notification No.12/2017-C.T(Rate), dated 28.06.2017 as amended and Notification No. II(2)/CTR/532 (d-15)2017 vide G.O.(Ms) No.73 dated 29.06.2017 as amended and the same is exempted from CGST and SGST as per Sl.No.74 of the above notifications respectively.

3.4 The applicant has submitted that the supplies of medicines and consumables used in the course of providing health care services to out-patients by pharmacy unit is a composite supply of health care services. The applicant has made references to the definition of health care services, clinical establishment under the notification 12/2017. The applicant have also placed reference on the definition of composite supply and mixed supply under the GST Act. The applicant has compared the supplies made by them with definition of composite supply and concluded that the supplies made by them is a composite supply. The definition of mixed supply is a residuary one which includes all combination of supplies which is not a composite supply. Hence, the applicant is of the view that their supplies are composite supply.

4.1. The applicant falls within the administrative jurisdiction of 'STATE', and the State Jurisdictional Authority vide their letter dated 28.08.2024 have informed that the Authority for Advance Ruling of Tamil Nadu has already taken a view in the case of Be Well Hospital, Chennai and Royal Care Speciality Hospital, Coimbatore that supply of healthcare services or inpatient services are exempted from CGST and SGST as per Sl.No.74 of the Notification No.12/2017 CT (Rate), dated 28.06.2017. The healthcare services to outpatients are held as not exempted in the above rulings. The same view may be taken for this applicant also. Further, the State Jurisdictional Authority has stated that the applicant is not in arrears of tax as on this day, which goes to show that there are no pending proceedings against the applicant as on date.

4.2. No remarks have been received from the Central Jurisdictional Authority, and hence, it is construed that there is no pending proceedings on the question raised by the applicant in their advance ruling application.

Personal Hearing

5.1. The applicant was offered personal hearing to appear in person on 27.03.2025 which was sent through RPAD on 18.03.2025 and the same was duly acknowledged by the applicant. Shri N.Srinivasa Varadan, FCA and Shri Vidyanath Agnihotri, FCA appeared for the personal hearing as the Authorised Representatives (AR) and reiterated the submissions made in their application for advance ruling. They further stated that at Maha Critical Speciality Division, they attend to only emergency/trauma cases, and that almost all the cases fall under the 'in-patient' category. They however stated that in most of the cases, the patients may have to re-visit the hospital for further follow-up as advised by the medical team. When the members enquired as to whether they are paying GST on the medicines supplied to the in-patients, they replied that the practice being followed at present is supply of medicines on payment of GST to the in-patients. They clarified further that they are not paying GST on all other charges involving surgery, procedures etc. for the in-patients, as they are clearly exempt under the 'Healthcare Services' category. To another query by the members as to whether the pharmacy is a separate entity or not, they clarified that the hospital and the pharmacy has same GSTIN and the pharmacy is very much a part of the hospital and medicines are not supplied to out-patients except when the patients who took medication earlier come back for follow-up. They further added that apart from other charges, the value of medicines and consumables used for the patient also form part of the final bill raised on the patient. The members then requested the Authorised Representatives to furnish copies of the sample bills raised on in-patients and out-patients, which the Authorised Representatives undertook to furnish within a couple of days' time.

Discussions and Findings:

6.1. We have carefully examined the submissions made by the applicant in their advance ruling application and the submissions made during the personal hearing and further submissions after the personal hearing.

6.2 The question on which an advance ruling is requested as follows:

"Whether the supply of medicines and consumables used in the course of providing health care services to In-patients by pharmacy unit of Maha Critical Speciality Division for diagnosis or treatment during the patients admission in hospital would be considered as "Composite Supply" of health care services as under GST and consequently avail exemption under Notification No.12/2017, CT (Rate) read with Section 8(a) of GST?"

The above question being an applicability of notification and determination of liability to pay tax on any goods or services or both, are found to be falling within the purview of Section 97(2) of the CGST Act, 2017 and is admitted for consideration.

6.3 The applicant is providing health care services in the category such as Emergency care, preventive care, healthcare consultancy and corporate services to both inter-state and intra-state patients. Inter-state consultancy services are provided online without any travel assistance. They established pharmacy Unit which supplies medicine to in-patients and out-patients. The pharmacy charges

GST on MRP basis against all the supplies provided to patients including supplies to in-patients. The pharmacy unit and the clinical establishment is registered under one GSTIN within Tamil Nadu in the name and style of Maha Critical Speciality Division. Further, they have stated that they render health care services to two different categories of patients classified based on their purpose of visit and period of stay in the hospital.

- i) In-patient healthcare services: The patients are admitted in their hospital as in-patient. The patients are treated for the illness or injury for which they are admitted. During the process of providing health care services, the patients are also provided medicines, regular health monitoring, foods, implants etc.
- ii) Out-Patient consultancy: The old patient visit the hospital for follow up to avail consultancy related to his/her health. Doctors may prescribe some sample blood test, scans etc., to investigate the illness in detail. The patients can purchase the medicines prescribed by the Doctors at the hospital pharmacy or from any other outside pharmacy of their choice.

6.4. On perusal of the sample invoice copies for inpatient submitted by the applicant vide bill No.B8919, dated 08.04.2024, it is observed that they have raised bill for health care charges, investigation charges, medicines and consumables charges for a value of Rs.1,52,422/- without charging any GST. On perusal of sample invoice copies for outpatient submitted by the applicant vide bill No.D01000170 dated 07.04.2024, D01000172 dated 07.04.2024, D01000174 dated 07.04.2024, D01000178 dated 08.04.2024, D01000185 dated 08.04.2025 and D01000186 dated 08.04.2024, they have sold medicine from their pharmacy and collected GST on the sale of medicines.

6.5 In the instant case, the healthcare services rendered to in-patients is first taken up for discussion

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 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 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.

6.6 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 and Sl.No.74 of Notification No.II(2)/CTR/532(d-15)/2017 vide G.O.(Ms.) No.73, dated 29.06.2017. For ease of reference, the relevant entry is given below:

Sl.N o.	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;

6.7 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 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."

6.8 From a joint 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 is a Clinical Establishment and for the health care services provided as defined in the Notification above provided to inpatients from admission till discharge including the supply of medicines, implants and consumables, they are exempt under Sl.No.74 of Notification No.12/2017-C.T.(Rate) dated 28.06.2017 as amended and Sl.No.74 of Notification No. II(2)/CTR/532(d-15)/2017 vide G.O.(Ms.)No.73, dated 29.06.2017.

6.9 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.

6.10 In the instant case, 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.

6.11 At this juncture, we take note of the fact that the applicant has discussed the issue relating to out-patients also in para 5 (Interpretation of law) of the details enclosed to the application for advance ruling, wherein it has been stated as follows :-

"We state that there is no distinction between the provision of Health care services to both in-patients and out-patients from the above exemption notification."

"Since medicines and other allied items supplied to in-patient forms part of composite supply of health care services, accordingly similar supply of medicines and other allied items supplied to out-patients shall also constitute a composite supply."

6.12 In this regard, it is to be noted that while providing health care related services to out-patients, medicines and consumables which is only of advisory nature, are prescribed to them 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, which fact is also admitted by the applicant themselves. Whereas, in the case of in-patients, medicines and consumables are necessarily issued by the hospital's pharmacy to ensure timely and proper treatment, and becomes 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. The same analogy applies to the instant case of dispensing medicines and consumables 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 as part of a composite supply involving supply of health care service, as they are different supplies independent of each other. Therefore except for the exempted healthcare service, all other supplies including medicines, consumables, food etc., in the case of supplies to out-patients are taxable to GST.


6.13 We however observe that the question on which advance ruling is sought by the applicant is precisely on the supply of medicines and consumables used in the course of providing healthcare services to in-patients only, and in view of the above, we rule as under:

Ruling

Supply of medicines and consumables used in the course of providing health care services to In-patients by pharmacy unit of Maha Critical Speciality Division having common registration within Tamil Nadu for diagnosis or medical treatment or procedures till discharge is a composite supply of in-patient healthcare service as defined in Para 2(zg) of Notification No.12/2017, CT (Rate), dated 28.06.2017 as amended and Notification No. II(2)/CTR/532(d-15)/2017 vide G.O.Ms.No.73, dated 29.06.2017, as amended and the same is exempted from CGST and SGST as per Sl.No.74 of the above notifications respectively.


(B.Suseel Kumar)
Member (SGST)




(Balakrishna S) 29/04/2018
Member (CGST)

To

M/s. Maha Critical Speciality Division,
No.37, 2nd Floor, MTH Road,
Ambattur, Chennai 600 053.

(By RPAD)

Copy submitted to

1. The Principal Chief Commissioner of GST and Central Excise,
26/1, Uthathamar Mahatma Gandhi Road,
Nungambakkam, Chennai 600 034.
2. The Commissioner of Commercial Taxes,
2nd Floor, Ezhilagam, Chepauk, Chennai 600 005.
3. The Commissioner of GST and Central Excise,
Chennai (North) Commissionerate,
26/1, Uthathamar Mahatma Gandhi Road,
Nungambakkam, Chennai 600 034.

Copy to

1. The Assistant Commissioner (ST),
Ambattur Assessment Circle,
Nandanam, Chennai 600 035.
2. Stock File – A1