

**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., Additional 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. 35/ARA/2025, dated 02.09.2025

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.

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| GSTIN Number, if any/User id | 33AAAAT3384M1Z8 |
| Legal Name of Applicant | M/s. Theni Nattathi Kshatriya Kula Hindu Nadargal Uravinmurai Dharma Fund |
| Trade Name of Applicant | M/s. Theni Nattathi Kshatriya Kula Hindu Nadargal Uravinmurai Dharma Fund |
| Registered Address/ Address provided while obtaining User id | No.12, White House Street, Theni, Tamil Nadu - 625 531. |
| Details of Application | Application Form GST ARA-01 received from the applicant on 24.02.2025. |
| Jurisdictional Officer | State – Theni-II (Andipatti) Assessment Circle, Madurai Division Center – Dindigul-II Division, Madurai Commissionerate. |
| Nature of activity (s) (proposed/present) in respect of which advance ruling sought for | <p>A. Category</p> <p>B. Description (in brief)</p> <p>Providing health care services through their hospital</p> <p>Their hospital provides essential healthcare services to both inpatients and outpatients, and they operate separate pharmacies within the hospital premises for their convenience.</p> |
| Issues on which advance ruling required | <p>Applicability of a notification issued under the provisions of this Act.</p> <p>Determination of the liability to pay tax on any goods or services or both.</p> |
| Question(s) on which advance ruling is required | <ol style="list-style-type: none"> 1. Whether Consultation service and medicines supplied to out-patients attracts GST? 2. Can we treat consultation and supply of medicine to outpatient as composite supply? 3. If the above is a Composite Supply, is a single invoice required, or are multiple invoices with the same registration number sufficient? |

M/s. Theni Nattathi Kshatriya Kula Hindu Nadargal Uravinmurai Dharma Fund, No.37, No.12, White House Street, Theni, Tamil Nadu - 625 531 (hereinafter called as the "Applicant") are registered under the GST Act with GSTIN 33AAAAT3384M1Z8. The applicant has sought advance ruling on the following questions :-

1. *Whether Consultation service and medicines supplied to out-patients attracts GST?*
2. *Can we treat consultation and supply of medicine to outpatient as composite supply?*
3. *If the above is a Composite Supply, is a single invoice required, or are multiple invoices with the same registration number sufficient?*

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. M/s. Theni Nattathi Kshatriya Kula Hindu Nadargal Uravinmurai Dharma Fund, are a Charitable Trust registered in Tamil Nadu, dedicated to serving society through their hospital. The applicant's hospital provides essential healthcare services to both inpatients and outpatients, and they operate separate pharmacies within the hospital premises for their convenience. The applicant wishes to bring to attention that,

- Medicines are supplied exclusively to patients with prescriptions issued by their hospital doctors.
- No medicines are dispensed to walk-in patients without a prescription from their hospital doctors.

3.2. On interpretation of law, the applicant has referred to entry Sl.No.74 of Notification No.12/2017 CT(R) dated 28.06.2017, which exempts (a) Services by way of healthcare provided by a clinical establishment, an authorised medical practitioner, or paramedics; (b) Services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above, and thereby, they consider that consultation for an outpatient and the medicines sold thereon to be exempt services. Pursuant to Section 2(30) of the CGST Act, 2017, the applicant interprets that consultation charges and medicine sales for a particular out-patient fall under the definition of composite supply. Further, pursuant to Section 2(30) of the CGST Act, 2017, the applicant also interprets that only the supply is to be bundled but no specific clarity exists on the invoice part, and so they consider that invoice number can vary but with the same registration number.

4. The applicant falls within the administrative jurisdiction of 'STATE', and letters have been addressed to both the 'State' and 'Centre' authorities. Since no remarks have been received from both the State and the Central Jurisdictional Authorities, it is construed that there are no pending

proceedings on the question raised by the applicant in their advance ruling application.

Personal Hearing

5.1. The applicant was offered an opportunity for personal hearing on 11.08.2025 Mr. Mr. Kamala Kannan P, Secretary, Mr. Annamalai, Sr. Accountant, Mr. Lokesh. T, Accounts Executive, and Mr. Santosh Kumar S.V, Accounts Executive, appeared for the personal hearing as the authorized representatives (AR) of M/s. Theni Nattathi Kshatriya Kula Hindu Nadargal Uravinmurai Dharma Fund. They reiterated the submissions made under the Application for Advance Ruling filed by them. During the hearing, they furnished additional submissions containing copies of the relevant notifications, Doctor's prescriptions, OPD Case Sheet, Bills for consultation, Bills for medicine, etc. They stated that their trust is a charitable organisation dedicated to serving society through their hospital which provides essential healthcare services to both inpatients and outpatients. They further stated that they operate pharmacies within the hospital premises for the convenience of patients and medicines are supplied to patients only on a prescription issued by their own hospital doctors. Under these circumstances, they stated that they are of the opinion that medicines supplied to outpatients based solely on their hospital doctor's prescription is exempt from payment of GST, as the same is liable to be treated as a 'composite supply' alongwith the main supply of 'Healthcare service' which is exempt.

Discussions and Findings

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

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

1. *Whether Consultation service and medicines supplied to out-patients attracts GST?*
2. *Can we treat consultation and supply of medicine to outpatient as composite supply?*
3. *If the above is a Composite Supply, is a single invoice required, or are multiple invoices with the same registration number sufficient?*

The above questions which discusses about the 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 are accordingly admitted for consideration.

6.3 The applicant's hospital provides essential healthcare services to both inpatients and outpatients, and they operate separate pharmacies within the hospital premises for their convenience. The applicant wishes to bring to attention that,

- Medicines are supplied exclusively to patients with prescriptions issued by their hospital doctors.
- No medicines are dispensed to walk-in patients without a prescription from their hospital doctors.

6.4. On perusal of the sample bill copies for patients submitted by the applicant during the personal hearing on 11.08.2025, it is observed that they have raised **OP** Cash Bill No.113996 dated 05.02.2025 in respect of patient Mr.Rajendran for an amount of Rs.250/- (Consultation charge – Rs.200/- and Registration charge – Rs.50/-). For the same patient Cash Bill No.69673 dated 05.02.2025 has been raised by the Main Pharmacy under which medicines have been dispensed for a total value of Rs.529/- which was inclusive of GST. However, it is seen that in respect of **OP** Cash Bill No.44530 dated 09.08.2025 relating to patient Mr.Seenivasan an amount of Rs.200/- has been charged towards consultation charges. For the same patient Cash Bill No.265552 dated 09.08.2025 has been raised by the Main Pharmacy under which medicines have been dispensed for a total value of Rs.1,139/- without any GST element in it.

6.5. 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 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. 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 paramedics; 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;

6.6. 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 | Inpatient services |
| 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. |

6.7. 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 anaesthesiologic services, etc.*

Thus, inpatient services mean 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.

6.8. 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."

6.9. 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 food, medicines, implants and consumables, 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.

6.10. 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. In the instant case, taxable supplies such as medicines and consumables provided to in-patients are naturally bundled and supplied in conjunction with 'Healthcare 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 indeed a composite supply of health care services.

6.11 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. Whereas, in the case of in-patients, medicines and consumables are necessitated to be 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 to out-patients as well. Accordingly, we are of the opinion that the supply of Medicines 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.

6.12. We observe that the questions 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 out-patients only, and accordingly, the query-wise clarification is as follows :-

Q.1 Whether Consultation service and medicines supplied to out-patients attract GST?

Answer - The Consultation service provided to out-patients are exempted under Sl.No.74 of Notification No.12/2017-C.T.(Rate) dated 28.06.2017, as amended. However, the medicines supplied to out-patients attract payment of GST.

Q.2 Can we treat consultation and supply of medicine to outpatient as composite supply?

Answer - 'Consultation' and 'Supply of medicine' to out-patients cannot be treated as a 'Composite Supply', in view of reasons discussed in paras 6.10 and 6.11 above.

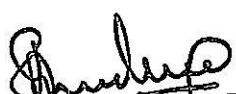
Q.3 If the above is a Composite Supply, is a single invoice required, or are multiple invoices with the same registration number sufficient?

Answer - Since the answer to Query No.2 above is in 'Negative', the question of answering this query does not arise.

7. In view of the above, we rule as under:

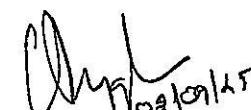
Ruling

1. The Consultation service provided to out-patients are exempted under Sl.No.74 of Notification No.12/2017-C.T.(Rate) dated 28.06.2017, as amended. However, the medicines supplied to out-patients attract payment of GST.
2. 'Consultation' and 'Supply of medicine' to out-patients cannot be treated as a 'Composite Supply'.
3. Since the answer to Query No.2 above is in 'Negative', the question of answering this query does not arise.

 02/09/2020

(B. Suseel Kumar)
Member (SGST)



 02/09/2020

(C. Thiyagarajan)
Member (CGST)

To

M/s. Theni Nattathi Kshatriya Kula
Hindu Nadargal Uravimurai Dharma Fund,
No.12, White House Street,
Theni, Tamil Nadu - 625 531. **(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,
Madurai Commissionerate, Central Revenue Building,
No.4, Lal Bahadur Shastri Road,
Bibikulam, Madurai – 625 002.

Copy to

1. The Assistant Commissioner (ST),
Theni-II (Andipatti) Assessment Circle,
Madurai Main Road, Sidco Compond,
Theni - 625 531.
2. Stock File – A1