

*The following list of taxable and GST-free medical services has been prepared as a ready reference guide for medical practitioners and practice managers and has been cleared by the Tax Office. Members are advised to check that they have the most up-to-date information when determining whether a service is taxable, and to contact the Tax Office if in doubt.*

The supply of a service (treatment, consultation or investigation) is GST-free where a Medicare benefit is payable in respect of that particular supply. Where a Medicare benefit is not payable, the supply will only be GST-free where it is generally accepted by the medical profession as being necessary for the appropriate treatment of the patient to whom the service is rendered. However, where a service is supplied pursuant to an agreement\* between the medical practitioner and a third party, it will be necessary to determine what is being supplied and to whom. The supply is only able to be GST-free where the patient is the recipient of that supply. The supply is not GST-free where a third party is the recipient of the supply.

### GST-FREE MEDICAL SERVICES

- i. A service which attracts a Medicare benefit.
- ii. Services rendered to veterans or dependants pursuant to the general Department of Veterans' Affairs (DVA) LMO agreement, including any such services rendered in a hospital, **except where the services are supplied pursuant to any other agreement\* between the LMO and DVA.**
- iii. Consultation and/or investigation services directed at the treatment of a patient<sup>#</sup>, funded by the Motor Vehicle Insurance Board or a workers compensation insurer. **Practitioners should note that services (including case management services) supplied pursuant to an agreement\* between the health practitioner and a compensation insurer are not GST-free.** See the following link on the AMA website <http://www.ama.com.au/web.nsf/doc/SHED-5FV74Z> for a case study example of the impact of GST on medical services paid for by compensation insurers.
- iv. The writing of a referral form to a specialist or consultant physician for investigation, opinion, treatment and/or management of a condition or problem of a patient or for the performance of a specific examination or test.
- v. Investigation and diagnostic report preparation services rendered by pathologists and radiologists, where directed at the treatment of a referred patient, **except where the services are supplied pursuant to an agreement\* between the health practitioner and a third party.** Where the services are NOT supplied pursuant to an agreement\* between the health practitioner and a third party, diagnostic imaging (x-rays) and pathology services (including diagnostic reports) are supplied to the referred patient, not to the referring medical practitioner, and are therefore GST-free.
- vi. Consultation and investigation services directed at the treatment of a patient<sup>#</sup>, irrespective of whether paid for by the patient or by a third party, **except where the services are supplied pursuant to an agreement\* between the health practitioner and a third party.**
- vii. Any patient co-payment for a GST-free treatment.
- viii. Consultation and investigation services directed at the treatment of a patient who is a non-resident of Australia, **except where the services are supplied pursuant to an agreement\* between the health practitioner and a third party.**

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- ix. Medical assessments undertaken for the provision of reports to third parties that attract Medicare benefits.
  - x. Medical assessments undertaken for the provision of reports required by aged people when applying for aged driving licences that attract a Medicare benefit.
  - xi. Preventive health services directed at the treatment of a patient where a Medicare benefit is not payable **except where the services are supplied pursuant to an agreement\* between the health practitioner and a third party.** For example; checkups, investigations, vaccinations and screening.
  - xii. Special procedures related to an IVF treatment (such as freezing or storage of gamete or embryo) where these services are facilitated by the medical practitioner (and are not supplied by a separate entity such as a medical scientist) and are part of the appropriate treatment of the patient **except where the services are supplied pursuant to an agreement\* between the health practitioner and a third party.** These services will not be GST-free where the freezing or storage is not part of ongoing treatment in relation to assisted conception.
  - xiii. Issuing a repeat prescription without another patient consultation.

### TAXABLE SERVICES

- 1) Reports and medical assessments undertaken for the provision of a report to a third party enterprise, irrespective of whether for vocational, recreational or private purposes, prepared voluntarily or involuntarily, and whether the service involves some element of consultation, **unless the rendering of the report or the medical assessment attracts a Medicare benefit.** Examples include:
  - i) Life insurance medical.
  - ii) Pre-employment medical.
  - iii) Defence force recruitment.
  - iv) Pilot's licence medical (private or commercial).
  - v) Professional driving licence medical (bus, taxi, truck, dangerous goods drivers).
  - vi) Racing driver's licence medical (CAMS).
  - vii) Sporting fitness assessments (scuba diving, water skiing, mountaineering, trotting and drivers) required by a third party (club, association, government agency or commercial operator).
  - viii) Private school medicals.
  - ix) Workers compensation certificates.
  - x) Medico-legal reports for solicitors or insurance companies.
  - xi) Serving as an expert witness before a court or tribunal.
- 2) Services supplied pursuant to an agreement\* with a third party. This includes services billed "in bulk" under a contract between a medical practitioner and the Australian Defence Force (ADF) (i.e. Contract Health Practitioner or Sessional Contract Practitioner). **One-off individual services supplied on a "fee for service" basis initiated by the patient and subsequently paid for by the ADF are GST-free if the health professional has not been contracted by the ADF.**

- 3) Services rendered by a health practitioner engaged by a company on a sessional basis to vaccinate all employees or to be in attendance at premises, as these services are supplied pursuant to an agreement\* with a third party.
- 4) Services, which are not consultations or investigations directed at the treatment of the patient, for example:
  - i) Lectures.
  - ii) Training or supervising another health professional.
  - iii) Consulting to another health professional (as opposed to a second opinion conducted as part of a treatment program).
  - iv) Payments from a drug company for involvement in a clinical trial.
- 5) Any service undertaken for cosmetic reasons, which does not attract a Medicare benefit.
- 6) Anaesthesia services that are provided in relation to a service undertaken for cosmetic reasons, **unless the rendering of the anaesthesia services attracts a Medicare benefit.**
- 7) Diagnostic imaging and/or pathology services that do not attract a Medicare benefit, required in relation to purely cosmetic procedures that do not attract a Medicare benefit.
- 8) Anaesthesia services rendered in “bulk” under an agreement\* between a medical practitioner and a third party.
- 9) Cremation certificates.
- 10) Autopsies.
- 11) Provision of goods and services by a medical practitioner to other medical practitioners (premises, staff support, business services, equipment, billing services, practice management services).

### OUT OF SCOPE

There are some supplies that do not fall within the GST regime. They are not taxable and are not GST-free.

For example, payments under the Practice Incentives Program (PIP), General Practitioner Immunisation Incentives Program, Australian Childhood Immunisation Register Information (Notification) Program and Rural Retention Program do not fall within the GST regime. Applicants for these payments do not enter into binding obligations with the payer to do anything for which the payment is consideration for a supply. As these payments are not consideration for supplies they cannot be consideration for taxable supplies.

#### \*Agreements

A third party (other than the patient) will be the recipient of a supply where pursuant to an agreement between the third party and a medical practitioner there is a binding obligation between that third party and the medical practitioner for the thing to be provided and the third party is liable to provide payment.

#Unless the treatments are explicitly taxable services such as professional services rendered in prescribed circumstances within the meaning of regulation 14 of the Health Insurance Regulations (other than the prescribed circumstances set out in regulation 14(2)(ea), (f) and (g)) and procedures rendered for cosmetic reasons and for which no Medicare benefit is payable.

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The AMA will seek to keep medical professionals abreast of any changes through *Australian Medicine* and the AMA website.

The ATO Health Industry Partnership – Issues Register at: <http://ato.gov.au/content.asp?doc=/content/16768.htm&page=22&from=TR/BS> is an important source of information.

Also see Goods and Services Tax Ruling – GSTR 2006/9 and draft addendum GSTR 2006/9DA which examines the meaning of supply and the concepts and characteristics of supply for the purposes of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act).

### **CAREFULLY CONSIDER THE FACTS**

In using this material you are strongly advised to carefully consider the facts of any particular arrangement, having particular regard to oral or written agreements or contracts which may determine the nature of the supply for GST purposes. While the general information provided above should give a reliable guide on most occasions, the factual situation of a particular arrangement will always override any view as to the GST status based on general information.

Further information on the Australian Taxation Office and the health industry can be found at: [http://ato.gov.au/businesses/pathway.asp?pc=001/003/051&mfp=001/003&mnu=35845#001\\_003\\_051](http://ato.gov.au/businesses/pathway.asp?pc=001/003/051&mfp=001/003&mnu=35845#001_003_051).

### **IF IN DOUBT, CONTACT THE TAX OFFICE**

**If you require further explanation or application of these general GST principles to your particular circumstances, request a GST private ruling from the Tax Office. You can do this by lodging a private ruling request including all the facts relevant to the supplies to:**

**Phone:** 13 28 66  
**Fax:** 1300 139 031  
**Email:** [GSTmail@ato.gov.au](mailto:GSTmail@ato.gov.au)  
**Mail:** GPO Box 9935  
In your capital city