
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, or
- it is a service supplied by, or on behalf of, a medical practitioner or approved pathology practitioner that is generally accepted by the medical profession as being necessary for the appropriate treatment of the recipient of the supply.

In relation to the second dot point above, the recipient of the supply will not always be the patient to whom the service is rendered. In some cases the recipient of the supply may be a third party.

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 the medical practitioner and the third party for the medical practitioner to provide the goods and services to the patient.

In the absence of a binding obligation, there may still be a supply by the medical practitioner to a third party (other than the patient). The following factors may, in combination, indicate this:

- a. there is a pre-existing framework or agreement between the third party and the medical practitioner which contemplates that the parties act in a particular manner in respect of supplies by the medical practitioner to particular patients or a class of patients;
- b. the pre-existing framework or agreement:
 - (i) identifies a mechanism by which the particular patients or the class of patients are to be identified such that the supplies made to them come within the scope of the framework or agreement, and
 - (ii) specifies that the third party is under an obligation to pay the medical practitioner if there is a relevant supply by the medical practitioner to a patient and also sets out a mechanism by which such payment is authorised;
- c. the framework or agreement and the mechanism for authorising the payment are in existence before the supply by the medical practitioner to the patient (that is, the medical practitioner knows in advance that the third party is obliged to pay some or all of the consideration in the event of the supply to the patient);
- d. the medical practitioner makes the supply to the patient in conformity with the pre-existing framework or agreement between the parties; and
- e. the obligation of the third party to make payment pursuant to the pre-existing framework or agreement is not an administrative arrangement to pay on behalf of the patient for a liability owed by the patient to the medical practitioner. Rather, once the supply becomes a supply

to which the framework or agreement applies, the framework or agreement establishes a liability owed by the third party (not the patient) to the medical practitioner in the event that there is a supply by the medical practitioner to the patient.

Depending upon the arrangement or framework, the medical practitioner may make a supply to both the patient and the third party.

From 1 July 2012, where the payment comes from an insurer, an operator of a statutory compensation or a compulsory third party scheme (scheme operator), or an Australian government agency for a supply to that third party, that supply will be GST-free to the extent that the underlying supply of medical services to the patient is a GST-free health supply. These are referred to below as specified arrangements.

For administrative ease, the parties to a specified arrangement may agree for a supply not to be treated as GST-free.

Where the payment comes from a third party that is NOT an insurer, an operator of a statutory compensation or a compulsory third party scheme (scheme operator), or an Australian government agency for a supply to that third party, that supply will generally not be a GST-free health supply. These are referred to as non-specified arrangements. For example, where a private sector employer engages a medical practitioner to provide flu vaccinations to its employees, this is a non-specified arrangement where the employer is the recipient of the medical practitioner's services which is not a GST-free health supply. In contrast, where an Australian government agency engages a medical practitioner to provide flu vaccinations, as this is a specified arrangement and the underlying supply of the flu vaccination to the individual employee is a GST-free supply, the supply of the medical practitioner's services to the Australian Government Agency is GST-free.

GST-FREE MEDICAL SERVICES

1. A service which attracts a Medicare benefit. The following are also GST-free where a Medicare benefit is payable:
 - medical assessments undertaken for the provision of reports to third parties, and
 - medical assessments undertaken for the provision of reports required by aged people when applying for aged driving licenses.
2. A service paid for by the patient, supplied by, or on behalf of, a medical practitioner or approved pathology practitioner that is generally accepted in the medical profession as being necessary for the appropriate treatment of that patient.
3. Any patient co-payment for a GST-free medical service.
4. Services supplied to third parties under specified arrangements including:

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- services rendered to veterans or dependants pursuant to Department of Veterans' Affairs (DVA) LMO agreement, including any such services rendered in a hospital, provided the service is necessary for the appropriate treatment of the veteran*;
 - services supplied to patients and paid for by the Australian Defence Force (ADF) provided the service is necessary for the appropriate treatment of the patient*; and
 - consultation and/or investigation services funded by a Motor Accident Insurance Scheme/CTP scheme operator, a health insurer or a workers compensation insurer provided the service is necessary for the appropriate treatment of the patient*.
5. 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.
 6. Investigation and diagnostic report preparation services rendered by pathologists and radiologists, where directed at the treatment of a referred patient# where the patient is the recipient of the supply or where the services are supplied under specified arrangements*. Where these services are supplied under non-specified arrangements, the supply to the third party is generally not GST-free.
 7. Consultation and investigation services directed at the treatment of a patient# (whether resident or non-resident), where the patient is the recipient of the supply (irrespective of whether paid for by the patient or by a third party) or where the services are supplied under specified arrangements*. Where these services are supplied under non-specified arrangements, the supply to the third party is generally not GST-free.
 8. Preventive health services directed at the treatment of a patient where a Medicare benefit is not payable and the patient is the recipient of the supply (irrespective of whether paid for by the patient or by a third party) or where the services are supplied under specified arrangements*. Where these services are supplied under non-specified arrangements, the supply to the third party is generally not GST-free.
 9. 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) as part of the appropriate treatment of the patient and the patient is the recipient of the supply (irrespective of whether paid for by the patient or by a third party) or the services are supplied under specified arrangements*. Where these services are supplied under non-specified arrangements, the supply to the third party is generally not GST-free. These services will not be GST-free where the freezing or storage is not part of ongoing treatment in relation to assisted conception.
 10. Issuing a repeat prescription without another patient consultation.

TAXABLE SERVICES

1. Services supplied under specified arrangements which the parties have agreed not to be treated as GST-free.
2. Services supplied to third parties under specified arrangements to the extent that:
 - the underlying supply of medical services to the patient is a taxable supply, or
 - it is related to general administration functions not connected with a GST-free supply to a patient.
3. 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:
 - Life insurance medical
 - Pre-employment medical
 - Defence force recruitment
 - Pilot's licence medical (private or commercial)
 - Professional driving licence medical (bus, taxi, truck, dangerous goods drivers)
 - Racing driver's licence medical (CAMS)
 - Sporting fitness assessments (scuba diving, water skiing, mountaineering, trotting and drivers) required by a third party (club, association, government agency or commercial operator)
 - Private school medicals
 - Workers compensation certificates
 - Medico-legal reports for solicitors or insurance companies
 - Serving as an expert witness before a court or tribunal
4. Services supplied to third parties under non specified arrangements including:
 - anaesthesia services provided under an agreement between a medical practitioner and a third party where the third party is the recipient of the supply.
5. Services rendered by a health practitioner engaged by an employer (other than an Australian government agency) to vaccinate all employees or to be in attendance at premises.

6. Services, which are not consultations or investigations directed at the treatment of the patient, for example:
 - Lectures
 - Training or supervising another health professional
 - Consulting to another health professional (as opposed to a second opinion conducted as part of a treatment program)
 - Payments from a drug company for involvement in a clinical trial
7. Any service undertaken for cosmetic reasons, which does not attract a Medicare benefit.
8. 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.**
9. 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.
10. Cremation certificates.
11. Autopsies.
12. Provision of goods[@] and services by a medical practitioner to other medical practitioners (premises, staff support, business services, equipment, billing services, practice management services).

SUPPLIES OF GOODS

The supply of the following goods by a medical practitioner will be GST-free:

- listed medical aids or appliances (pursuant to section 38-45 of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act)) specifically designed for people with an illness or disability and not widely used by people without an illness or disability;
- health goods declared by the Health Minister to be GST-free (pursuant to sections 38-47 of the GST Act); or
- goods supplied as part of a GST-free medical service (subsection 38-7(3) of the GST Act) where they are:
 - supplied to the patient at the same point in time as the GST-free medical service; and
 - individually customised or manipulated for treating that particular patient's illness or disability; or
 - essential for treating that patient during that particular consultation.

Under specified arrangements, the underlying supply may also include the supply of GST-free goods.

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. For further information, see Goods and Services Tax Ruling GSTR 2012/2 which explains when a financial assistance payment is consideration for a supply.

NOTES

- * Unless the parties have agreed to treat the supply as taxable.
- # 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.
- @ Unless the goods are GST-free medical aids or appliances pursuant to section 38-45 of the GST Act or other GST-free health goods pursuant to section 38-47 of the GST Act.

FURTHER INFORMATION

Further information on the health industry can be found on the ATO's web site at www.ato.gov.au including:

- Fact sheets on medical services, health services and medical aids and appliances;
- The ATO Health Industry Partnership – Issues Register; and
- The GST Pharmaceutical Health Forum – Issues Register.

Below is a link to the ATO's 'Health' page in relation to medical services:

<http://www.ato.gov.au/Business/GST/In-detail/Your-industry/Health/GST-and-medical-services/>

Also see Goods and Services Tax Ruling – GSTR 2006/9 which examines the meaning of supply and the concepts and characteristics of supply for the purposes of the GST Act and arrangements involving third parties.

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.

IF IN DOUBT, CONTACT THE ATO

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
Mail: GPO Box 9935
In your capital city