Case Citation: (2026) taxcode.in 101 AARGST

KERALA AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX DEPARTMENT
TAX TOWER, THIRUVANANTHAPURAM

BEFORE THE AUTHORITY OF : Shri. Jomy Jacob, IRS &
: Shri. Mansur M.I.

Legal Name of the applicant	M/s. Ayushya Ayurvedic and Panchakarma Centre (Padmanabha Pillai Sambhu),
GSTIN	32AFTPP4186J1ZU
ARN	AD3207240001517F
Address	20A, Meenakshi, Artech City, Vazhuthacadu, Thiruvananthapuram, Kerala -695014.
Advance Ruling sought for	Whether the applicant is eligible to get the benefit of entry No.74 of exemption Notification No.12/2017-Central Tax (rate dated 28/06/2017 of Government of India (Ministry of Finance)?
Date of Personal Hearing	16/04/2025
Authorized Representative	Padmanabha Pillai Sambhu, Proprietor.

ADVANCE RULING No.KER/04/2026 Dated 28/04/2026

1. M/s. Ayushya Ayurvedic and Panchakarma Centre (Legal Name - PADMANABHA PILLAI SAMBHU), 20A, Meenakshi, Artech City, Vazhuthacadu, Thiruvananthapuram, Kerala -695014. (hereinafter referred to as the 'Applicant') is a hospital registered under the GST Act bearing GSTIN 32AFTPP4186J1ZU and paying GST on Health Care services.

2. In this Rulings, a reference hereinafter to the provisions of the CGST Act, Rules or the Notifications issued thereunder shall include a reference to the

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corresponding provisions of the KSGST Act, Rules or the Notifications issued thereunder.

3. The facts of the issue: The brief facts of the matter, as submitted by the applicant, are as follows.

3.1 M/s Ayushya Ayurvedic and Panchakarma Centre (hereinafter referred to as "the Applicant") is a registered taxpayer bearing GSTIN 32AFTPP4186J1ZU and is owned and operated by Dr. P. Sambhu, an Ayurveda practitioner by profession. The Applicant is engaged in providing healthcare services in Ayurveda through its clinical establishment located in Thiruvananthapuram.

3.2 The Applicant submits that it provides both inpatient and outpatient healthcare services. A patient is treated as an inpatient upon undergoing the prescribed admission process and being allotted a room, wherein necessary medical care and treatment are provided. Patients who are not admitted are treated as outpatients and receive consultation and prescribed treatment without admission.

3.3 During the course of treatment, patients are administered medicines as prescribed by the attending medical practitioner. Inpatients are periodically examined by doctors, who assess and review the course of treatment and the medicines administered. The Applicant maintains follow-up records for all patients, wherein details of clinical findings, diagnosis, and treatment advice are duly recorded.

3.4 The Applicant further submits that, in the case of inpatients, treatment may involve various procedures in which medicines and consumables are used as an integral part of such treatment. Upon completion of treatment, patients are discharged from the hospital.

3.5 The Applicant raises a consolidated bill for inpatients covering the entire course of treatment, which includes charges towards consultation, medicines, room accommodation, and other procedures provided as part of the treatment. In the case of outpatients, medicines may be supplied separately based on prescriptions issued during consultation.

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4. Contentions of the Applicant.

4.1 The Applicant submits that it is presently discharging GST on all supplies made by it, including healthcare services provided in the Ayurvedic hospital.

4.2 The Applicant contends that the services provided to inpatients constitute a single supply of healthcare service, wherein medicines, consumables, room rent, and other ancillary services provided during the course of treatment are integral to and inseparable from the overall healthcare service rendered in the ordinary course of business, and therefore ought not to be treated as separate taxable supplies.

4.3 Accordingly, the Applicant submits that the entire bundle of services provided to inpatients assumes the character of the principal supply, i.e., healthcare services, and is therefore eligible for exemption under Sl. No. 74 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017.

4.4 The Applicant further contends that room rent and other charges forming part of inpatient treatment are integral components of such healthcare service and are not liable to GST, being part of the exempt supply.

4.5 However, the Applicant acknowledges that medicines supplied independently to outpatients, not forming part of a bundled healthcare service, may constitute separate supplies liable to GST at the applicable rates.

4.6 In view of the above, the Applicant submits that healthcare services provided through its Ayurvedic hospital, particularly in respect of inpatients, qualify for exemption under Entry No. 74 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017.

5. Comments of the Jurisdictional Officer

The application was forwarded to the jurisdictional officer as per provisions of section 98 (1) of the CGST Act. The Jurisdictional officer has not submitted any remarks and hence it is presumed that the jurisdictional officer has no specific

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comments to offer. It is also construed that no proceedings are pending on the issue against the applicant.

6. Personal hearing

The applicant was granted opportunity for personal hearing on 02/04/2025. Shri. Padmanabha Pillai Sambhu, Proprietor, appeared for personal hearing, which was conducted virtually. The Proprietor reiterated the contentions made in the application and requested to issue the ruling on the basis of the submissions made in the application.

7. Discussion and conclusion.

7.1. On carefully reviewing the advance ruling application sought by applicant, it is evident that the question for which advance ruling is being sought fall within the scope of clause (b) & (e) of sub-section (2) of Section 97 of the CGST Act, which pertain to the 'applicability of a notification issued under the provisions of this Act' and the 'determination of the liability to pay tax on any goods or services or both'. Hence, the application has been admitted for further consideration based on its merits.

7.2. The applicant is an Ayurvedic clinical establishment providing healthcare services to patients through both inpatient and outpatient modes. The applicant has sought an advance ruling on whether the services provided by it, including the supply of medicines and other ancillary services in the course of treatment, qualify for exemption under Sl. No. 74 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017. The applicant contends that the services rendered to inpatients constitute a single supply of healthcare service, wherein medicines and other ancillary services provided during the course of treatment are integral to and inseparable from such healthcare services, and are therefore eligible for exemption under the said notification.

7.3 The primary issue for consideration is whether the healthcare services provided by the applicant, including the supply of medicines and other ancillary services in the course of treatment, qualify for exemption under Sl. No. 74 of

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Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017. In this regard, it is pertinent to examine the scope of Entry No. 74 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, which provides exemption to specified healthcare services, as reproduced below:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	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

7.4 It needs to be determined whether the applicant is providing health care services. Now, Health care services is defined vide 2(zg) of the Notification No.12/2017-Central Tax(Rate) dated 28-06-2017 as –

"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".

7.5 In the instant case, the applicant is operating an Ayurvedic hospital which provides diagnosis, treatment, and care to patients. The applicant provides both

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inpatient and outpatient services, wherein patients are examined by qualified medical practitioners, admitted as inpatients where necessary, administered medicines as prescribed, undergoes procedures and provided continuous medical supervision and care during the course of treatment.

7.6 The applicant has contended that the supplies made in the course of inpatient treatment constitute a single supply. In this regard, it is relevant to examine the concept of "composite supply" as defined under Section 2(30) of the CGST Act, 2017, which refers to a supply comprising two or more taxable supplies that are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is the principal supply.

7.7 In the context of healthcare services, where medicines, consumables, implants, dietary food, room accommodation, and other ancillary services are provided in the course of diagnosis and treatment, such supplies are ordinarily not made independently but are intrinsically linked to the provision of healthcare. In the case of inpatients, these elements are naturally bundled and supplied in conjunction with medical treatment under the supervision of a clinical establishment. Accordingly, such supplies assume the character of a composite supply, wherein the principal supply is healthcare service. Consequently, the entire bundle takes on the nature of the principal supply and qualifies for exemption under Sl. No. 74 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017.

7.8 This position is further clarified by Circular No. 32/06/2018-GST dated 12.02.2018, wherein it was stated that '*Food supplied to inpatients on the advice of a doctor or nutritionist forms part of the composite supply of healthcare and is not separately taxable.*' The same principle equally applies to medicines and other consumables administered as part of inpatient treatment. Accordingly, where such supplies are naturally bundled with healthcare services, the entire supply assumes the character of a composite supply, with healthcare service as the principal supply, and consequently qualifies for exemption under GST along with all ancillary components.



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7.9 The above interpretation has been consistently upheld in various Advance Rulings, wherein it has been held that medicines, consumables, and other ancillary supplies provided to inpatients, being naturally bundled with healthcare services, form part of a composite supply, with healthcare service as the principal supply, and are therefore eligible for exemption under Sl. No. 74 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017. Reference in this regard may be made to the rulings in the cases of Believers Church India (Kerala AAR, 2025), Ernakulam Medical Centre Pvt. Ltd (Kerala AAR, 2018), Baby Memorial Hospital Ltd. (Kerala AAR, 2019), and St. Thomas Hospital(Kerala AAR, 2021), wherein a consistent view has been taken that supplies made in the course of inpatient treatment, being inseparable from the provision of healthcare services, constitute part of an exempt composite supply.

7.10 However, it is to be noted that where medicines or other items are supplied in circumstances in which they are not naturally bundled with healthcare services, such supplies fall outside the scope of a composite supply and are not eligible for the said exemption. This situation typically arises in the case of outpatients. Although the GST law does not expressly distinguish between inpatients and outpatients, such distinction arises from the nature of the transaction. In the case of outpatients, the hospital primarily provides consultation and prescribes medicines; the patient is not admitted, and there is no continuous or bundled course of treatment under the supervision or control of the hospital. In this case the applicant has admitted that he raises a consolidated bill for inpatients covering the entire course of treatment, which includes charges towards consultation, medicines, room accommodation, and other procedures provided as part of the treatment. Further, the patient is at liberty to procure the prescribed medicines from any source, and the hospital does not retain control over their subsequent administration. Accordingly, the supply of medicines or allied goods to outpatients, even if made pursuant to a doctor's prescription, cannot be regarded as naturally bundled with healthcare services. Such supplies are therefore liable to GST at the applicable rates as independent taxable supplies.



7.11 Notwithstanding the composite nature of healthcare services provided to inpatients, it is to be noted that, in terms of Notification No. 04/2022-Central Tax (Rate) dated 13.07.2022, which amends Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, room rent (excluding ICU/CCU/ICCU/NICU rooms) exceeding ₹5,000 per day per patient is liable to GST at the rate of 5% without input tax credit. The relevant portion of the said notification is reproduced below:

against serial number 74, in column (3), in clause (a), the following proviso shall be inserted, namely:

(3)
"Provided that nothing in this entry shall apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding Rs. 5000 per day to a person receiving health care services.";

Thus, while the supply of medicines, consumables, and other ancillary services forming part of inpatient treatment continues to be exempt as a composite supply of healthcare services under Sl. No. 74 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, the exemption does not extend to room rent beyond the prescribed threshold, which is taxable in accordance with the said notification.

7.12 In view of the foregoing discussion, it is concluded that the supply of medicines, consumables, dietary food, room rent up to ₹5,000 per day per patient, nursing care, and other ancillary services provided to inpatients during the course of diagnosis and treatment, being naturally bundled and supplied in conjunction with healthcare services, constitute a composite supply in which the principal supply is healthcare service. Accordingly, such supplies qualify as "health care services" and are eligible for exemption under Sl. No. 74 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017. However, the supply of medicines or other goods to outpatients, even if made pursuant to a doctor's prescription, does not form part of a naturally bundled supply of healthcare services and

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therefore does not qualify for the said exemption; such supplies are liable to GST at the applicable rates. Further, in cases where the applicant has already collected GST on such supplies, the same shall be duly remitted to the Government in accordance with the provisions of the CGST Act, 2017.

8. Given the observations stated above, the following rulings are issued;

RULING

Question: Whether the applicant is eligible to get the benefit of entry No.74 of exemption Notification No.12/2017-Central Tax (rate dated 28/06/2017 of Government of India (Ministry of Finance)?

RULING: The applicant is eligible to avail the benefit of exemption under Entry No. 74 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 in respect of healthcare services provided to inpatients, including medicines, consumables, and other ancillary services that are naturally bundled with such treatment and form part of the overall healthcare service. However, the supply of medicines or other goods to outpatients, even if based on a doctor's prescription, is not covered under the said exemption and is liable to GST at the applicable rates. Further, the exemption shall not apply to room rent (other than ICU/CCU/ICCU/NICU rooms) exceeding Rs. 5,000 per day per patient, which shall be liable to GST as per the applicable provisions.

Jomy Jacob, IRS
Addl. Commissioner of Central Tax
Member

Mansur M.I.
Joint Commissioner of State Tax
Member

To

M/s. Ayushya Ayurvedic and Panchakarma Centre,
20A, Meenakshi, Artech City, Vazhuthacadu,
Thiruvananthapuram, Kerala -695014.

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Copy submitted to:-

1. The Chief Commissioner of Central Tax and Central Excise, Thiruvananthapuram Zone, C.R.Building, I.S.Press Road, Cochin-682018. [E-mail ID: cccochin@nic.in; ccu-cexcok@nic.in]
2. The Commissioner of State Goods and Services Tax Department, Tax Towers, Karamana, Thiruvananthapuram – 695002. [E-mail ID: cst.sgst@kerala.gov.in]
3. The Commissioner of Central Tax and Central Excise, Kochin Commissionerate.
4. The Commissioner of Central Tax and Central Excise, Thiruvananthapuram Commissionerate, GST Bhavan, Statue, Thiruvananthapuram.
5. The Commissioner of Central Tax and Central Excise, Calicut Commissionerate.

Copy to :

1. The Additional Commissioner, TPS, HQ, Thiruvananthapuram.
2. The Deputy Commissioner, ITMD, Thiruvananthapuram.
3. The State Tax Officer, Tax payer services Circle, Fort, Trivandrum.
4. The Superintendent, Central Tax, Thiruvallam Range, Thiruvananthapuram South Division.

