



IADVL PRACTICE MANAGEMENT CELL



WHAT WE NEED TO KNOW!!!



INDIAN ASSOCIATION OF
DERMATOLOGISTS,
VENEREOLOGISTS &
LEPROLOGISTS

FOREWORD



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As dermatologists, we hone our skills and upgrade ourselves to tackle skin ailments with ease, but anything to do with finance and taxes is mortifying. We have made an attempt to clarify the implications of GST, which seems to have made its way into our health care services. While 'healthcare services' are included in the services 'exempt' from GST, we need to understand the way GST defines 'healthcare services'. It is important to study this definition as it has implications for Dermatologists. Healthcare services are defined 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 recognized system of medicine in India and includes services by way of transportation of the patient to and from a clinical establishment, but does not include aesthetic services, hair transplant 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.

An attempt has been made to enlist the kind of returns that are to be filed in the event of an excess to the aggregate turnover. GST has clearly articulated the classification of healthcare services which affects the community of Dermatologists and should be studied in great detail. We appreciate and acknowledge the efforts of IADVL PMC 2018 ; Dr Manish Gautam (Chairperson ,PMC 2018), Dr Feroz K and Dr Tarun Mittal (Conveners ,PMC 2018) for conceiving the idea. Our heartfelt gratitude to Dr B S Chandrasekhar and Dr Venkataram Mysore for preparing the initial draft and paving the way for materialising this booklet.

We sincerely thank Dr Deepak Kulkarni and Dr David Pudukadan for their dedicated efforts in compiling the data and presenting it in a very lucid manner. This booklet will address many of the queries that we have regarding GST and we hope it will work as a ready GST reckoner .

GST FOR AESTHETIC PROCEDURES



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What is GST?

GST is an acronym for the Goods and Services tax. The GST Council implemented the GST Rate for goods and services to create a uniform tax rate. After implementing the GST, the Council linked all the services to the Services Accounting Code (SAC Code) to classify the services. The service tax department uses the SAC Codes to levy a tax on the services availed. On the other hand, GST on goods is levied based on the HSN code, an internationally adopted classification methodology for goods during import and export. GST rate for services fall under 0%, 5%, 12%, 18% or 28% slab.¹

Practitioners of most medical branches who have purely medical income do not have to pay GST, but those practitioners who have any source of income that is non-medical need to pay GST on such an income. For example, dermatologists may need to comply as they may be doing cosmetic or aesthetic procedures.

In the past, when service tax was applicable instead of GST, it was exempt if non-clinical income was less than 10 lakh rupees per annum. As a result, so many doctors with huge practices but a small cosmetic income never paid service tax.

The most challenging part is deciding whether a particular procedure attracts GST or not, as the government has not given any guidelines. We are conducting the clinical and cosmetic procedures in the same premises, sometimes using the same machine. We must show discretion whether the procedure is being performed to improve preexisting disease or improve the cosmetic appearance of an otherwise healthy person. As this decision must be taken by a dermatologist himself/herself, it will be a constant reason for dispute between the GST officials and us. Thus, some specific guidelines are necessary. In the absence of any guidelines from the government, the Practice Management Cell of IADVL is trying to prepare them.

We acknowledge a similar attempt made by ASCI a few years back, and our recommendations are on similar grounds. We strongly recommend that when the same machine is being used for taxable and non-taxable procedures, one should create independent billing heads which will be clearly mentioned on the receipt, e.g., Medical LHR and Aesthetic LHR. Whenever a seemingly cosmetic procedure (e.g., botulinum toxin inj.) is being done for medical/clinical indication (e.g., hyperhidrosis), it should be mentioned in the patient records, and if possible, on the payment receipt to avoid confusion.

Healthcare sector and Taxation

Under the GST regime, Health care services mean services provided by a clinical establishment or authorized medical practitioner or paramedics. Health care services for humans are included in the GST Act. Under existing rules, there is no GST on health care services provided by an authorized medical practitioner, licensed medical or paramedical clinic. The same zero GST rate also applies to all medical services provided during transportation of a patient by ambulance.

Doctors, apart from engaging themselves in healthcare services by working as doctors and consultants in hospitals or running their clinics, can do a lot of other activities. Whether the physician has to pay GST depends on what all activities a doctor is involved in.²

Exemptions of HealthCare Services for GST registration

Notification No. 9/2017 of the GST act has exempted healthcare services by a clinical establishment or authorized medical practitioner or paramedics.²

1. Health care services by a clinical establishment, an authorized medical practitioner, or paramedics.
2. Transportation of a patient in an ambulance, other than those specified above.
3. The exemption is available for operators of the typical bio-medical waste treatment facility to a clinical establishment by treatment or disposal of bio-medical waste or the incidental processes.
4. Services provided by senior doctors/ consultants/ technicians hired by the hospitals, whether employees or not, are exempt from healthcare services.¹

Terminologies used in GST regime

A. Health Care Services

Health care services imply to improvement and maintenance of physical and mental health. Application of all the health care services in India except hair transplant, cosmetic surgery, or plastic surgery and the ones done due to congenital defects, developmental abnormalities, trauma, or injury are exempt from the ambit of GST.²

B. Clinical Establishment

Includes any hospital, nursing home, maternity clinic, dispensary, clinic, sanatorium, pathology, or any other diagnostic or investigative services owned and controlled by government or a government department, co-operatives and Society, trust, local authority, and any single medical practitioner. Clinical establishments do not include any establishments owned, controlled, and managed by the armed forces.²

C. Authorized Medical Professional

Any medical practitioner registered with any council of any recognized medical law in India and qualified to practice in any recognized system of medicine in India, excluding hair transplant or cosmetic surgery, is exempt from paying GST in India. Therefore, three criteria become observable:

- a) Practitioner should be registered with any medical council.
- b) Practitioners should have requisite qualifications to practice.
- c) Such qualification should be of any system of medicine recognized in India.²

D. Paramedics

Any trained professional such as nursing staff, physiotherapists, technicians, lab assistants are accountable for their services when provided independently are exempted from GST.²

E. Ambulance Services:

Under the GST Act, 2017, the provision of ambulance services is also under SAC and, as such, is exempt from the ambit of GST.²

F. Medical Tests:

Medical tests conducted either in their Clinical establishment or in separate clinical establishment set up especially for such tests are covered in Entry No: 82 and are thus GST exempt.²

When do Healthcare Services require GST registration?

GST Act, 2017 requires registration based on turnover. It provides a threshold turnover exemption of up to Rs.20 lakh from registration. While determining the turnover for threshold exemption, one must see the total turnover (exempt + non-exempt) ²

1. Doctors engaged only in healthcare services

Providing healthcare services is an exempt service, and since the services are exempt, it also exempts from GST registration. ²

2. Where the doctors are also engaged only in non-healthcare services

Non-health care services are not exempt under GST. A doctor providing both health care & non-healthcare services must consider the total turnover from health care & non-healthcare services. Thus, if the total turnover from all services exceeds Rs.20 lakhs, GST registration would be required.²

GST registration is necessary for anybody who has a gross income of more than rupees twenty lakhs and has even a tiny amount of GST-applicable income. So, for example, a gynecologist earning a gross income of rupees eighty lakhs and has a pure medical income is out of the GST tax net. However, a dermatologist, with only Rs. 22 lakhs per annum of gross income but earning even Rs. 2 lakhs out of it, by way of cosmetic procedures, will need GST registration and will have to levy 18% GST on the clients/patients undergoing such cosmetic procedures and pay it to the government (By current rates). Thus, it applies to many who have at least some cosmetic income and a total income above 20 lakhs per annum.

Which medical services are not exempt under GST?

1. Sale of medicines.
2. An entity that is not a clinical establishment and is merely working as ancillary or sub-contractors to other accredited companies.
3. Food supply to attendants or visitors or outpatients on a chargeable basis.
4. Rent received or receivable for premises, given on lease by the hospital.
5. Hair transplant treatment, cosmetic surgery, plastic surgery [treatments with no medical or reconstructive purposes] are taxable.

GST on Medical Equipment

The GST rate for medical equipment, cameras, and spectacles falls under the same **HSN code chapter of 90**. Medical equipment and apparatus are taxed under all five rates of GST, namely 0%, 5%, 12%, 18%, and 28%. Only hearing aids are not taxable under GST. Most of the medical equipment for Aesthetic Dermatology is taxed under 18% and 28%.

GST Rate for Medicines

The GST is levied at five different rates by the GST council, namely 0%, 5%, 12%, 18%, and 28%, based on the **HSN code** of the item. Medicines and pharmaceuticals are classified under the 37th chapter of the HSN Code. Human blood is taxed at 0% GST. However, most of the drugs used in dermatology fall under 5%, 12%, and 18%.

Compliance to be met after GST Registration

Once you have registered yourself under GST, it is mandatory to file GST Returns, whether voluntarily or compulsory. A registered dealer must file a GST Return that includes purchase, sales,

output GST (on sales), input Tax Credit (GST paid on purchase) and a registered person must file GSTR 3B monthly and GSTR-1 quarterly (for turnover up to Rs.1.5 crores).²

GST gets equally divided into union government (9%, CGST) and government of individual states (9%, SGST). When two parties involved are from different states, then such a transaction attracts IGST.

Input Tax Credit: Normally, a trader, charges his or her customers full GST (e.g., Rs. 180 on the sale of Rs.1000, and so the total bill is Rs. 1180) as he or she had already paid tax on the purchase price when he or she had procured goods from the dealer. So, while paying GST to the government, he or she gets the exemption on the GST already paid via the dealer. This is called as an input tax credit. As most dermatologists are doing clinical work and aesthetic procedures, the clinical work is not GST taxable. So, in this situation, a dermatologist cannot claim the full input tax credit available to him or her. He or she can only claim a proportion of the input tax credit, like the percentage of income earned by his or her cosmetic dermatological practice. For example, if a dermatologist earned Rs. 8 lakhs of gross income in a month, Rs. 2 lakh was through GST-taxable cosmetic dermatology work. In the same month, he or she has received Rs. 80,000 as input tax credit through his or her purchases of various goods for the clinic. However, as his or her cosmetic dermatology receipts are 25% of the total receipts, he or she can claim only 25% of the input tax credit (i.e., Rs. 20,000).

Rates inclusive of GST: As most patients are not used to paying GST in other clinics, it is often difficult to explain why GST is being levied on a particular procedure. In addition, they may find some junior dermatologist in the town (who has a smaller volume of practice thus not registered under GST) who will offer these services without GST. So, to avoid confusion, it is recommended that we quote the rate of the procedure, which is inclusive of GST, and only while making the bill, show the exact amount split between the billing amount, CGST, and SGST.

Proper records: Apart from the need to raise the rates of the procedure to accommodate GST, we need to take the following precautions for the GST records:

1. GST registration number should be mentioned on the clinic signboard.
2. There should be separate receipt books for GST taxable and GST non-taxable (medical) purposes. The GST taxable receipt book should bear the GST number on each receipt.
3. All receipt books should be preserved properly.
4. One must upload the details of all cosmetic and medical income earned in the previous month on the GST website by the 10th date of the month. So, record keeping is vital.
5. Remember to communicate the GST number to every vendor while making purchases and confirm that it is mentioned appropriately, and it is imperative if the doctor has more than one clinic with different GST numbers.
6. If you claim Input Tax Credit on a particular material, ensure that the vendors have uploaded your bills on the GST website. Otherwise, you will be denied the advantage of the credit.
7. If you have a medical store on the premises, it is recommended that the disposables are made available in the medical stores, and the patient is made to purchase them from there. This will avoid the proportionate loss of Input Tax Credit, as a medical store can claim a full input tax credit.
8. Ensure that the administrative staff has paid the GST amount applicable in time.

S No	Procedure Name	GST
1	CO2, Er: YAG, and Er: Glass lasers and Microneedling Radiofrequency	
	Acne scar: Acne is an inflammatory and Hormonal condition that leads to scarring	NO
	Burn Scar, congenital scar: Due to congenital malformation/accident/burn scar can lead to contractures and limit daily activities	NO
	Facial Rejuvenation: It is a cosmetic procedure done to resurface the skin, helps in reducing wrinkles/fine lines and uneven skin tones	YES
	Epidermal growths/nevi: These are growths on the skin that can be present since birth/seen later. It can be secondarily infected, leading to scarring, or can bleed if traumatized	NO
2	Laser Hair Removal	
	Hirsutism due to PCOD- It is a hormonal condition involving ovaries	NO
	Facial hairs, neck due to PCOS	NO
	Hypertrichosis / Cosmetic: The presence or increase in the amount of fine and intermediate hair leads to social embarrassment and affect the quality of life	YES
	Pilonidal sinus, Hidradenitis Suppurativa (HS), Pseudo Folliculitis Barbae	NO
	Body hairs-axillary, bikini area, arms, legs, abdomen, back chest	YES
3	Phototherapy	NO
	It is done for conditions like vitiligo/psoriasis/parapsoriasis Decreases disease progression and induces repigmentation	
4	Pigmentary laser	
	Nevus of Ota; It is a pigmented lesion occurring due to a defect in melanocyte development that may become malignant	NO
	Freckles if it is isolated: Due to increased sun exposure. Treatment mainly for cosmetic purpose	YES
	Freckles due to underlying photosensitive disorder: There is a defect in normal skin repair, making skin more prone to sun damage	NO
	Toning: The cosmetic procedure is done to reduce pigmentation and improve skin tone	YES
	Lip Toning: The cosmetic procedure is done to reduce pigmentation and improve skin tone	YES
	Carbon peeling: The cosmetic procedure is done to reduce pigmentation and improve skin tone	YES
	Carbon peeling: To treat acne	NO
	Tattoo: Tattoos done for cosmetic/personal interest, later removed due to change in mind/ for the official purpose / for job requirement	YES
	Therapeutic - Ex: LPP, Toxic melanosis, Melasma which is a Hormonal and genetic condition	NO
5	Vascular Laser	NO
	Done in lesions where there is a congenital abnormality in blood vessels, lasers done to minimize further growth and complication Laser done for steroid abuse/photo aggravated telangiectasia / Rosacea	
6	Unipolar / Bipolar/ Multipolar / Multiphasic / Non-contact Radiofrequency	
	Body lift and contouring: It helps in inducing collagen synthesis to firm the skin and subcutaneous tissue. Done as a cosmetic procedure to improve the appearance of sagging skin and fine lines/wrinkles	YES
	Face-lift:	YES

	It helps in inducing collagen synthesis to firm the skin and subcutaneous tissue. Done as a cosmetic procedure to improve the appearance of sagging skin and fine lines/wrinkles	
7	Biopsy Done to differentiate between various pathological conditions with similar clinical morphology for further treatment	NO
8	Warts Benign proliferation due to viral infection; proliferation removed to prevent spread/infection/malignant transformation	NO
9	R/S DPN, skin tags, growths It is an asymptomatic lesion over the face, at times can get infected and painful, which requires removal by radiosurgery or excision	NO
10	Extraction Comedone : It is a primary acne lesion, if not removed, can result in pustules and nodules leading to scarring Milia & Molluscum extraction	NO
11	Microneedling or Dermaroller Scars: Scar results from acne, which is an inflammatory and hormonal condition Rejuvenation: As it is for cosmetic and rejuvenation purpose	NO YES
12	Microdermabrasion Scars: Scar results from acne, which is an inflammatory and hormonal condition Skin Polishing: As it is for cosmetic and rejuvenation purpose	NO YES
13	Skin Tag Benign lesion If present at frictional areas can cause erosion and secondary infection	NO
14	Intralesional Injections They are given for keloid, acne cyst, hypertrophic LP, etc. If not given, lesions may persist and enlarge, and itching may persist indefinitely.	NO
15	Cryotherapy Done for warts and keloids, which are disease conditions if left untreated, may spread or increase in size	NO
16	Corn and warts Paring If treatment with paring not done; may impact day to day activity like walking or even can spread (wart), especially when present on the plantar surface	NO
17	Earlobe Repair If left untreated, it may cause a complete tear in the earlobe	NO
18	Sclerotherapy Given for varicose veins. If not treated may cause DVT, lipodermatosclerosis, eczema	NO
19	Mole/ Excision Surgery Malignant transformation may occur in some lesions, if not excised	NO
20	Intralesional Cryotherapy For keloid. If not done may increase in size and may cause itching, burning, pain, and compression	NO
21	Blepharoplasty Done for blepharochalasis, which is not a disease but a sign of aging	YES
22	Nose piercing Piercing done for the cosmetic and traditional purpose	YES
23	Ear piercing Piercing done for the cosmetic and traditional purpose	YES
24	Nail Avulsion Done for conditions like an ingrown toenail, subungual warts, pincer nails as a treatment	NO

25	Nail Biopsy Diagnostic procedure for the disease of nail, nail bed, nail matrix	NO
26	Subcision Done for scars resulting from acne, which is an inflammatory and hormonal condition, and chickenpox scars	NO
27	Scar Revision Acne scars: Done for scar resulting from acne, which is an inflammatory and hormonal condition	NO
	Traumatic scars / Cosmetic scars: Done for functional improvement	NO YES
	Done for cosmetic improvement	
28	Autologous fat transfer Therapeutic such as Morphea, Lupus, Lipoatrophy of HIV and Other Diseases (as a part of treatment for the disease condition)	NO
	Cosmetic Augmentation Such As Lip, for Ageing Face (as it is done for cosmetic purposes)	YES
29	Vitiligo Surgery - Vitiligo is an autoimmune disease with social taboos and myths	NO
	ECS, MPG, SBG	NO
	FUE Done for treatment of stable vitiligo, known to give better and faster pigmentation as compared to medical line of treatment	NO
30	Hair Transplantation FUT/FUE Done for a cosmetic indication for AGA Traumatic scars with cosmetic purpose	YES
	Scarring alopecia: It results from various inflammatory scalp conditions. HT is done as a part of the disease treatment process	NO
31	Thread lift Done as an anti-aging procedure to cosmetically improve sagging face and reduce wrinkles	YES
32	Lipolytic Injection Indicated for a condition like submental fat /cosmetic enhancement of fat-laden areas	YES
	Indicated for fat deposits like Xanthelasma or fat collection like a lipoma	NO
33	Botulinum Toxin Helpful in the condition where there is overactivity in neuromuscular junction ex. Bell's palsy, palmoplantar hyperhidrosis, neurodermatitis, Keloids	NO
	Cosmetic: Done to decrease the appearance of fine lines, wrinkles due to aging	YES
34	Filler Therapeutic Ex: Morphea, HIV atrophy	NO
	Cosmetic Augmentation: In the age-related loss of fat volume and to augment lips /cheeks/ for enhanced cosmetic looks	YES
35	Chemical Peel Causes controlled peeling of the skin that reduces the appearance of fine lines/wrinkles and improves complexion and skin tone. Reduces seborrhoea	
	Active Acne: The ongoing inflammatory process that can lead to deep scar, chemical peel reduces inflammation and decreases the severity of acne	NO
	Acne scars and pigmentation	NO
	Fairness and Rejuvenation	YES
	Aging	YES
	Melasma: It is a pigmented photoaggravated hormonal condition. The pigmentation is at dermal level, and the medical line of treatment is usually unsatisfactory	NO

	Pigmentary disorders –Therapeutic Ex: LPP, Toxic melanosis: Idiopathic medical conditions leading to blackening of face and neck, medical line of treatment unsatisfactory	NO
36	TCA Cross It is done to resurface pitted scars seen in a few congenital disorders/acne scars/chicken pox scars	NO
37	Platelet Rich Plasma	
	Hair growth- platelet-rich plasma is a preparation of growth factors to stimulate stem cells. PRP is therefore used as a nonspecific growth stimulant for all hair conditions such as alopecia areata, cicatricial alopecia, androgenetic alopecia	NO
	Face-lift: It is a cosmetic procedure done to resurface the skin, helps in reducing wrinkles/fine lines and uneven skin tones	YES
	Wound healing: In case of chronic non-healing ulcers (venous ulcers / Diabetics)	NO
	Acne scar: Acne is an inflammatory and Hormonal condition that leads to scarring	NO
38	Platelet rich fibrin membrane	
	Wound: PRFM has growth factors and fibrin that helps in faster wound healing and is also used for filling defects	NO
	As a filler	YES
39	Tattooing	
	Tattooing for medical reasons such as vitiligo, scarring alopecia	NO
40	Keloid treatments	
	As the medical line of treatment is unsatisfactory, definitive treatment is by ILS, cryotherapy without which it may increase in size, cause itching, burning and compression	NO
41	Hidradenitis Suppurativa treatments	
	A chronic condition that involves the apocrine glands can lead to scarring, sinus formation, and chronic debility	NO
42	Iontophoresis	NO

Disclaimer:

This list is prepared by IADVLMC 2021, on Behalf of IADVLMC and issued to members of IADVLMC for convenience of reference alone and has no legal or statutory basis. The members are advised to consult their legal /tax advisors individually in all matters concerning issues raised by statutory authorities.

We hope our endeavor will be a ready reckoner regarding GST in your practice.

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