

M/s Innovations Medi research Private Limited

Authority for Advance Ruling — Rajasthan

RAJ/AAR/2023-24/02 dated 25.04.2023

Q Questions Before the Authority

- Whether the supply of medicines and other procedures during treatment in patients admitted to hospital is a composite supply?
- Whether supply of medicines and other procedures to inpatients admitted to hospital for treatment is a composite supply where principal supply is health care services falling under SAC 999311 which is exempted as per entry at Sl. No. 74 of Notification No. 12/2017 - Central Tax dated 28-6-2017?

F Facts

The applicant operates a hospital providing treatment to cancer patients. They provide inpatient services including consultancy, examination, dispensing of medicines, and procedures like chemotherapy for a consolidated amount. The applicant sought a ruling on whether these services constitute a composite supply with healthcare as the principal supply.

H Ruling

Whether supply of medicines and procedures to inpatients is a composite supply	Yes	None
Whether it is a composite supply with exempt healthcare services as the principal supply	Yes	Exempt under Sl. No. 74 of Notification No. 12/2017-Central Tax

The Authority ruled that the supply of medicines and other procedures to inpatients is a composite supply. It further held that the principal supply is healthcare services, which is exempt from GST under the specified notification.

R Reasoning

The Authority relied on the definition of composite supply under Section 2(30) of the CGST Act, noting that the services are naturally bundled in the ordinary course of business. It determined that healthcare services constitute the **principal supply**, while the supply of medicines and other procedures are incidental or ancillary. The ruling references Entry 74 of Notification No. 12/2017-Central Tax, which exempts healthcare services provided by a clinical establishment. It concluded that the entire package of services provided to inpatients qualifies for this exemption.

P Provisions Relied On

Section 2(30) of the CGST Act, 2017

Section 9 of the CGST Act, 2017

Entry 74(a) of Notification No. 12/2017-Central Tax dated 28-06-2017

! For the Practitioner

This ruling confirms that hospitals providing a bundled package of treatment, medicines, and procedures to inpatients are engaged in a **composite supply** where the healthcare service is the principal supply. Consequently, the entire consideration is **exempt from GST**. It provides clarity for healthcare providers but does not extend to outpatient services or non-medical supplies.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> [raj_aar_order_no. 02-2023-24 of innovations medi research private limited.pdf](#)

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