

M/s Sanjeevani Psychiatric Clinic

Authority for Advance Ruling — Rajasthan

ADVANCE RULING NO. RAJ/AAR/2023-24/01 Dated 25.04.2023

Q Questions Before the Authority

- Whether the supply of services by treatment of patients suffering from SUD as out-patient is exempt under entry 74(a) of notification no. 12/2017 CGST Rate dated 28-06-2017?

F Facts

The applicant is a clinical establishment providing treatment for substance use disorder (SUD) on an outpatient basis. The process involves patient registration, counseling, examination by a psychiatrist, and the dispensing of government-controlled medicines. The applicant charges a consolidated fee for these services and contends that the supply of medicine is an integral part of the treatment.

H Ruling

Exemption for SUD outpatient treatment

No

The activity does not fall under the definition of health care services for the purpose of the exemption

The Authority ruled that the treatment of patients suffering from SUD as outpatients does not qualify as health care services under the specified notification. Consequently, the supply is not exempt from GST. The Authority concluded that the supply of medicines in this context is not a composite supply with the medical services.

R Reasoning

The Authority analyzed the definition of health care services under Notification No. 12/2017-Central Tax (Rate) and determined that the applicant's specific outpatient treatment for substance abuse does not meet the criteria. It held that the supply of medicines is not a **composite supply** because the medicine is not naturally bundled with the counseling services in the ordinary course of business. The ruling emphasizes that the treatment of substance misuse has traditionally been treated separately from mainstream health care services. Therefore, the exemption under **Entry 74(a)** of the notification is not applicable to these services.

P Provisions Relied On

Section 97(2) of the CGST/SGST Act, 2017

Section 2(30) of the CGST Act, 2017

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



For the Practitioner

This ruling serves as a warning for clinical establishments providing specialized addiction treatment on an outpatient basis that they may not be eligible for the **healthcare exemption**. It clarifies that the Authority may view the dispensing of medicines in such clinics as a separate taxable supply rather than an integral part of an exempt medical service. Practitioners should note that this decision relies heavily on the specific nature of SUD treatment and the Authority's interpretation of 'health care services'.

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_01-2023-24_of_sanjeevani_psychiatric_clinic.pdf](#)

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