



# **ROYAL MALAYSIAN CUSTOMS**

## **GOODS AND SERVICES TAX**

**PUBLIC RULING NO. 02/2017**

### **SUPPLY BY HEALTHCARE PROFESSIONAL**

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**DATE OF ISSUE: 1 NOVEMBER 2017**



## **DIRECTOR GENERAL'S PUBLIC RULING**

In accordance with section 76 of the Goods and Services Tax 2014, the Director General issues a Public Ruling No. 02/2017 which sets out the interpretation of the Director General of Customs for the application of the Goods and Service Tax Act 2014 in relation to the supply by the healthcare professional. Where a change in legislation or case law (the law) affects the content of a Public Ruling, such change overrides the Public Ruling.

This Public Ruling may be withdrawn, either wholly or in part, by notice of withdrawal or by publication of a new ruling.

**Director General of Customs**

**Royal Malaysian Customs Department**

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## 1. WHAT IS THIS RULING ABOUT

This Ruling clarifies the goods and services tax (GST) treatment on the supply of services made by the healthcare professionals.

## 2. LEGISLATIVE CONTEXT

2.1 Under item 18(1), Second Schedule of the GST (Exempt Supplies) Order 2014 , the healthcare services provided by the followings is **an exempt supply**;

- (a) any private healthcare facility registered or licensed under the Private Healthcare Facilities and Services Act 1998 [Act 586] or
- (b) any facility managed by any university established under the Universities and University Colleges Act 1971[Act 30] or the University Teknologi MARA Act 1976 [Act 173] for the purposes of healthcare.

2.2 The healthcare services specified above is outlined under item 18(2), Second Schedule of the GST (Exempt Supplies) Order 2014 as below:-

- (a) any medical, dental, nursing, midwifery, allied health, pharmacy and ambulance services provided by a **healthcare professional**;
- (b) any accommodation for the purpose of providing healthcare services;
- (c) any service for screening, diagnosis, or treatment of persons suffering from, or believed to be suffering from, any disease, injury or disability of mind or body;
- (d) any service for preventive or promotive health purposes;
- (e) any service provided by any healthcare para-professional;
- (f) any service for curing or alleviating any abnormal condition of the human body by the application of any apparatus, equipment, instrument or device or any other medical technology;
- (g) any food services provided to patient; or
- (h) any mortuary services.

2.3 The definition of the private healthcare facilities and healthcare professional mentioned above is defined under item 18(3), Second Schedule of the GST (Exempt Supplies) Order 2014 as follows:-

(a) “private healthcare facilities” means any premises, other than a Government healthcare facility, used or intended to be used for the provision of healthcare services, such as:-

- i. private hospital,
- ii. hospice,
- iii. ambulatory care centre,
- iv. nursing home,
- v. maternity home,
- vi. psychiatric hospital,
- vii. psychiatric nursing home,
- viii. community mental health centre,
- ix. haemodialysis centre,
- x. medical clinic,
- xi. dental clinic, or
- xii. such other healthcare premises as specified by the Minister charged with the responsibility for health under the Private Healthcare Facilities and Services Act 1998;

(b) “healthcare professional” includes a:-

- i. medical practitioner,
- ii. dental practitioner,
- iii. pharmacist,
- iv. clinical psychologist,
- v. nurse,
- vi. midwife,
- vii. medical assistant,
- viii. physiotherapist,
- ix. occupational therapist,
- x. other allied healthcare professional, or
- xi. any other person involved in the giving of medical, health, dental, or pharmaceutical services under the jurisdiction of the Ministry of Health.

### 3. RULING AND EXPLANATION

- 3.1 Healthcare services provided by any healthcare professionals who are employees (contract of service) under the private healthcare facilities is an exempt supply as mentioned under item 18, second schedule of the goods and services tax (exempt supplies) order 2014.
- 3.2 If the healthcare services provided by any healthcare professionals who are not employees (contract for service) under the private healthcare facilities, then the supply of services by the healthcare professionals is subject to standard rate at 6%.

#### ***Example 1***

*Doctor Norhayati is a dental specialist and owns a dental clinic, Hayati Dental. Every Wednesday she gives dental consultation services to patients in Hospital Kelana. There is a room provided for her for the dental consultation services.*

*Doctor Norhayati is **not an employee** in Hospital Kelana therefore the services she provided to Hospital Kelana is **subject to standard rate**. If the total value of her taxable supplies in 12 months exceeds RM500,000, Dr Hayati is required to register under section 20 of the GSTA 2014. Dr Hayati must issue a tax invoice to Kelana Hospital for such supply of services.*

*The supply of service made by Kelana Hospital to its patients is an exempt supply.*

#### ***Example 2***

*Doctor Roslan is a surgeon and works for Hospital Pakar Bedah Alor Setar. The supply made by Doctor Roslan is an exempt supply.*

**Example 3**

*Doctor Jenny is invited by the Hospital Wanita and Kanak-kanak Mahsuri to give a talk on the importance of food intake. The supply of services by Doctor Jenny that is giving talk, is a standard rated supply at 6%.*

*If Doctor Jenny is a taxable person then she has to charge GST on the supply of her service to the hospital and account the GST collected. Since Doctor Jenny is giving the talk for free then she need not account any GST on the supply.*

**Example 4**

*Doctor Safuan is an employee in Hospital Putrajaya which is a government hospital. At the same time he supplies healthcare services to Hospital Cheras which is a private hospital.*

*The supply by Doctor Safuan in Hospital Putrajaya is an out of scope supply but his supply to Hospital Cheras is a standard rated supply at 6%. If the value of his supply of services to Hospital Cheras exceeds RM500,000, Doctor Safuan is required to be registered under section 20 of the GST Act 2014.*

**4. DATE OF EFFECT**

This Public Ruling takes effect from the date of issue and replaces ITEM 2, Panel Decision 3/2014 (What is the GST treatment on supply made by the healthcare professional?).

**5. REFERENCE**

Legislative reference:

- (i) Goods and Services Tax (Exempt Supply) Order 2014.