

Health Ministry writes to Finance Ministry for lowering the GST on medical services

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The Union Health Ministry has written to the Finance Ministry seeking the reduction in GST rates for medical products and services either to five per cent or zero, informed sources said on Thursday.

The letter was sent a couple of weeks ago after diagnostic centres and hospitals threatened to increase charges of services.

Before the implementation of the Goods and Services Tax, the levy on maintenance of contract was 15 per cent, which was increased to 18 per cent.

Similarly, for health insurance, the tax bracket was increased from 15 per cent to 18 per cent post-GST.

For a hospital bed, it was increased from 11-16.5 per cent to 18 per cent and for oxygen from 12.5-15 per cent to 18 per cent. Pacemaker and heart valves are now under the 12 per cent bracket, up from five per cent.

Sources said the Health Ministry also received a representation from the Association of Healthcare Providers.

"The healthcare providers have basically said that they are in distress as all the services which had five per cent of tax have been increased to 12 and above under the GST," said the source.

"They said that while they are not letting consumers get affected because of the taxation hike under GST, but if it is not lowered than they will increase it," source added.