

# VAT on HEALTHCARE SERVICES

## NEWSLETTER

### Edition 05

Depending on the circumstances, a provider of healthcare services may be contractually supplying these services to another provider of healthcare services.

A supply of healthcare services may only be zero-rated if the recipient of the supply is also the person who receives the treatment.

The question is whether Business-to-Business healthcare services are eligible for zero-rating. A supply of healthcare services may only be zero-rated if the recipient of the supply is also the person who receives the treatment.

The recipient of the supply must also be the patient that receives the treatment. Where the patient and the recipient of the supply are not the same person, the services should therefore be subject to VAT at 5%.

In determining the identity of the recipient of the supply, the starting point should be to consider the contractual position between the parties and, specifically, who is contractually entitled to the services supplied.



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**SCENARIO 1: Doctor ↔ Patient**

A doctor has contracted with a hospital to see patients who visit the hospital. The doctor is providing services to the hospital. As a consequence, the services cannot be zero-rated.

**SCENARIO 2: Hospital ↔ Patient**

The hospital is providing “healthcare services” within the meaning of Article 41(1) of the Executive Regulations to the patients. Therefore these can be zero-rated.

**SCENARIO 3: Laboratory ↔ Patient**

A hospital refers a patient to a laboratory for a medical test. The laboratory makes a supply directly to the patient. As a consequence, the supply of services by the laboratory falls within the definition of “healthcare services” and is zero-rated.

**SCENARIO 4: Hospital ↔ Specialized Hospital**

A hospital contracts with another hospital to perform a specialized procedure for its patient. The specialist hospital provides its specialist services to the hospital which is treating the patient. Since the recipient of this supply is not the patient, the services are not “healthcare services” and the supply cannot be zero-rated.

**SCENARIO 5: Hospital ↔ Specialized Hospital**

The hospital which is treating the patient is providing zero-rated “healthcare services” to the patient.

