

## Exempt Healthcare Services from GST: NATHEALTH

11 January 2016 | News | By BioSpectrum Bureau

### Exempt Healthcare Services from GST: NATHEALTH



In line with the goal of achieving Universal Healthcare Coverage, NATHEALTH (Healthcare Federation of India), India's apex Healthcare body, presents pre-budget recommendations to the Govt. to exempt the healthcare services from goods and services Tax or GST.

Mr Anjan Bose, secretary general, NATHEALTH said, "GST once implemented, would put various sectors under the purview of service tax. Healthcare is currently exempted from service tax and this should continue after the GST regime at least for a period of ten years and only thereafter should a decision to levy service tax be considered, after assessing the status of healthcare coverage, costs and performance on key healthcare metrics. Levying service tax on healthcare services and facilities will be a retrograde step which will push back the agenda to provide universal healthcare. The current stage of development of the healthcare industry cannot afford levy of service tax."

He added, "Given the long payback period, extension of the tax holiday to ten years instead of five will improve the business case for investment. The lack of skilled healthcare resources in non-metros and tier 2, 3, 4 cities makes the payback period even longer."

With the huge impact of NCD'S (Non-communicable diseases) on the Indian population it is absolutely imperative to increase the focus on prevention and preventive healthcare. WHO statistics clearly states that more than 52 lakh lives are lost annually in India alone.

The death rate in urban India is expected to rise by 42 percent by 2021 out of which NCD alone will account for around 62 percent DALY (disability adjusted life year) losses. One person dies of a stroke every minute in India. Every 6th patient below 40 years is a victim of cancer and CVD. The Economic burden of NCDS in India will be 6.2 trillion USD from the period of 2016-2030.

Highlighting the need to focus on preventive healthcare, Mr Bose stressed that in order to achieve the Government's stated objective of Universal health coverage, the tax exemption on Preventive Health checkup should be raised from the current Rs 5000/- to Rs 20000/- under section 80-D of Income Tax Act 1961.

NATHEALTH recommends the government to withdraw service tax on Health Insurance Premium which acts as a deterrent to consumers. Healthcare is not taxed for services so the same principle should be applied for healthcare financing as well.

Mr Sushobhan Dasgupta, president, NATHEALTH informed, we have urged the government to increase the depreciation rate applicable on medical and pathological equipment and medical devices from 15 percent to 30 percent.

"At present corporate income tax incentives is given on capital expenditure for hospitals with 100 beds and above, which needs to be revised for Greenfield Hospitals with 50 beds. This initiative will extend benefits to smaller facilities and will encourage set up of more much-needed healthcare facilities in tier 2,3 and 4 cities," added Mr Dasgupta

"We appeal to the Govt. to come out with policies that will enable the environment to fund long-term growth and help develop/optimize healthcare infrastructure," said Mr Sushobhan Dasgupta.

Govt. should set up a healthcare infrastructure fund and a medical innovation fund which would encourage entrepreneurship and newer business models which are the need of the hour for improving access, availability and quality, especially in tier 2, 3 and rural areas. Govt. can consider providing seed capital for such fund emphasized Mr Dasgupta.

"To bolster skill development in healthcare, Govt. needs to consider introducing special incentives for Health sector skill development and make it easier to collaborate with eminent overseas training partners. This would necessitate increased budgetary provisions for Healthcare sector skill council and relaxation of taxes on training aids and import of training materials," said Mr Bose.

Considering the huge demand and supply gap of doctors, health sector needs strong incentives to set up medical colleges. Free and concessional land in setting up private medical colleges will incentivize more players to get into medical education. To encourage quality and innovation govt. should provide a longer term (10 year window) for 250 percent deduction of approved expenditure on R&D activities.

Further Mr Anjan Bose said, "We are hopeful that in the upcoming budget the government will consider the recommendations for the entire healthcare value chain, which will result in progress of Indian healthcare sector."