



Is the installation of medical aids and appliances GST-free under section 38-45? -

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Health Industry Partnership

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Is the installation of medical aids and appliances GST-free under section 38-45?

1. Yes, in some circumstances installation will form a part of the supply of a medical aid or appliance listed in Schedule 3 and be GST-free. The following scenarios address the situations of the cost of installation. If installation is incurred in the course of carrying on an enterprise and is not covered by the following scenarios then the recipient of the installation would be entitled to claim an input tax credit for the GST paid by it.

- (1) A medical aid or appliance is built up in situ from various components to form part of the structure of a building or fixture or to form an integral part of other goods. The supply of the installed medical aid or appliance in this instance will be GST-free and would include a charge for installation.
- (2) A medical aid or appliance is built up in situ from a kit. The kit is incomplete in that it requires additional components and other things such as switches, wiring, plugs or connectors and the expertise of the installer. After construction is completed it is identifiable as a particular medical aid or appliance. The supply of the installed medical aid or appliance will be GST-free and would include a charge for installation.
- (3) A complete device (being a medical aid or appliance listed in Schedule 3) is attached to a building or fixture or attached to other property/goods. Where that attachment is not necessary for the aid or appliance to be able to be used for the function for which it is designed, the installation charge is a taxable supply and the supply of the medical aid or appliance itself is GST-free.
- (4) Schedule 3 contains certain items which include the word 'modifications', for example item 58 refers to 'motor vehicle modifications'. Where the item in Schedule 3 provides expressly for 'modifications' in the description of the item, both the provision of goods and any charge for installation in order to make the modification is GST-free.

- (5) Where the item in Schedule 3 or in the regulations provides for 'customised modifications for the aids or appliances' the carrying out of that modification will be GST-free. Additionally, where the medical aid or appliance is to be incorporated into other goods or property in order to enable its use, the supply of modifications, by necessity, made to those other goods or property will also be GST-free, for example modifications such as the strengthening of the framework of a shower recess for the purpose of installing a load bearing shower rail will be GST-free. However the mere installation of goods after modification (such as, screwing or attaching the item to a wall) will be subject to GST.