

Purchasing or hiring goods through a hospital -

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Pharmaceutical Health Forum

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If you rely on this ruling, the Commissioner must apply the law to you in the way set out in the ruling (unless the Commissioner is satisfied that the ruling is incorrect and disadvantages you, in which case the law may be applied to you in a way that is more favourable for you – provided the Commissioner is not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

Where a person hires or purchases goods through a hospital which are not listed in Schedule 3 or specified in the regulations, will the goods be GST-free?

1. The hire or purchase of goods not listed in Schedule 3 or specified in the regulations will not be GST-free under section 38-45. However, in some circumstances, the hire or purchase of these goods may be GST-free under subsection 38-20(3).
2. Subsection 38-20(3) provides that a supply of goods will be GST-free if it is directly related to a supply of GST-free hospital treatment and it is supplied by, or on behalf of, the supplier of the GST-free hospital treatment. Hospital treatment as defined for the purposes of section 38-20(3) relates to the provision of accommodation and nursing care for patients of the hospital.
3. Accordingly, a supply of goods (not listed in Schedule 3 or specified in the regulations) by or on behalf of a hospital to a patient of the hospital, will be GST-free where the goods supplied are directly related to a supply of GST-free accommodation or nursing care.
4. For example, the hire of a breast pump by a hospital to a patient for use while they are a patient of the hospital will be GST-free under subsection 38-30(3). It is important to emphasise that a patient being treated at home under the 'Early Discharge Program' is still considered to be a patient of the hospital.
5. However, the hire of a breast pump by a hospital to an out patient (that is, a patient who has been discharged), will not be GST-free under subsection 38-30(3), as the supply of that good is not directly related to a supply of GST-free hospital treatment, as that term 'hospital treatment' is defined.
6. Further, the provision of drugs and medicines provided by a hospital to a patient will be GST-free where the goods supplied are directly related to the nursing care of a patient (receiving GST-free 'hospital treatment'). If the 'hospital treatment' is GST-free and the hospital contracts out to a Pharmacist the service of supplying drugs and medicines to its patients, the drugs and medicines are being provided on behalf of the hospital and will be GST-free to the patient. However, the supply from the Pharmacist to the hospital will not be GST-free.