

General Medical Service (GMS) Scheme payments to medical practitioners

Part 04-01-15

This document should be read in conjunction with Part 4 of the Taxes Consolidation Act 1997

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Introduction

This manual sets out the correct tax treatment of grants received by medical practitioners under the drug target scheme operated by the General Medical Services Payments Board.

1. The Scheme

Under the GMS scheme, where a doctor prescribes less drugs in the current year than s/he did in the previous year, the GMS pays to the Health Board to which the doctor is attached an amount equal to the difference between the cost of the drugs prescribed in the current year and the cost of those prescribed in the previous year. The Health Board passes on to the doctor by way of grant, 50% of the amount received from the GMS. The doctor must use the money to develop his/her practice.

2. Tax Treatment

In the particular circumstances of the GMS scheme, Revenue accept that in so far as grants paid to doctors under the drugs target scheme are capital in nature, they are not taxable. The grant falls to be deducted in calculating the cost of any item of plant etc., the cost of which it subsidises. Where the grant is revenue in nature, it should be taken into account in arriving at the profits of the doctor's profession.