

## VAT Treatment of Medical Services

This document should be read in conjunction with Paragraphs 2(3) and 2(7) of Schedule 1 to the Value-Added Tax Consolidation Act 2010 (VATCA 2010).

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A more recent version of this manual is available.

## Introduction

This guidance sets out the VAT treatment of medical services.

Information on the place of supply rules, multiple / composite supply rules, registration, records to be kept, and other VAT related matters are available on the [Value-Added Tax \(VAT\)](#) section of the Revenue website.

### 1. General exemption from VAT

The supply of certain medical services qualifies for exemption from VAT. Provisions for the VAT exemption applicable to medical services are contained in Paragraphs 2(3) and 2(7) of Schedule 1 to the Value-Added Tax Consolidation Act 2010. Details of the relevant provisions are as follows:

- Professional medical care services recognised as such by the Department of Health (other than dental or optical services), but only if those services are not supplied in the course of carrying on a business that wholly or partly consists of selling goods.
- Other professional medical care services that, on 1 January 2010, were recognised by the Revenue Commissioners as exempt activities.

These provisions transpose Article 132 (1) (c) of the VAT Directive 2006/112/EC on which Irish VAT law is based ([See Appendix A](#)).

Exemptions for dental and optical services, referred to above, and services provided by hospitals, nursing homes, clinics or similar establishments are contained in separate provisions in Schedule 1 Part 1 of the VATCA 2010. This guidance does not deal with those exemptions.

### 2. Medical professionals

Professional medical care services recognised by the Department of Health, and which qualify for VAT exemption, are generally taken as referring to those medical care services supplied by health professionals who are enrolled, registered, regulated, or designated on the appropriate statutory register provided for under the relevant legislation in force in the State or equivalent legislation applicable in other countries.

The exemption also applies to a number of other professional medical care services that, on 1 January 2010, were recognised by the Revenue Commissioners as carrying on exempt activities ([See Appendix A](#)).

For the purposes of this guidance the term doctor includes the professions of General Practitioner (GP), Specialist Physician and Medical Consultant in all branches of medicine. Medical services provided by such health care professionals, within the profession in which they are registered to practice, will normally qualify for VAT exemption.

Certain services supplied by persons designated under the Health and Social Care Professionals Act 2005 also qualify for exemption ([See Appendix A](#)).

In general, services supplied by a pharmacist are taxable. However, certain qualifying medical services authorised by the Minister for Health to be administered by pharmacists, such as the provision of flu vaccinations, will also qualify for the exemption for medical services.

In some cases, health care professionals supply their services through an incorporated entity. The Court of Justice of the European Union (CJEU), in the case of **Kugler C -141/00**, held that the exemption is not dependent on the legal form of the taxable person supplying the medical services. Therefore, the exemption can apply where services are supplied through such an entity.

Such professionals who supply their services in this way should contact their [Revenue Office](#) for information regarding the VAT treatment of supplies and the implications for other taxes such as PAYE/PRSI on wages and salaries.

### 3. Qualifying medical services

It is important to note that it is not just the status of the person providing the service that determines whether it is exempt from VAT but also the actual service that is being provided and the purpose for which it is being provided.

In general, the full range of medical services carried out for the purposes of protecting, including maintaining or restoring a patient's health, or diagnosing, treating, and if possible, curing diseases and health disorders will qualify for exemption.

Those services also include the following when provided by a recognised medical professional:

- Post-offer of employment medical examinations including medical fitness to operate machinery and undertake manual work.
- Health surveillance services, including sight and hearing tests.
- Health screening, stop smoking, and stress management programmes.
- Cosmetic surgery procedures where it is clearly shown that they are required to maintain or restore a patient's health or to treat a patient's disease or illness.

- Vaccination programmes to protect employees where there is a high risk of transmission of infectious diseases.

Relevant decisions of the CJEU will be examined in determining if the exemption applies to a specific medical service.

#### 4. Decisions of the CJEU

The CJEU has considered a number of cases covering the general application of exemptions and determined that the exemptions must be interpreted strictly as they are a departure from the normal position that VAT should be charged on all supplies of goods and services.

The exemption for medical services contained in Article 132(1)(c) of the 2006 VAT Directive must also be narrowly interpreted. While a service may be supplied by a medical practitioner and described as medical, it must also come within the guidelines laid down in the various decisions of the CJEU before it qualifies for the exemption.

The CJEU has examined the nature and scope of the medical exemption in a number of cases, the most significant of which are referred to below.

In the **d'Ambruminel Case C-307/01** the CJEU held that Article 132 (1)(c) of the VAT Directive is to be interpreted as meaning that the exemption provided for in that Article does not cover activities undertaken by a doctor consisting in establishing, as an expert appointed by a court or pension insurance institution, whether an applicant for a pension is or is not suffering from disability, incapacity to work, or invalidity, the purpose of which is the preparation of an expert opinion rather than therapeutic.

The decisions of the CJEU provide that not all services effected in the exercise of the medical or paramedical professions qualify for the exemption but only those carried out for the purposes of protecting, including maintaining or restoring, a patient's health, or diagnosing, treating, and if possible, curing diseases and health disorders.

As a consequence, some services supplied by recognised medical and health care professionals will be subject to VAT.

The CJEU held that the following services qualified for exemption as medical services:

- Therapeutic care provided as part of an outpatient service by qualified nursing staff – **Kugler Case C-141/00**.
- Psychotherapeutic treatment given by qualified psychologists - **Dornier Case C-45/01**.



- Conducting medical examinations or taking blood and other samples to test for the presence of disease on behalf of employers and insurers or certifying medical fitness to travel where such services are intended principally to protect the health of the person concerned - **d'Ambruminel Case C-307/01**.
- Medical tests prescribed by a medical practitioner but carried out by a third party, such as a laboratory, which allow patients to be observed and examined before it becomes necessary to diagnose care for, or heal, potential illness. - **Lu P Case C-106/05**.

The CJEU held that the following activities did **not** qualify for exemption as medical services:

- Genetic tests carried out by a doctor to establish paternity - **D Case C-384/98**.
- General care and domestic help provided as part of an outpatient service - **Kugler Case C-141/00**.
- Provision of a doctor's report on a person's state of health for the purposes of a war or disability pension claim or of personal injury litigation given that the principal purposes of the service effected is to provide the third party with the necessary element for taking a decision and the main purposes of such service is not the protection of that persons health - **Unterpertinger Case C-212/01**.

The decisions of the Court have the effect of denying VAT exemption for services that do not have the effect of protecting a patient's health or diagnosing, treating, or curing health disorders.

## 5. Taxable activities

Generally the following services are taxable:

- Services, although supplied by recognised medical practitioners, which do not have the purpose of protecting the health of a patient or diagnosing, treating, or curing diseases or health disorders.
- A medical service not recognised under the provisions of the Health and Care Professionals Act 2005.
- Other services, such as work absence advice programmes given to employers, medicals carried out for statutory purposes, statements of health for applicants for Visa purposes, and medical reports prepared for statutory authorities, are all subject to VAT. A list of typical taxable services is included in [Appendix B](#).

## 6. Rates of VAT

Qualifying medical services, referred to in paragraph 3 above, are exempt from VAT.

Taxable medical services are liable to VAT at the [reduced rate](#) if they consist of services for the care of the human body. Otherwise they are liable to VAT at the [standard rate](#).

A list of taxable medical services together with their relevant VAT rate is included in Appendix B. A more detailed list of Medical Services and relevant VAT rates is available on the [VAT Rates Database](#).

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## Appendix A

### **Medical Professionals who are treated as carrying on exempt activities when they provide qualifying medical services.**

- Persons registered under the Medical Practitioners Act 2007.
- Persons registered under the Nurses Act 1985.
- The following Health or Social Care Professionals designated under Section 4(1) of the Health and Social Care Professionals Act 2005;
  - Dietician
  - Occupational Therapist
  - Orthoptist
  - Physiotherapist
  - Psychologist
  - Radiographer
  - Speech and Language Therapist.
- Other Professional Medical Services recognised as exempt by the Revenue Commissioners on 1 January 2010;
  - Chiropodists
  - Chiropractors
  - Osteopaths.



## Appendix B

<b>List of Taxable Services (not exhaustive)</b>	
<b>Medical Service</b>	<b>Rate</b>
Fee charged for access to medical records	Standard Rate
Acupuncture	Reduced Rate
Aromatherapy	Reduced Rate
Bio Energy Healing	Reduced Rate
[*] Clinical Biochemist Services	Standard Rate
Clinical Research Trials	Standard Rate
Homeopathy	Reduced Rate
Cosmetic Surgery Procedures that are not qualifying medical procedures	Reduced Rate
Cranial Naturopath Complementary Medicine	Reduced Rate
Diet Counselling	Reduced Rate
Eating Distress Counselling and Therapy	Reduced Rate
Ergonomic Assessments	Standard Rate
Fitness Certificates (For Visa applications)	Standard Rate
Health Counselling	Reduced Rate
Herbalist Services	Reduced Rate
Holistic Therapy Services	Reduced Rate
Hypnotherapy and Neuro Linguistics Programme	Reduced Rate
Laser Treatment for Cosmetic Purposes	Reduced Rate
Lifestyle Counselling	Standard Rate
Massage Services	Reduced Rate
Medico Legal Reports	Standard Rate
Medical Reports for Statutory Purposes e.g. fitness to drive certificates, fitness reports on prospective adopters	Standard Rate
[*] Medical Scientist Services	Standard Rate
Naturopath Services	Reduced Rate
Psychotherapy Services	Reduced Rate
[*] Social Care Worker Services	Standard Rate
[*] Social Worker Services	Standard Rate
Work absence advice programmes for employers	Standard Rate

\* Designated under the Health Care Professionals Act 2005 but not treated as exempt.