

## 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).

Document last reviewed April 2022

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## Introduction

This guidance sets out the VAT treatment of medical services and explains how the exemption applies only to certain types of medical services. The guidance also explains how Revenue treats certain supplies made by pharmacists, medical locum services, the services of counsellors and psychotherapists.

In addition, it details the VAT rate for other services that do not qualify for the medical services exemption (see [Appendix B](#)).

### 1. Medical exemption

Only certain medical services qualify for exemption from VAT. The relevant provisions for this guidance are contained in Paragraphs 2(3) and 2(7) of Schedule 1 to the Value-Added Tax Consolidation Act 2010 (VATCA), 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.

Exemptions for dental and optical services 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 ([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](#)).

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](#)).

## 2.1 Counsellors and Psychotherapists

Statutory Instrument No. 170 of 2018 (Health and Social Care Professionals Act 2005 (Regulations 2018)) of 2 July 2018 designates psychotherapists and counsellors as a regulated profession and establishes the Counsellors and Psychotherapists Registration Board.

Professional counselling and psychotherapy services provided by persons registered by this Board are exempt from VAT from the date of their registration.

## 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.

## 4. Decisions of the Court of Justice of the European Union (CJEU)

The CJEU has considered several 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 VAT Directive 2006/112/EC 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 **Case C-307/01 d'Ambruminel** 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. It is the purpose of the service which determines whether it can be exempt from VAT under the medical exemption. The decisions of the Court deny the VAT exemption for services whose principal purpose is other than that of diagnosing, treating, or curing diseases / health disorders.

This remains the case even where the performance of that service solicits the medical skills of the provider or may involve activities which are typical of the medical profession or even where the service may indirectly contribute to the protection of the health of a person. As a consequence, some services supplied by recognised medical and health care professionals are subject to VAT.

The following services qualify for the exemption as medical services:

- Therapeutic care provided as part of an outpatient service by qualified nursing staff. – **Case C-141/00 Kugler.**
- Psychotherapeutic treatment given by qualified psychologists. - **Case C-45/01 Dornier.**
- 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. - **Case C-307/01 d'Ambruminel.**
- 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. - **Case C-106/05 Lu P.**
- Services consisting in the performance of plastic surgery and cosmetic treatments when intended to diagnose, treat or cure diseases or to protect restore or maintain health. – **Case C-91/12 PFC.**
- Medical services provided by telephone, consisting in giving advice relating to health and illnesses, are likely to fall under the exemption, provided that they pursue a therapeutic aim (i.e. to diagnose, treat and, as far as possible, cure illnesses or health anomalies or for protecting, including maintaining or restoring, the health of individuals). – **Case C-48/19 X.**

The following activities do **not** qualify for exemption as medical services:

- Genetic tests carried out by a doctor to establish paternity. - **Case C-384/98 D.**
- General care and domestic help provided as part of an outpatient service. - **Case C-141/00 Kugler.**
- 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 person's health. – **Case C-212/01 Unterpertinger.**
- Services consisting in the performance of plastic surgery and cosmetic treatments when not intended to diagnose, treat or cure diseases or to protect, restore or maintain health. – **Case C-91/12 PFC.**
- Services consisting in the communication of information (e.g. by telephone) on pathologies or therapies, but which are not capable, by reason of their general nature, of helping to protect, maintain or restore the health of persons are not exempt. – **Case C-48/19 X.**
- Services which consist in the supply of administrative information (e.g. by telephone), such as the contact details of a doctor, cannot be assimilated to services covered by the medical exemption. – **Case C-48/19 X.**

## 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. Incorporation of medical practices

In some cases, health care professionals supply their services through an incorporated entity. The CJEU, in the **Case C-41/00 Kugler**, 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 such services are supplied through such an entity. As above, it is the purpose of the service that determines the VAT treatment.

Further guidance on the VAT treatment of employment agencies is available in the [VAT Tax and Duty Manual](#).

## 7. Medical Locum Services

A locum doctor who supplies their services to a medical practice cannot avail of the medical services exemption for that supply; medical locum services do not meet the criteria of qualifying medical services. Such services are subject to VAT at the [standard rate](#). This is the case regardless of whether these medical locum services are provided through a company or by an individual.

## 8. 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.<sup>1</sup> 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](#). VAT rates for other services are available on the [VAT Rates Database](#).

## 9. Pharmacists

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 will also qualify for the exemption for medical services. These services are:

- flu vaccinations
- pneumococcal vaccinations
- zoster vaccinations

As these services are exempt, no input credit for the pharmacies arises in relation to the purchase of the vaccines.

The provision of emergency hormonal contraception (EHC) to General Medical Services (GMS) patients by a pharmacist also qualifies for the exemption.

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<sup>1</sup> See paragraph 21(1) of Schedule 3 to the Value-Added Tax Consolidation Act 2010.

## 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 Medical Services (not exhaustive)</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
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
Homeopathy	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
Stress Counselling**	Reduced Rate
Work absence advice programmes for employers	Standard Rate

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

\*\* Please see paragraph 2.1 as the medical exemption may apply.