

Indian Association of Aesthetic Plastic Surgeons' Guidelines on GST for its Members

An Advisory for its members in the GST Regime

Since 1st July 2017, the GST has become applicable all across the country. Earlier all those categories which were in the service tax bracket have automatically got transferred to GST.

As per the Schedule IV of the GST law, Healthcare is neither considered a supply of goods or services and hence is exempted from GST, except Hair Transplant or Cosmetic or Plastic Surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma.

Our association members, who are all Plastic Surgeons, deal with cases of the above type. They have to deal with problems arising as a result of injury or trauma, developmental deformities, congenital defects, reconstruction of function or anatomy, along with Cosmetic or hair transplant work. There has been a lot of confusion amongst our members and it was decided by the executive committee of Indian Association of Aesthetic Plastic Surgeons (IAAPS) to form a panel of senior Aesthetic Plastic Surgeons, from all across the country, who would deliberate and form guidelines for its association members, as to which cases they should levy GST on, and which cases they should not. This advisory will be applicable only to its association members.

1. Who does GST apply to?

One should register for GST if his or her gross annual income exceeds Rs. Twenty Lakh and deals with Cosmetic cases or Hair Transplant as mentioned in Schedule IV. It is not necessary that all the 20 lakh revenue should be from Cosmetic cases

2. When should one start collecting GST?

IAAPS member should start collecting GST as soon as he has registered and receives a GSTIN.

3. When should one register for GSTIN?

One should apply for GSTIN in the month following when your annual aggregate income crosses Rs 20 lakhs and it is from cosmetic and non-cosmetic treatments, even if the non-cosmetic income is more.

4. Should someone working on a salary also register for GST

No, salaried income person is not expected to file for GSTIN and does not have to collect GST.

5. If you are working in a hospital do you need to register for GSTIN

If you are working in an honorary capacity, taking only your professional fees, then you have to register for GST. However, if you are on a salary, you do not.

As a professional who provides a cosmetic service to a corporate hospital, you would need to keep a record of cosmetic cases performed, invoice the hospital for the service you provide and include the GST in the invoice. That GST you will have to pay to the Govt. Hospital will take input tax credit on the GST paid to you.

6. IF you are on a salary in one institute but professional in others what should be done?

After discounting the salary income, if and only if the income from the professional earning exceed 20 lakhs (which includes some cosmetic cases), does one need to register for GSTIN.

7. What should I do if I practice in more than one state?

The GST is to be paid in the state of consumption. So, if you are practicing interstate, you need to pay IGST by taking a number from every state where you are practicing. Thus, if you are operating in four states, you have to register for GST in each state.

7. How much GST should one collect?

Currently the GST slab is 18% for Cosmetic cases

8. Which Cases should one collect GST on?

As per above mentioned Schedule IV rule, it is clear to the advisory panel of top senior Aesthetic Plastic Surgeons of the country, that the conditions our association members treat fall in to two clear categories.

A) Cases which are non-cosmetic, purely undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma.

B) Cases which are purely cosmetic, which are meant to enhance physical form, or beauty.

As per the above definition, the committee has drawn up a list of cases/ problems which fall in to these two categories and have listed them hereunder. At the end of the document Appendix I is a division of treatments in to taxable and non-taxable.

A) **NON-COSMETIC/ FUNCTIONAL/RECONSTRUCTIVE** conditions

1) **Cleft lip and palate:** A congenital anomaly, comes under restoration of anatomy and correction of congenital defect

2) **Cleft lip and palate scar correction:** comes under restoration of anatomy and correction of congenital defect

3) **Cleft lip nose correction:** comes under restoration of anatomy and correction of congenital defect

4) **Correction of scar** resulting from injury, burn, acid attack, cancer removal, congenital deformity, acne or inflammatory atrophic conditions, by any method including excision, Z or W plasty, or Fat grafting, comes under repair of injury.

5) **Improvement or removal of scar** resulting from surgery done to correct congenital, developmental, traumatic or cancer removal.

6) **Improvement of Burn scars:** injury correction

7) **Post burn contracture correction:** Injury correction

8) **An unstable scar** which repeatedly breaks down and ulcerates: Injury sequelae

9) **Hair Fall:** Visible fall of hair is a medical condition. It is often due to severe depletion of nutritional reserves, hormonal problems, fungal infections or autoimmune conditions. These causes need to be differentiated from Genetic cause of hair fall. If one of the above reasons, then it needs medical treatment and hence non-taxable.

10) **Acne treatment:** Acne is an infection of glands of the skin. It is a pathologic condition and needs to be treated with medical management. chemical peels or LASERs done for treatment of Acne should not be taxed.

11) **Acne scar treatment:** Scars arising as a result of a medical condition, infection of skin etc if treated, is restoration of form and function of the normal anatomy.

- 12) **Correction of Breathing difficulty** due to Internal nasal valve collapse or deviated septum, or hypertrophied turbinate is a restoration of the function and hence non-taxable
- 13) **Binders syndrome:** A condition where the nose is developmentally flattened. It is a developmental condition that gives the patient a very depressed outlook. Rhinoplasty done to correct this condition would be Non-Taxable.
- 14) **Ptosis of the upper eyelid:** A condition where the upper eyelid does not open fully.. This is due to weakening of the levator, or dehiscence. It can sometimes obstruct vision. Correction of this condition is non-taxable.
- 15) **Blepharochalasis.** A condition where there is excess skin fold over the upper eyelid. When that weighs down on the upper lid, it can cause ptosis and affect vision. Correcting this condition is not cosmetic and hence non-taxable.
- 16) **lower eyelid ectropion.** It is a condition that could result from trauma or facial palsy, or ageing. Lower eyelid ectropion can lead to exposure keratitis and blindness. If lower eyelid blepharoplasty is being done for this reason it is non-taxable.
- 17) **Torn Ear lobes.** It is a tear in the ear lobes and hence its repair should not be taxed.
- 18) **Rhombergs's disease of the face and Coup d'Sabre deformity.** Fat grafting/ transfer for these congenital/ developmental conditions where there is volume loss in the face causing deformity.
- 19) **Gynaecomastia:** This is a developmental abnormality where men develop breasts. It is immensely embarrassing to the man and leads to lifelong suffering. GST should not be levied on this procedure under the restoration of form/ body anatomy clause.
- 20) **Accessory breasts/ axillary breasts** is a congenital anomaly. There are extra breasts which can form either on one side or both sides. Correction of this with any technique is non-taxable.
- 21) **Hypertrophic breasts/ Macromastia/ Virginal hypertrophy of breasts.** These are developmental hormonal conditions where the excess weight of the breasts causes backache, neck pain, strap problems, rash in the folds, recurrent infections etc. Treatment is sought to cure medical problems. In this situation, it is not a cosmetic operation but meant to get rid of medical and physical problems.
- 22) **Breast asymmetry:** Grossly asymmetric breasts is a developmental condition, occurring as a result of congenital hypoplasia of breast tissue or even Poland's syndrome. Any woman seeking breast asymmetry correction is trying to correct a developmental

abnormality. Hence it should not be taxed. Gross asymmetry is defined as one cup size difference between the size of the two breasts. Any treatment done to correct the asymmetry which is less than a cup size should be taxed.

23) Inverted nipple corrections These are developmental and rarely congenital conditions which affect breast feeding unless corrected

24) Ventral divarication/ Diastasis rectii or any type of abdominal hernia is an developmental condition that occurs as a result of weakness in the abdominal wall. The weakness and hernia can cause poor posture and backache. Correction of this is being done to restore body form, anatomy and function. In that situation, it should not be taxed. Either a USG, MRI, or clinical diagnosis of ventral hernia, divarication or any other hernia would be necessary to diagnose this condition.

25) Vaginal tear, Pelvic Floor laxity. These are conditions where the vagina may be torn either post-delivery or episiotomy, or the pelvic floor may developmental lax causing prolapse of vagina, rectum or bladder. Correction of these via Vaginal or pelvic floor tightening will be non-taxable.

26) Torn Hymen either due to sports injury or rape is a condition that can affect women in India both psychologically and socially. Repairing a torn hymen would be considered non-taxable. However, repairing a torn hymen following sex would be taxable.

27) Excision of skin growths, lesions, cysts & lumps in skin, subcutaneous or deeper levels: These excisions are warranted for either diagnostic, or therapeutic purposed to cure a problem or prevent cancer.

28) Lipomas and lipodystrophy's. These are benign tumours of fat. They can grow and cause symptomatic difficulty in function as a result of size. The size can also compress on vital organs or nerves and hence needs to be treated. Treatment of these by Liposuction is not cosmetic and hence should not be taxed.

29) Migraine, Spastic disorders, Facial palsy, Intractable headaches are conditions that may be treated by neuromodulators like Botox, Neuronox or Xeomin etc. These are medical conditions and the treatments are being done to cure, hence non-taxable.

30) Treatment of excessive hair growth on the body in conditions like Polycystic Ovary Syndrome -PCOS/ PCOD) with LASER Hair Removal techniques would be non-taxable provided PCOS is documented and proven.

31) **Sagging of Post Bariatric Body, thigh, arm, back and breasts:** correction with lifts. Bariatric surgery is a procedure done to reduce weight. As this is a non-taxable service, correction of Post bariatric skin and tissue sagging, which is a consequence of this surgery, will be non-taxable as well.

32) **Body, thigh, arm, back and breasts lifts after weight loss.** This will be non-taxable if the sagging skin is causing symptoms and medical problems affecting daily living, such as excoriation in the folds, fungal infections, frequent rubbing of skin, affecting body posture

Conditions/ Procedures which are totally Taxable

1. **Skin glow improvement** either by Chemical peels or Lasers would be taxable

2. **Skin Pigmentation treatment with LASERS/ Peels** provided the pigmentation is not as a result of acanthosis nigricans, a condition wherein insulin insensitivity plays a role, or very low Ferritin levels, or Hypothyroidism

3. **skin wrinkle reduction** either by chemical peels or lasers, or Neuromodulators or fillers will be taxable

4. **Male or Female Pattern alopecia/ Pattern hair loss** treated by Hair transplant.

5. **Brow lift**

6. **Periorbital Ageing changes** treated with rejuvenation of eyes with Upper and lower eyelid blepharoplasty

7. **Facial ageing** correction by Facelift

8. **Enhancing the shape of the nose** (Hump reduction, narrowing, saddle correction) with Cosmetic Rhinoplasty with no functional or psychological element.

9. **Hypoplasia of Chin or cheek** Chin and Cheek augmentation

10. Dimple creation

11. Breast augmentation with implants or fat, except in Polands syndrome.

12. Figure enhancement with liposuction_ (except in lipodystrophy, lipomas and fatty tumours)

13. Abdominal fold correction or figure improvement by Tummy tuck or abdominoplasty without any associated Ventral divarication or hernia or post massive weight loss – including post bariatric surgery!!!!

14. Enhancing the buttocks with Brazilian butt augmentation(Fat grafting) or Implants

15. Figure enhancement with Fat grafting

16. Body, thigh, arm, back and breasts lifts after weight loss.

This will be non taxable only if the sagging skin is causing symptoms and medical problems affecting daily living, such as excoriation in the folds, fungal infections, frequent rubbing of skin, affecting body posture

17. Penis enhancement with lenthening and or girth increase.

18. Vulva/ vagina rejuvenation/ tightening

19. Hymen reconstruction for revirgination for tears other than sports injury, rape.

20. Self inflicted scar improvement

21. Tattoo removals either by surgery or laser.

GST on Medical consultancy

It will be easy to determine what should be taxed if we consider conditions and treatments to cure as non taxable and to care or improve as taxable. All consultations that are in the latter group need to have a GST levied on Consultations as well.

Input tax credit

Input Tax is the GST paid by a taxpayer on purchase of Goods or receipt of Services for furtherance of his business

For those who are registered for GST and who are paying GST can claim input tax credit on products used in the said taxable treatments. eg. Neuromodulators, or fillers used in cosmetic treatment will be purchased with GST paid, the said amount can be claimed back as input tax credit, once GST is collected from the patient. While buying products please ensure that the distributor has your company name, GSTIN in the invoice and also has the HSN code of the product. You claim the input tax credit by filling GSTR 3.

So for Aesthetic Plastic surgeons like ourselves, there will be products used for three category of treatments,

- 1) Purely cosmetic
- 2) Non Cosmetic
- 3) Mixed use: cosmetic and non cosmetic

Input tax credit for 1) Purely Cosmetic can be taken 100%, for 2) you would not be able to take input tax credits and for 3) the input tax credit would have to be in the ratio of the cosmetic to non cosmetic usage of that product in revenue terms. It will be beneficial to segregate the items purchased and billed as per these three categories for the sake of claiming input tax credit.

Reverse Charge mechanism

Reverse Charge Mechanism is the mechanism where the taxes is to be paid not by the service providers but by the service receiver. It is opposite to Normal Charge Mechanism.

If a service is taken from someone who is not registered, it could be a consultant colleague, or dermatologist/ cosmetologist, his service tax will have to be paid to the Govt on his behalf. This can then be claimed as input tax credit. This has been withdrawn for the time being.

| | Non Taxable | Taxable |
|------|---|--|
| | PLASTIC SURGERY PROCEDURES (DISEASE TO NORMAL) | COSMETIC SURGERY PROCEDURES (NORMAL TO SUPERNORMAL) |
| Nose | <p>Complex Cleft Lip Nose Corrections at all ages (childhood to adult)</p> <p>Septoplasty with Osteotomy to set right the deviation or tilt of Septal deviation.</p> <p>Nose reconstructions</p> <p>Post SMR depressed nose correction</p> <p>Syndromal corrections e.g. Binder's</p> | <p>Osteotomy for bony narrowing</p> <p>Thinning of broad nose</p> <p>Saddle shape correction by Onlay grafting/ implants</p> <p>Tipplasty-narrowing/ rotation/ Projection</p> <p>Alar reduction</p> <p>Radix height correction</p> <p>Plunging Columella correction</p> <p>Hump Correction</p> |
| Lips | <p>Lip Reduction for Cheilitis</p> <p>Lip Augmentation for Cleft Lip</p> <p>Secondary corrections</p> | <p>Lip Reduction for Broad Lips</p> <p>Lip Augmentation for sensual lips or age related thinning.</p> |

| | | |
|-----------------|--|---|
| Ears | Ear pinna Shape corrections like Microtia | Bat Ear Otoplasty |
| Eyelids | Blepharoplasty for excess skin fold obstructing vision or ectropion | Blepharoplasty for Skin Tightening Oriental Eyelid Correction |
| Eyebrows | | Eyebrow Lift in old age |
| Hair | Hair transplantation for any Post Burn alopecia Hair Transplant for Alopecia Areata Hair fall causing hair loss due to non genetic causes | Hair Transplant for male pattern baldness |
| Face | Fat Transfer on face to treat Romberg's and any other asymmetries | Fat Transfer on face to treat hollowness |
| | Fillers to treat Syndromic asymmetry face Unilateral Face lift for Facial Nerve related problems Botox to treat Blepharospasm/ Hyperhidrosis/ Muscle tics and spasms | Genioplasty Fillers to enhance face features Age related face lift Botox to treat Wrinkles & other Aesthetic reasons |

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|---------------|---|--|
| | | Chemical Peels to improve skin tone |
| | Any Scar revision, as scars are from a previous injury | Lasers for Skin Rejuvenations |
| | Lasers for Nevi, vascular lesions | Lasers for tattoo removal/ modification. |
| | All acne and Acne scar treatments. Similar Chicken Pox | |
| Breast | | |
| | Breast Augmentation in Congenital disorders like Poland's syndrome | Breast augmentation of normally functional and normal sized breasts. |
| | <u>Breast augmentation in Post malignancy - traumatic - burns related problems</u> | |
| | All Breast Reductions including in Pubertal Hypertrophy/ Obesity/ Glandular Hyperplasia | All Breast Lifts (Mastopexies) |
| | Buried Nipple corrections | Augmentation of normal functional Nipples |
| | Areolar Size reduction as part of Breast Reductions | Areolar Size reduction, alone or part of Lift |
| Trunk | | |
| | Abdominoplasty for Hernias/ Divarification etc. | Abdominoplasties for Cosmetic reasons |
| | Gynecomastia (as breasts for males is an abnormality) | |
| | Accessory Breast Removal | |
| | Liposuction of Lipomas | Liposuction to shape the trunk |

| | |
|---|--|
| Liposuction as part of Obesity reduction | Liposuction to etch six packs |
| Post Bariatric Thigh/ Arm/ Breast/ Body lifts | Chin/ Cheek augmentations |
| | Buttock augmentation by fat/ Implants |
| | Calf Augmentation by Fat/ Implants |
| | Pectoral Augmentation by Fat/ Implants |
| Genitals | Vulval fat graftings |
| Vaginal tightening post partum | |
| Hymen reconstructions post trauma | |
| | Penile implants/ lengthening and fattening procedures |
| Notes | |
| Any procedure done on a freshly acquired or previously present ailment, disease, requiring correction is general surgery/ Plastic Surgery or any speciality Surgery | Any procedure conducted on physically normal, disease free clients to make them better than normal are Cosmetic Surgery procedures |
| same procedure done by a general surgeon, if done even by a qualified Plastic Surgeon, does not make it taxable | This definition to excludes psychologically demanding patients, as all Cosmetic procedures are the demand of only |

psychologically
affected pateints.

Taxation is on a surgery or procedure, and not based on how the surgery is conducted, say a Lipoma removal is a correction of a pre-existing disease, and its removal if done by a open surgery, or a more advanced technique like a Liposuction, does not make it taxable,

Committee Members

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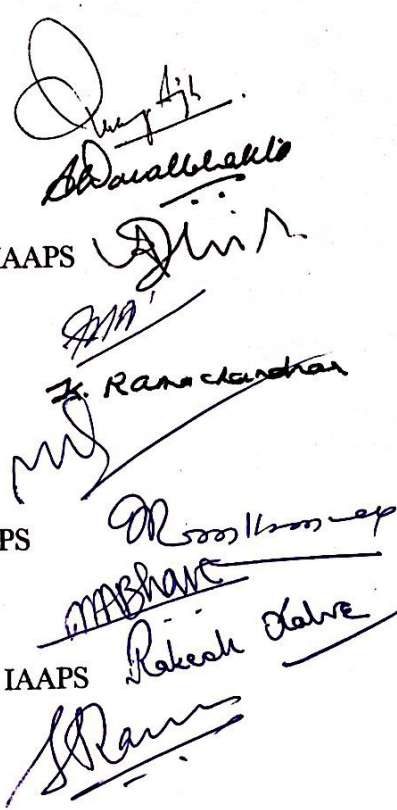
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A collection of handwritten signatures in black ink, corresponding to the names of the committee members listed to the left. The signatures are written in a cursive style and are placed over the names of the members.

Special thanks to the Committee Members

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