

No.C1-25596/14/CT

Office of the Commissioner of
Commercial Taxes
Tax Towers, 8th Floor
Killipalam, Karamana – P.O.
Thiruvananthapuram
Dtd.09 / 12 / 2014

CIRCULAR No.32 / 2014

Sub:- Exemption to hospitals under Sec.18C(2) – Purchase of consumables – Instructions issued – reg.

Ref:- Kerala Finance Act, 2014.

Section 18C (2) of KVAT Act as inserted by Kerala Finance Act, 2014 is as under:

“(2) Notwithstanding anything contained in section 6 and section 18B , hospitals not covered under sub-section (1), shall be exempted from further tax liability on their sale of medicines and other consumables subject to the following conditions:-

- (i) all the purchases of medicines shall be from dealers paying compounded tax as per clause (e) of sec. 8;*
- (ii) all the purchases of other consumables are made from dealers registered under this Act at the maximum retail price; and*
- (iii) they shall file option for availing this exemption before 30th April of every year.*

Provided that if such hospitals pay the entire tax assessed / determined on or before 31st March, 2014, they shall not be liable to pay any penalty and / or interest under this Act.”

Pursuant to the above amendment made by Kerala Finance Act, 2014, many hospitals other than charitable hospitals have sought clarification regarding the bill format to be used for purchasing consumables at MRP. This has been examined and the following instructions are issued.

Invoices in Form No.8 / 8H issued by registered VAT dealers under the Act to this purpose to hospitals shall carry the following declaration.

"Certified that the goods sold are consumables to be used for treatment of patients in the hospitals, and the same is sold at MRP and tax has been collected accordingly. This certificate is issued for the purpose of Sec.18C(2) of the Kerala Value Added Tax Act."

Amendment in Kerala Value Added Tax Rules would follow shortly.

COMMISSIONER