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# ECG's THE EFFECT ON GST HEALTHCARE CONNECTION TAXES

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## ABSTRACT

**Tax Structure Analysis** It looks into how ECG machines are classified under the GST tax system, examining which tax slabs they come under and how it affects the cost of purchasing them. **Input Tax Credit Analysis** This study assesses whether input tax credits are available to healthcare providers who purchase ECG devices. It clarifies how the affordability and overall cost dynamics of integrating ECG devices into hospital installations are affected by this GST provision. **Compliance and Regulatory Challenges:** This paper outlines the administrative challenges that healthcare institutions have when complying with Goods and Services Tax (GST) rules. These challenges include maintaining records, filing returns, and invoicing requirements. It emphasizes how these difficulties could affect the smooth incorporation of ECG equipment into medical practices. **Influence of Government Policies** It examines how exemptions and subsidies, among other government actions, can lessen the tax burden on ECG equipment. Their broad implementation in healthcare systems is greatly aided by this policies. **Technological Implications** Lastly, the study looks at how the introduction of the Goods and Services Tax (GST) stimulates technological development in electrocardiogram (ECG) equipment, perhaps impacting healthcare integration plans.

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## INTRODUCTION

All industries profited from the revolutionary tax reform known as the Goods and Services Tax (GST). However, because the majority of healthcare services are exempt from the existing GST regime, the benefits of GST have largely escaped the healthcare services sector. Ensuring the unrestricted flow of input duty credit throughout the value chain was one of the main goals of the GST structure. Because of this, a significant number of exemption notifications—including 299 Central exemptions and more than 90 State exemptions—were examined at the time the GST was put into effect. After then, a sizable portion of the exempted goods were included in the GST net. Through diagnostic services including electrocardiograms (ECGs) at the forefront, the Indian healthcare industry has kept evolving under the GST system. Their accessibility is strongly related to how they are taxed as ECGs are non-invasive examinations vital for identifying cardiac problems. Diagnostic services offered by clinical institutions are free from GST under the present GST system, hence guaranteeing patient affordability (CBIC, 2021). Industry experts and legislators, however, have expressed worry about how these exclusions are read and used, especially when ECGs are provided outside conventional medical environments—such as mobile testing, telemedicine, or corporate wellness initiatives (KPMG, 2023). This continuous conversation shows the need to strike a compromise between fiscal policy and the requirement of universal healthcare access in post-pandemic India.

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## GDP-Amount Contributed

At the moment, the healthcare industry contributes 2.1% of GDP. The GDP increased by 6.3%. Growth in personal health care was 7.7%. National health spending, which accounts for 17.2% of GDP as of December 2023, increased by 6.0% from December 2022.

India's GDP growth rate is higher than that of major nations like the USA, China, Russia, and the UK, which had growth rates of 5.5%, 5.2 %, 4.9 %, and 0.6 %, respectively, over the same time, according to official figures.

## *Direct Foreign Investment*

The last few years have seen an extremely rapid expansion of the healthcare sector. To close the year, the Health Ministry is concentrating on the creation of new technologies for the treatment of conditions like diabetes, tuberculosis, and cancer. The government is attempting to draw in more foreign capital.

## *GST's Effect on Pharmaceuticals*

India is a producer of generic medications, and its pharmaceutical industry currently ranks third globally in terms of quantity and fourteenth globally in terms of value. As the country's population grows quickly, so does the need to provide better healthcare services.

### *Pharmaceutical Sector*

Pharma companies may benefit from a more streamlined distribution chain network thanks to GST. The introduction of the GST would also make it possible to develop a tamper-proof tax credit system and enhance overall compliance in the nation's pharmaceutical sector. When it comes to creating jobs and generating income, the Indian healthcare sector is currently one of the most important. The cost of healthcare will rise in tandem with the population, which means more money will come from taxes. The Indian government recently introduced the Goods and Services Tax (GST), replacing a number of intricate levies with a single, unified tax structure. According to rumors, the Healthcare Industry, particularly the Pharma sector, will benefit from GST. It would benefit the businesses by streamlining the tax system, as the pharmaceutical industry was previously subject to eight different levies. A single tax, as opposed to several, will streamline national commerce and lessen the cumulative impact of several levies on a single good. By streamlining the supply chain, GST would also increase operational efficiency.

### *Marketplace Structure*

Changes in tax rates may also have an impact on the competitiveness among medical device suppliers. The GST may cause suppliers and manufacturers to modify their pricing methods, which could have an impact on the accessibility and cost of ECG devices for use in healthcare settings.

### *Principal Anxiety* \_\_\_\_\_

#### *Medical centres, The surgical, and Procedures*

A few things to be aware of: Dialysis (5% to 12%), pacemakers (5.5% to 12-18%), orthopaedic support devices (5% to 12%), and all cancer support devices (5% to 7–12%) will all see an increase in taxes as a result of the Goods and Services Tax (GST). The maintenance contract cost has raised from 15% tax to 18% GST for hospitals and diagnostic facilities. In addition, there have been tax increases of 3% and 3.5% for medical insurance and inverter costs, respectively. The tax rate for refrigerators was 23-28%; it is currently 28% flat. Similar to how the GST on oxygen cylinders is now 18%, heart rate monitors are 12%, consumables are 18%, and heart valves are 12%, the hospital bed tax, which was formerly 11–16.5%, has been raised to 18%.

#### *Blood and Blood-Associated Substances*

Prior to now, the blood collection bag was not subject to GST; however, as of right now, it is.

The new indirect tax system extends to supplies related to blood. The cost of blood and blood components has gone up since the GST went into effect. Previously, blood carry bags were exempt from GST, but now it is 12% present. 12% on the Platelet Carry Bag, too. The GST rate for glass slides has increased for HB Kit from 5.5% present to 18% present; previously, it was 14% present. GST was 5% on medicines, but it is now 12%. I sense the life-saving medication Under GST, medical supplies and equipment for seriously ill people should be tax-free, but the reality is still very different. Duty levied on the import of sophisticated gear and equipment required by the healthcare industry will be recognized as a credit under the GST. This advantage of the total decrease brought about by the introduction of GST, Because of this transaction, the issue of breakage and expiry settlement is still unclear, and the pharmaceutical industry is dealing with shortages and non-availability.

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## **LITERATURE REVIEW**

The impact of the Goods and Services Tax (GST) on Malaysia is examined by **Rashid et al.** (2018), as the country is planning to implement the GST in (2019). The primary goals of the GST's introduction are to lower the deficit and boost government income collections. The impact of the adoption of the GST and its relationship to specific metrics, such as the structural balance and the consumer price index, has been examined by the writers. The relationship between these variables and the GST is examined for Singapore, Thailand, and Indonesia in order for the administration to apply the best practises when enacting the GST in Malaysia. The report suggests openness in the application of GST, a review of the rates and base of GST after five years, and correction based on the 5 year experience.

**N. Kumar** (2021) found that the Goods and Services Tax (GST) is anticipated to promote impartial tax structures that are not influenced by geographic location and will aid in eliminating the economic distortion caused by the current Indian tax system.

**Jaiprakash** (2018) In his research study, he stated that the Central and State governments expect the Goods and Services Tax (GST) to provide greater relief to industry, trade, agriculture, and consumers by incorporating multiple taxes into the GST and gradually eliminating the CST.

**Shaik et al** (2017) examined the idea of GST and its effects on the Indian economy. Aspects of GST models were also the subject of the investigation. The benefits and operation of GST were also explored in this study. The analysis came to the conclusion that the GST framework in India will result in business benefits that the VAT system did not address and would basically results in the growth of the economy.

**Munde & chavan** (2019) We out a study to examine the benefits and drawbacks of GST and, in light of the findings, provide recommendations to reduce loopholes and improve its efficacy. They came to the conclusion that taxpayers will accept the shift if the likely loopholes are dealt with properly, and if the processes in GST show to be straightforward and ensures the participation of interest from all parties involved, it will undoubtedly result in economic growth and price rationalization.

**Yadav, S. S. and Shankar, R** (2018) examined the country's history, development, and replacement of several indirect taxes with the Goods and Services Tax (GST) in their study report. In her research study, **Rupa, R.** (2017) clarified the meaning of GST. She also outlined the benefits and drawbacks of the GST for our economy.

**Kapoor Kapi** (2018) implemented GST, models, mechanisms, problems, and difficulties were all carefully investigated. This study examines the GST's developmental stages in India. This document includes several benefits such as simplicity, transparency, cascade impact, reduction in the cost of tax revenue collection, economic growth, and no tax for exporters. It also includes exclusions from GST, which are gasoline, alcohol, tobacco, and diesel. issues that are also covered in the study. The study came to the conclusion that economic growth will result from the correct application of GST.

**Meenakshi Bindal** (2018) The GST mechanism has been structured in a way that is likely to generate a decent amount of revenue for both the Central and State governments, according to testing done on the system to assess its benefits and drawbacks. Numerous scholars have examined how the GST affects different industries and have reached differing results. It makes sense that any reform that the government introduces will have a wide range of effects. The previous paragraph presented some of the key research findings. It should be mentioned that every previous study, whether conducted nationally or internationally, offered a distinct perspective on the efficiency of the market. Therefore, a study and analysis of market efficiency were necessary, based on the periodically occurring information flow, which influences the markets.

**Rashi Gupta** (2019) talked about the advantages and prospects of the goods and services tax as well as how it will affect the Indian economy. It was discovered that the introduction of the GST had a favourable impact on the Indian economy.

### RESEARCH PROBLEM

Value-added taxes, or GSTs, are applied to the majority of goods and services that are sold for use at home. It's probable that you're talking about taxes associated with incorporating healthcare goods or services within the GST structure, especially those related to ECG services or equipment.

Recognizing the GST Regulations Examine the particular GST laws governing medical equipment and services in your nation or area. This will clarify the GST taxation of medical supplies and services for you.

### OBJECTIVES

- Import tax refund was intended to flow freely across the value chain thanks to GST.
- There is a chance to improve financial openness in the healthcare sector by including GST into ECG services.
- The implementation of GST may incentivize healthcare providers to enhance the calibre of ECG services in order to support patient expenses.

### METHODOLOGY

Secondary information acquired from publications, theses, news articles, books, and websites. A broad foundation for the ECG GST collection was found in the study.

All Non-Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neonatal Intensive Care Unit (NICU) room rents in a hospital or clinical establishment exceeding **Rs.5,000** per day will be liable to GST at **5%** (without input tax credit). It applies with effect from 18th July 2022. (Source: <https://cleartax.in/s/impact-of-gst-rate-on-pharmaceutical-industry>)

**12%** GST tariff rate on Instruments and used in medical, surgical...The rate of GST on Instruments and appliances used in medical, surgical, dental or veterinary sciences including scintigraphic apparatus, other electro-medical apparatus and sight testing instruments Fixed by GST council at the introduction of GST in July, 2017 is **12%**. (Source: <https://howtoexportimport.com/GST-tariff-rate-on-Instruments-and-used-in-medical-6740.aspx#:~:text=The%20rate%20of%20GST%20on%20Instruments%20and%20appliances,introduction%20of%20GST%20in%20July%2C%202017%20is%2012%25>).

### Information about the instrument in the GST rate

Numerous categories from the extensive spectrum of healthcare amenities are covered in the GST rates.

TAX RATE	MEDICAL PRODUCTS
0%	Contraceptives, Human Blood
5%	Medicines, Animal or Human Blood Vaccines
12%	Herbal remedies, pharmaceutical-grade hydrogen peroxide, Medication for sterile sutures, Ayurveda, Unani, Homoeopathic, Siddha, or biochemical systems; anaesthetics; steam; glands and other organs for organ therapeutics uses.
18%	Tampons, Disinfectants

The GST tax rates as well as several other laws and regulations are having a negative impact on the healthcare sector. However, for the average citizen who has fallen victim to the horrible fate, the goods and services tax has created a deadly situation. As the tax costs increase to a significant amount. It appears that more bad than good things have happened as a result of the GST. It has caused the price of several medical devices that are necessary for daily living to increase.

**List of pricey products in this category:**

Items	Pre-GST	Post-GST
Surgical Item	5.5%	12%
Wing Scale	5%	28%
Hot water bag	5.5%	28%
Wheel Chair	5%	18%

GST is anticipated to have a favourable effect on the pharmaceutical sector. Since the pharmaceutical industry presently owes eight separate taxes, it will benefit the company by simplifying the tax system. A unified work would result from combining all of these into a single tax, which would also lessen the negative impacts of having many taxes associated with a single good. In addition, by simplifying the store network, GST will also result in generating proficiency, which alone may raise India's pharmaceutical market measure by 2%.

**CONCLUSION**

Enhancing efficiency, compliance, transparency, and data-driven decision-making are among the many potential presented by the integration of ECG data into GST healthcare taxation systems. But in order to fully utilize this integration for the benefit of tax authorities as well as healthcare providers, it is imperative to address related issues.

Opportunities for data analysis and insights are presented by utilizing ECG data for GST healthcare integration. Aggregated ECG data may be used by tax authorities to spot patterns in healthcare usage, which can help them make judgments about policy and how to allocate resources. There is still a lack of transparency about the effects of GST on the pharmaceutical business. However, industry participants and end users alike expect that this will result in a win-win scenario. The development appears promising and profitable due to the decrease in total costs and complexity. Careful planning and cooperation between stakeholders are also necessary to ensure interoperability between ECG systems and GST healthcare taxation platforms.

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