

Medical practitioners and GST/HST: an update

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Many medical practitioners are not registered for GST/HST on the basis that most of the services they provide are exempt from the tax. However, in recent years, the scope and nature of many services provided by medical practitioners have expanded, and the interpretation of what is considered to be an exempt service has narrowed, such that the non-exempt services that many practitioners provide may now exceed the \$30,000 annual threshold for registration. If you are a medical practitioner, measures introduced in the 2013 Federal budget may now put you over the \$30,000 GST/HST-taxable supply threshold so that you will now be required to register for the GST/HST. Alternatively, if you are already registered, you should be aware that the types of supplies and services that are subject to GST/HST have expanded.

2013 Federal budget changes

Specifically, the 2013 Federal budget has introduced changes to the GST/HST treatment of certain medical reports and related services for non-health care purposes. Under the Canada Revenue Agency's (CRA) previous guidance, many reports, including independent medical examinations, were exempt from GST/HST. Under the new rules, effective March 22, 2013, if you are registered¹ you are now required to collect and remit GST/HST on supplies and services that are not performed for the purpose of the protection, maintenance, or restoration of the health of a person or for palliative care.

As a result, taxable supplies now include such items as the preparation of reports and examinations (including any ancillary services such as x-rays and lab tests undertaken for the purpose of the examination or report) when performed solely for the purpose of determining liability in a court proceeding or under an insurance claim. Items like back-to-work notes, Driver's License Reports, Disability Tax Credit form completions are also now subject to the GST/HST. All examinations and services covered by a provincial health insurance plan remain exempt.

An example of a taxable supply would be where you examine an individual and prepare a report made solely for the purpose of assisting an insurance company in determining whether a medical condition was caused by injuries sustained in an accident or from a pre-existing medical condition.

¹ or required to register

When considering whether a service may be subject to GST/HST, the following is a non-exhaustive list of services that are not generally considered to be healthcare-related and outlines the GST/HST treatment of any charges levied for performing such services:

Services, forms and reports	GST/HST	No GST/HST
Expert opinion reports	X	
Medical-legal reports	X	
Disability Certificate	X	
CPP Disability Reports	X	
Review of Medical Documentation for third party	X	
Other		
Management fees paid by physicians	X	
Block and annual fees	X	
Cosmetic surgical/medical procedures	X	
Expert witness fees	X	
Consulting services (including medical research)	X	
Preparation and transfer of medical records		X
Prescription renewal over the telephone		X

Conclusion

In the realm of reports and examinations, you must now consider who requires the report or examination, as well as its intended purpose in determining whether the supply or service is subject to GST/HST. The recent changes should not affect the provision of examinations and reports which are concerned with a patient's present and future health care needs in situations such as executive medical assessments, pre-employment or return-to-work screening or treatment plans.

Please contact one of our sales tax specialists if you have any questions about the application of GST/HST to the various types of services you provide.

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