



# ***Anaesthetic services and cosmetic procedures -***

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 This publication is extracted from the Health Industry Partnership - issues register. See issue 1.b.2 of that register. This publication should be read in conjunction with the related content of that register where further context is required.



## Health Industry Partnership

### Anaesthetic services and cosmetic procedures

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This publication (excluding appendixes) is a public ruling for the purposes of the *Taxation Administration Act 1953*.

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If you rely on this ruling, the Commissioner must apply the law to you in the way set out in the ruling (unless the Commissioner is satisfied that the ruling is incorrect and disadvantages you, in which case the law may be applied to you in a way that is more favourable for you – provided the Commissioner is not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

#### **What is the GST status of anaesthetic services rendered to patients undergoing procedures for cosmetic reasons for which a Medicare benefit is not payable?**

1. To determine the GST treatment it is necessary to consider the application of the term ‘\*medical service’ as it appears in section 38-7 (and as defined in section 195-1). The question also requires a consideration of section 38-7(2), which excludes certain cosmetic procedures.
2. The service will be GST-free if:
  - a. the anaesthesia is supplied by the medical practitioner and is not related to an excluded professional service (for example in relation to tattoo removal) or rendered for cosmetic reasons, and
  - b. the service is generally accepted in the medical profession as being necessary for the appropriate treatment of the recipient of the supply.
3. If a Medicare benefit is payable in relation to the medical service it is not necessary to enquire whether the service was rendered for cosmetic reasons. In this case the supply will be GST-free.
4. If a Medicare benefit is not payable it is then necessary to consider if the service is rendered for cosmetic reasons.
5. A ‘\*medical service’ will be ‘rendered for cosmetic reasons’ if it is predominantly performed for, or is rendered for the purpose of permitting, the improvement of the personal appearance of a patient, such as a face-lift. Whether a service is for cosmetic reasons must be evaluated on a case by case basis. Procedures that alter or enhance a patient's appearance but have no medical or reconstructive purpose are considered to be cosmetic and are taxable.

6. However, a procedure that is performed for medical or reconstructive reasons is not cosmetic and is GST-free. An example of this is skin grafting performed on a burn victim. A procedure will be for medical reasons if it is predominantly performed for, or is rendered for the purpose of permitting, the alteration of a significant defect in appearance caused by disease, trauma or congenital deformity and:

- a. it is recommended by a psychiatrist or psychologist as being necessary for the psychological wellbeing, or for the appropriate treatment of a psychiatric condition, of that patient, or
- b. the patient is less than 18 years of age and a defect is in an area of the body, which normally and usually would not be clothed.

7. The supply of some medical procedures cannot be rendered without the provision of anaesthesia. It is considered that the character of the service rendered by the anaesthetist is relative to facilitation of the medical procedure.

8. Where anaesthesia is provided as part of a procedure that is rendered for cosmetic reasons, the service of providing anaesthesia will not be GST-free.

9. Where a taxable and a GST-free procedure are performed within the same admission, reference should also be made to Issues 3.b.1 and 3.b.2 for supplies that require apportionment.