

## REIMBURSEMENT OF VAT ON DRUG AND CONSUMABLES

1. A representation has been received from an empanelled hospital against deduction of VAT charged on drugs and consumables. The following are clarified

(a) VAT charges are not admissible on package rates specified for various procedure/diagnostic tests or on charges for consultation, accommodation nursing and other hospital/OPD procedures.

(b) Cost of drugs and consumables are payable as per ACTUALS subject to the ceiling limit of MRP. Since MRP includes VAT, the same is admissible except for certain consumable, rates in respect of which are specified separately.

2. The above may please be disseminated to all concerned.

Sd/xxxxxx

Offg Dir (Med)  
For Managing Director

Authority :B/497783AG/ECHS/Re-imb 10 Dec 07