

Guidelines for the VAT treatment of Professional Health Services

Who should read these Guidelines?

This document is intended to provide guidance on the application of the VAT exemption for medical care provided by regulated professionals, including psychologists.

What is the legal basis of these Guidelines?

The VAT Act (Cap. 406, Laws of Malta) exempts the supply of services by a person in the exercise of any profession regulated by the Health Care Professions Act.

This provision emanates from article 132. 1.(c) of Council Directive 2006/112/EC (the principal VAT Directive) providing that Member States shall exempt the provision of medical care in the exercise of the medical and paramedical professions as defined by the Member State concerned.

In this regard, the VAT Department considers that these services, provided that they are limited to medical care, when provided by regulated professionals, even in the case of psychologists who are regulated in terms of the Psychology Profession Act, fall under the provision of the exemption.

Interpretation

For the purpose of applying the VAT rules correctly, “medical care” shall mean any service relating to the protection, maintenance or restoration of the health of the patient, including mental health.

It follows that, services provided by health professionals which are not primarily for the benefit of the patient do not fall under the exemption.

The Commissioner reserves the right to substitute, alter or withdraw these guidelines as necessary at any time.

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