

## **GST FREE DENTAL SUPPLIES**

Recent changes to the GST Act which come into effect from 1<sup>st</sup> July 2012 means that certain dental supplies and services supplied to a patient but paid for (directly) by a Health Fund, Insurer or Australian Government Agency will now be GST free.

Prior to 1<sup>st</sup> July 2012 it was possible under certain circumstances for a GST free dental procedure on a patient to become taxable because the patient didn't pay for the service and it was paid directly by the Health Fund. This is because the GST Act ignored the dental service being provided to the patient and focused on the financial transaction which was between the Health Fund and the dental surgery.

From the 1<sup>st</sup> July, 2012 if the dental treatment is GST free then it will remain GST free irrespective of whether it is paid directly by the patient or on the patients behalf by a Health Fund, Insurer or Australian Government Agency.

This change to the GST Act should avoid previous confusion in this area and it should be noted that it is not retrospective and that transactions prior to 1<sup>st</sup> July 2012 will remain with their treatment even if they were treated incorrectly (ie. No requirement to amend prior Business Activity Statements). Furthermore, it is possible for both the dental surgery and the Insurer to agree to continue treating the dental service as GST taxable if they wish to do so but both parties must be in agreement.