



**ATMS**

Australian Traditional-  
Medicine Society



# White Paper 5

## Understanding GST Exemptions

*for Natural Medicine Practitioners  
in Australia*

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# Executive Summary

Goods and Services Tax (GST) is a complex area for natural medicine practitioners in Australia, particularly because some modalities are GST-free while others are taxable. The rules are set out under Division 38 of the GST Act 1999 and interpreted through Australian Taxation Office (ATO) guidance and rulings.

For ATMS members, the key point is this: only services listed as GST-free under Division 38 and delivered by a recognised professional can be treated as GST-free. All other services must attract GST, regardless of practitioner belief or health fund recognition.

GST-free natural medicine modalities include acupuncture, Chinese herbal medicine, naturopathy, nutrition, chiropractic, and osteopathy. Other therapies such as aromatherapy and counselling are not GST-free and must include GST in their pricing. Remedial massage and myotherapy often cause confusion. While they are widely recognised by private health funds and may be eligible for rebates, under current GST legislation they are not classified as GST-free health services.



**Annie Gibbins**  
Chief Executive Officer.



To qualify for GST-free treatment, a practitioner must also meet the recognised professional requirement. This means being either AHPRA-registered (for regulated professions such as acupuncture, chiropractic, and osteopathy) or a member of a nationally representative professional association with uniform standards, such as ATMS. Importantly, the ATO has ruled that small sub-groups or associations without national reach do not meet this test.

Goods and products supplied in practice must also be treated carefully. Consumables used during a GST-free consultation may be GST-free, but any products dispensed to take home, such as supplements, tinctures, or oils, are generally taxable unless separately exempt under other provisions.

Failure to apply GST correctly can lead to serious consequences, including ATO audits, repayment of GST, administrative penalties of up to 75% of the shortfall, and reputational damage. ATMS continues to advocate for fairer treatment of natural medicine modalities under GST, but members must comply with the law as it stands today.

This paper provides a clear explanation of the rules, practical compliance steps, and real-world case examples to help members apply GST correctly. It also includes a compliance checklist and references to ATO rulings and legislation to support practitioners in safeguarding their professional standing and financial security.

# 1. Introduction

Natural medicine practitioners need to clearly understand GST obligations to remain compliant and avoid costly mistakes. Misapplication of GST can lead to Australian Taxation Office (ATO) audits, back-payments, penalties, and reputational damage.

For ATMS members, the key compliance issue is determining:

1. Whether your modality is classified as GST-free under the law.
2. Whether you meet the definition of a recognised professional for GST purposes.
3. Whether any goods or additional services supplied alongside treatment are also GST-free.

*“The fact that a service is eligible for private health fund rebates does not mean it is GST-free. Always check the ATO’s official list of GST-free health services.”*  
— Annie Gibbins, CEO, ATMS



## 2. Legislative Framework

The key provisions are found in:

- Division 38 of the GST Act 1999 – outlines exemptions for health services.
- ATO Ruling GSTR 2012/2 – provides guidance on when health supplies are GST-free.
- ATO Guidance on Health Goods and Services:
- ATO – GST and health

Two conditions must be satisfied for a supply to be GST-free:

1. The service must be listed as a GST-free health service under the legislation.
2. The service must be provided by a recognised professional.

If either condition is not met, GST must be charged.

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### 3. GST-Free Natural Medicine Modalities

The following modalities are GST-free when supplied by a recognised professional:

- Acupuncture provided by an AHPRA-registered Chinese medicine practitioner.
- Chinese Herbal Medicine (AHPRA-registered).
- Chiropractic.
- Naturopathy.
- Nutrition (when provided by a recognised professional such as an ATMS member).
- Osteopathy.

Other natural therapies, such as aromatherapy, counselling and Bowen therapy, are not listed as GST-free and are therefore taxable supplies.



## 4. Recognised Professional Requirement

A practitioner must be a recognised professional to apply GST exemption. This is defined as:

- Being registered under state or territory law (e.g. acupuncturists with AHPRA).
- OR being a member of a professional association that has a national structure, uniform entry standards, and represents the profession nationally.

ATMS fulfils this role for modalities not regulated under AHPRA. Membership with ATMS ensures that practitioners meet the national entry and professional standards required for GST-free recognition.

The ATO clarifies:

“A small specialist subgroup of an association with only 15 members is unlikely to be nationally representative. Therefore, its members are not recognised professionals and their services are not GST-free.”

## 5. Goods and Ancillary Service

- Consumables used during treatment (e.g. oils in massage, herbal tinctures consumed during consultation) are GST-free.
- Dispensed products taken away (e.g. vitamins, herbal tablets, homeopathic remedies) are not GST-free and attract GST, unless they qualify separately under the GST-free rules for medicines.

To qualify,

- The product has an ARTG listing, and
- The member is supplying it for a therapeutic use covered under the Health Goods Determination.

ATO Reference Guidance

- ATO GSTR 2012/2 - Goods and Services Tax: GST-free health supplies
- ATO Factsheet: GST and health – medicines and medical aids

## 6. Compliance Risks and Enforcement

Failure to correctly apply GST exposes practitioners to:

- ATO audits – the ATO actively monitors health service providers.
- Back payment of GST – if services were incorrectly treated as GST-free.
- Administrative penalties – ranging from 25% to 75% of the shortfall amount, depending on whether the error was careless, reckless, or intentional.
- Interest charges – applied to underpaid GST.
- Reputational damage – both with patients and with regulators.



## 7. ATO Case Examples

### Case Example 1 – Misclassification of Massage Services

A clinic advertised “therapeutic massage” as GST-free, despite not meeting the recognised professional requirement. The ATO determined that general massage is not GST-free. The business was required to repay several years of GST, plus penalties and interest.

### Case Example 2 – Small Association Not Recognised

A subgroup with only 15 members claimed that their naturopathy services were GST-free. However, the ATO found that the subgroup was not a nationally representative professional association. Because of this, its members were not considered “recognised professionals” for GST purposes. As a result, all naturopathy services supplied by these members had GST applied.



## 8. ATMS Advocacy

ATMS continues to:

- Engage with Treasury and the ATO to argue for equitable treatment of natural medicine.
- Support recognition of modalities currently excluded from GST-free status, such as remedial massage and other natural therapies with strong clinical evidence.
- Ensure our members are protected by maintaining strict entry standards and representing the profession nationally.



## 9. Implications for ATMS Members

For ATMS members, this means:

- If your modality is GST-free under Division 38 and you are an ATMS member, you can apply GST-free status to your consultations.
- If your modality is not listed as GST-free, you must charge GST, even if you are ATMS-accredited.
- You must be consistent: do not selectively charge GST for some clients and not others.
- Dispensed products are generally subject to GST.
- Misapplication risks audits, penalties, and loss of credibility.



## 10. Compliance Checklist for Members

- Confirm if your modality is listed as GST-free under Division 38 of the GST Act.
- Ensure you meet the recognised professional requirement – ATMS membership provides this assurance.
- Apply GST correctly: GST-free for eligible modalities, taxable for all others.
- Include GST on all non-GST-free goods, supplements, and therapies.
- Keep accurate records of GST decisions and invoices.
- Regularly review ATO guidance and ATMS updates.
- Seek professional accounting advice if unsure.



# Final Note

ATMS strictly checks that all affiliated providers are compliant with ASQA (vocational education) and TEQSA (higher education) requirements. Non-RTO providers, such as those offering Advanced Practitioner Programs, are assessed rigorously against ATMS's Professional Capabilities documentation to ensure standards equivalent to AQF-aligned qualifications.

This protects the public and ensures that only practitioners with valid qualifications can be recognised professionals eligible for GST-free health services.

## References

- [A New Tax System \(Goods and Services Tax\) Act 1999 \(Cth\) – Division 38.](#)
- ATO – [GST and health services.](#)
- ATO – [What is a recognised professional?](#)



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