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स्वास्थ्य अनुसंधान विभाग, स्वास्थ्य एवं परिवार
कल्याण मंत्रालय, भारत सरकार

Indian Council of Medical Research
Department of Health Research, Ministry of Health
and Family Welfare, Government of India

No.1/3/2002-Admin.II(CGHS)Pt/E.118974

Dated:25/07/2025

Office Memorandum

Subject: Clarification on Applicability of Tax Liability on Reimbursement of Medical Expenditure (Non-CGHS / CS (MA) Rules) and TDS Deduction on Payments to CGHS Empanelled Hospitals - reg.

A reference has been received from ICMR-NIE, Chennai vide their letter No. NIE/Estt./Income Tax/2024-25 dated 25th April 2024 seeking clarification on the applicability of tax liability on reimbursement of medical expenditure (Non-CGHS / CS (MA) Rules) paid to employees of ICMR-NIE and TDS on payments made to CGHS empanelled hospitals having MoU for cashless medical facilities.

The matter has been examined in detail, and the following clarifications are issued for information and necessary compliance:

1. Reimbursement of Medical Expenditure to Employees (Non-CGHS / CS (MA) Rules):
As per Point No. 2(ii)(a) and CBDT Circular No. 481 dated 20.02.1987 [F. No. 200/14/86-IT (AI)], reimbursement of medical expenditure under Non-CGHS / CS (MA) Rules to employees is not to be treated as a perquisite or 'income' under the head 'Salary' as per Section 17(2)(viii) of the Income Tax Act, 1961. Accordingly, such reimbursement shall not attract income tax under the salary head.
2. Payment to CGHS Empanelled Hospitals:
It is further clarified that while making payments to CGHS empanelled hospitals, TDS is required to be deducted under Section 194J of the Income Tax Act, 1961.

This issues with the approval of the Competent Authority for strict compliance by all concerned.

Digitally signed by
JAGDISH RAJESH
Date: 02-08-2025
11:26:08

(Jagdish Rajesh)
Deputy Director General(Admn.)

Copy to:

1. PS to DG/Addl. DG/Sr. DDG(A)/Sr. FA
2. All Directors/Directors-in-Charge
3. DDG(A)/ ADGs
4. MR Cell, ICMR Hqrs
5. Dr. M.S. Chalga, Sci-D with request to upload the same in ICMR website