

SC WARNS PHARMA FIRMS ON FREEBIES

Relevant for: Indian Polity | Topic: Judiciary in India: its Structure, Organization & Functioning, Judges of SC & High Courts, Judgments and related Issues

The Supreme Court on Tuesday held that “extravagant freebies” given to doctors, obviously in exchange for prescribing expensive medicine, cannot be used by pharmaceutical companies to claim benefits under the Income Tax Act.

Emoluments in the form of gifts, travel facilities, hospitality, cash or monetary grants are prohibited for doctors.

If laws treat such gifts as illegal, how can a pharma company claim tax benefits for offering them to doctors, a Bench of Justices U.U. Lalit and S. Ravindra Bhat asked in its judgment.

“The cost of supplying such freebies is usually factored into the drug, driving prices up,” the court said.

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