

State taxes imposed on veterinary sales and services

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Regulations and exemptions on sales tax/retail tax vary by state and even within a state. Due to the complexity of tax rules, this report provides only a **general overview** of sales taxes as they affect veterinary practice. AVMA updates this chart as tax laws are enacted and as information becomes available. Supplemental information has since been added to the chart. Additional information may be obtained at the Federation of Tax Administrators: <https://www.taxadmin.org/current-tax-rates>.

AVMA introduced the chart in 2003 when it conducted a survey on taxes imposed for veterinary sales and services. Forty veterinary medical associations responded. In some instances, providing comprehensive tax law packets while most provided yes/no responses. Most VMAs did not send separate information on service animals or food animals vs. companion animals.

- **Use tax:** Nearly all states reported one form or another of a **use tax** charged to veterinarians. Common taxable items would be drugs, medications, syringes, and miscellaneous medical supplies (consumables) used by veterinarians in rendering professional services. The supplier collects taxes on these items at the time of purchase. Rules vary among the states as to whether any of the taxes can be passed along to consumers.
- **Prescription drugs and vaccines:** In all but one state, **prescription** drugs, vaccines, and medicated products are **tax-exempt** to both the veterinarian and the client when administered in a clinic or by a veterinarian while providing a medical service. Most states allow drugs and health care items to be sold tax-exempt if dispensed by a veterinarian during a consultation and noted on the client record. (Refills likewise charted would also be tax-exempt.)
- **Non-prescription and OTC drugs or products:** Over 30 states reported that non-prescription products purchased through a veterinary clinic are considered retail purchases and sales tax must be charged and remitted to the state.
- **Taxes on veterinary services:** Currently only three states, Hawaii, New Mexico and South Dakota, collect tax on veterinary medical services, including routine exams and vaccinations. In July 2018, Kentucky will begin to collect tax on the gross receipts of small animal veterinary services. Nine states collect taxes on ancillary services such as grooming or boarding. In Iowa, grooming services are taxed, while boarding is not.
- **Taxes on durable medical equipment (DME):** Items exempted and justifications for exemption vary from state to state. DME generally exempt with or without a prescription in 14 states while 21 states and the District of Columbia generally exempt medical devices when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license and the remaining 10 states tax DME. Medical devices, supplies, etc. are tangible personal property so they are subject to sales or use tax unless an exemption applies. The tax status depends on whether it is: a) prescribed by a licensed medical provider, b) subject to the oversight of the FDA, or c) distributed by a hospital or licensed care facility. Differing rules and definitions that can make it difficult to stay abreast of this information. The 45 states that have a sales tax follow the FDA's definition of a medical device which is "an instrument, apparatus, implement, machine, contrivance, implant, in vitro reagent, or other similar or related article, including a component part, or

accessory which is: 1) recognized in the official National Formulary, or the United States Pharmacopoeia, or any supplement to them; intended for use in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment, or prevention of disease, in man or other animals, or intended to affect the structure or any function of the body of man or other animals, and which does not achieve any of its primary intended purposes through chemical action within or on the body of man or other animals and which is not dependent upon being metabolized for the achievement of any of its primary intended purposes."

State Tax Information Summary

This report primarily deals with taxes levied on products and services for companion animals. No tax is levied on animal products or services in Alaska, Delaware, Maryland, Montana, New Hampshire, Oregon, Puerto Rico or Texas. Note five states do not have a sales and use tax: Alaska, Delaware, Montana, New Hampshire and Oregon.

STATE	Sales Tax Non-script Products	Sales Tax Companion Animal Script	Sales Tax Food Animal Script	Veterinary Medical Services	Durable Medical Equipment	Ancillary services- grooming, boarding (non- medical)	Additional taxes & notes "use" tax paid by veterinarian "retail" paid by consumer
Alabama	Y	N	N	N	Y	N	Use tax on drugs administered in clinic; Sales tax on prescriptions taken out. DME is subject to tax unless the item is used for the treatment of illness or injury or to replace all or part of a limb or internal body part, purchased by or on behalf of an individual pursuant to a valid prescription, and covered by and billed to Medicare, Medicaid, or a health benefit plan. The exemption includes, but is not limited to, any of the following DME including repair parts and the disposable or single patient use supplies required for the use of the equipment; medical oxygen and related equipment and supplies; prosthetic and orthotic devices; and medical supplies, as defined and covered under the Medicare program, including, but not limited to, items such as catheters, catheter supplies, ostomy bags and supplies related to ostomy care, specialized wound care products, and similar items that are covered by and billed to Medicare, Medicaid, or a health benefit plan.
Arizona	Y	N	N	N	Exempt when sold on a prescription	N	DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.

Arkansas	Y	N	N	N	Exempt when sold on a prescription	Y	Vaccines and medications are not subject to sales or use tax if sold to producers of livestock or poultry. DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
California	Y	N	N	N	Exempt when sold on a prescription	N	DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
Colorado	Y	N	N	N	Exempt when sold on a prescription	N*	No state tax on prescriptions; some municipalities charge tax on prescriptions. Non-prescription agricultural compounds are subject to sales tax through 6/30/13. Exempt are vaccines for livestock, items sold and used in treatment if they leave hospital on the patient, items for insulin administration, and urine and blood testing strips and kits. DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
Connecticut	N	N	N	N	N	Y (except if such services are provided as an integral part of professional veterinary services, and pet obedience services)	Use tax on consumables used in practice, not on prescriptions. DME generally exempt with or without a prescription
Florida	N	N	N	N	Exempt when sold on a prescription	N*	Use tax on taxable items and services used in practice. Certain items purchased for use in providing boarding or grooming, such as food, brushes and disinfectants are taxable. Animal foods that are required by federal or state law to be dispensed only by a prescription or considered therapeutic veterinary diets are exempt. DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.

Georgia	Y	N	N	N	Y	N	Tax on prescriptions is passed to consumer. Exemptions apply to the sale or use of any DME or prosthetic device sold or used pursuant to a prescription, and to the sale or use of all mobility enhancing equipment prescribed by a physician.
Hawaii	Y	N	N	Y	Exempt when sold on a prescription	Y	4% "excise" tax on all goods & services. DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
Idaho	Y	N	N	N	Exempt when sold on a prescription	N	DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
Illinois	Y*	Y*	Y*	N	Y	N	1% tax on all non-prescription and prescription products DVMs pay a use tax on cost of items transferred to clients as medical service. No tax or registration if there is no retail product. Sales of prescription products that can also be purchased without a prescription in pet stores or from internet sellers are subject to sales tax. DME is taxed at a 1% reduced rate.
Indiana	Y	N	N	N	Exempt when sold on a prescription	Y	Sales tax is due on pet foods and supplies sold for use by healthy animals, including pet identification cards, microchips, scanners, and collar tags. Free microchips are subject to use tax. Prescription diets necessary to correct a medical condition are not taxed. Separate insurance and service fees are not subject to sales tax. DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
Iowa	Y	N	N	N	Exempt when sold on a prescription	Y*	Use tax on drugs used in clinic. Retail tax on drugs taken out. *On grooming -yes, boarding - no. DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.

Kansas	Y	N	N	N*	Exempt when sold on a prescription	Y*	DOR 2006 letter clarifies. Exempt: pet boarding services and small animal vaccines. Taxable: grooming and other non-prescription medicine/products. DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
Kentucky	Y	Y	N	Y*	Exempt when sold on a prescription	N	Veterinarians are consumers of items used in rendering medical services, with sales and use tax due on the purchase price. *Effective July 1, 2018, veterinarians are required to pay a 6% tax on the gross receipts of small animal veterinary services. Equine and food animal veterinary service are exempted.
Louisiana	Y	N	N	N	Exempt when sold on a prescription	N	Tax varies from district to district. Dist. 6 has professional license tax of 1% of gross. DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
Maine	Y	N	N	N	N	N	Use tax on drugs used in clinic. Antiseptics and cleaning agents used in commercial animal agricultural production are exempt from sales tax. DME generally exempt with or without a prescription
Maryland	N	N	N	N	Exempt when sold on a prescription	N	DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
Massachusetts	Y	N	N	N	Exempt when sold on a prescription	N	DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
Michigan	Y	N	N	N	Exempt when sold on a prescription	N	Use tax on drugs used in clinic. Retail tax on drugs taken out. DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
Minnesota	N	N	N	N	Y	Y	All drugs and supplies are taxable either to the veterinarian or client.

							DME is generally subject to tax unless it's sold for home use or is paid for or reimbursed by Medicare or Medicaid, regardless of whether sold for home use.
Mississippi	Y	N	N	N	Y	N	A prescription is required for the allowed DME exemptions for home medical equipment/supplies, prosthetics, orthotics, hearing aids, hearing devices, prescription eyeglasses, oxygen and oxygen equipment if prescribed and paid for under Medicare/Medicaid; durable medical equipment and home medical supplies if prescribed.
Missouri	Y	N	N	N	N	N	Prescriptions qualify only when it says: "can only be legally dispensed by a licensed pharmacist only upon a lawful prescription of a practitioner licensed to administer those items". Legend drug sales which can only be sold by doctor's prescription are exempt. Non-legend drug sales which may be sold with or without a doctor's prescription are taxable. The fact that a buyer has a prescription from a doctor does not automatically exempt the sale. DME generally exempt with or without a prescription
Nebraska	Y	N	N	N	Y	N*	No sales tax on specialty services performed on livestock. 2009 law exempts animal grooming performed by a licensed veterinarian or a licensed veterinary technician <i>in conjunction with medical treatment</i> . A prescription is required for DME and mobility enhancing equipment, home medical supplies, oxygen equipment, and prosthetic devices and they must be of the type eligible for coverage under the medical assistance program established pursuant to the Medical Assistance Act.
Nevada	Y	N	N	N	N	N	Veterinarians must collect sales tax on retail price which is itemized on invoice. Items such as dog food, injections (drugs), vitamins and other pet supplies are taxable at retail. If the bill is not itemized, it is considered bundled and the entire transaction is subject to the tax. DME generally exempt with or without a prescription

New Jersey	N	N	N	N	N	Y*	Tangible items a client can physically take possession of, for which a separate charge is made, are taxable to the client. Nontangible items (injectibles, for example), are taxable to the veterinary business. Tangible items which are not accounted for separately and are included with the professional service (sutures, bandages, etc.) are taxable to the veterinary business, not to the client. DME generally exempt with or without a prescription
New Mexico	Y	N	N	Y	Y	Y*	All aspects of veterinary income are taxable as "Gross Receipts Tax," except for feeding, handling or boarding livestock. DME is <u>exempt only if</u> delivered by a licensed practitioner incidental to the provision of a service and the value of the device is included in the cost of the service.
New York	N	N	N	N	N	Y	DME generally exempt with or without a prescription
North Carolina					Exempt when sold on a prescription		DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
North Dakota	Y	N	N	N	N	N	No sales tax on products for food animals. DME generally exempt with or without a prescription
Ohio	Y	N	N	N	Y	N	Veterinarian pays sales tax when purchasing from supplier. Same for OTC, except that veterinarian collects sales tax from client for medication purchased for resale. Medications used in agricultural production are exempt. DME requires a prescription for exemption unless the item is medical oxygen and medical oxygen-dispensing equipment, not sold for home use, and is purchased by hospitals, nursing homes, or other medical facilities.
Oklahoma	Y	N	N	N	Exempt when sold on a prescription	N	DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.

Pennsylvania	N	N	N	N	N	N*	Grooming is exempt if performed by a veterinarian for purpose of or incidental to medical treatment. DME generally exempt with or without a prescription
Rhode Island	Y	N	N	N	N	Y	Taxable: boarding, grooming, pet sitting, and pet training, hygiene products and dietary supplements. Exempt: Analgesics, hypo syringes and needles. DME generally exempt with or without a prescription
South Carolina	Y	N	N	N	Y	N	DME is generally subject to tax unless the item is paid directly by funds of South Carolina or the United States under the Medicaid or Medicare programs, state or federal law or regulation authorizing the payment prohibits payment of the sales or use tax, and the equipment is sold by a provider who holds a South Carolina retail sales license and whose principal place of business is located in the state.
South Dakota	Y	N	N	Y	Exempt when sold on a prescription	Y	DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
Tennessee	Y	N	N	N	N	N	Use tax on prescriptions cannot be passed to client. Client pays tax on non-script purchases. DME generally exempt with or without a prescription
Texas	N	N	N	N	Exempt when sold on a prescription	N*	Taxable: grooming for cosmetic purposes unless it's part of medical treatment. DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
Utah	Y	N	N	N	Exempt when sold on a prescription	N	DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
Vermont	N	N	N	N	N	N	Exempt: Veterinary supplies. Click here for the Tax Department's explanation of what is included in the "veterinary supplies" exemption. DME generally exempt with or without a prescription
Virginia	N	N	N	N	N	N	2006 law exempts medicines for commercial farm animals from sales and use tax. Consumer is not

							charged tax on prescription foods and flea control products only available after veterinary exam is conducted. DME generally exempt with or without a prescription
West Virginia	Y	N	N	N	Exempt when sold on a prescription	Y	2009 law specifically exempts from the consumers sales and service tax drugs purchased by veterinarians to be dispensed upon prescription for the medical treatment of animals. DME is generally exempt when sold on a written prescription provided by an individual who is required to hold, and actively holds, a state license.
Washington	Y	N	N	N	Y	N	Prescriptions are exempt if administered; taxed if taken home. DME is generally subject to tax.
Wisconsin	Y	N	N	N	N	Y	No sales tax to client on “medicated” products purchased in clinic, but veterinarian pays sales tax. DME generally exempt with or without a prescription
Wyoming	Y	N	N	N	N	N	DME generally exempt with or without a prescription