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**DEPARTMENT OF STATE REVENUE**  
**Information Bulletin #48A**  
**Sales Tax**  
**February 2010**  
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**DISCLAIMER:** Informational bulletins are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules, and court decisions. Any information that is not consistent with the law, regulations, or court decisions is not binding on either the Department or the taxpayer. Therefore, the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.

**SUBJECT:** Sales Tax Application to Veterinary Profession

**EFFECTIVE DATE:** Upon Publication

**REFERENCE:** [IC 6-2.5-1-17](#); [IC 6-2.5-1-23](#); [IC 6-2.5-5-19](#)

## **I. DEFINITIONS**

Legend drug – means a drug that has the legend "may only be dispensed by a veterinarian," "may only be sold through a veterinarian," or "may only be sold by a prescription" or words to that effect.

Licensed practitioner – means a veterinarian licensed by the State of Indiana to prescribe, dispense, and administer drugs, medical equipment, or other supplies to animals in the ordinary course of the veterinarian's professional practice.

Licensed dispenser – means only those persons licensed or registered by the State of Indiana to fit and/or dispense durable medical equipment, medical devices, drugs, or other medical supplies upon the prescription of a licensed practitioner.

Prescribe – means the issuance by a licensed practitioner of a certificate in writing or a notation in the patient's medical record that the use of the drugs and medications, vaccines, durable medical equipment, medical supplies, and medical devices is necessary to the patient in order to correct or alleviate a condition brought about by injury to, malfunction of, or removal of a portion of the patient's body.

Client – means the person responsible for the patient's daily care.

Patient – means any animal, bird, or fish that is examined, diagnosed, or treated by a licensed practitioner.

## **II. SALES OF DURABLE MEDICAL EQUIPMENT, DEVICES, DRUGS, AND OTHER SUPPLIES**

### **A. Sales to Clients**

The following sales and/or rental of medical equipment, devices, drugs, and other medical supplies are exempt from Indiana Sales or Use Tax provided such medical equipment, etc., is prescribed by a licensed practitioner:

- (1) Sales of drugs by a registered pharmacist or by a licensed practitioner
- (2) Sales of other durable medical equipment, vaccines, medical supplies, and/or devices, which are required to correct or alleviate injury to, malfunction of, or removal of a portion of a patient's body
- (3) Sales of repair and maintenance parts for the above durable medical equipment
- (4) Sales of insulin, oxygen, blood, or blood plasma if purchased for medical purposes
- (5) Sales of syringes or other instruments used to administer insulin

### **B. Sales to Licensed Practitioners**

In general, all purchases of tangible personal property by a licensed practitioner are subject to sales tax. However, an exemption is afforded to sales of certain drugs, vaccines, insulin, oxygen, blood, or blood plasma.

Sales to licensed practitioners of legend drugs, insulin, oxygen, blood, or blood plasma are exempt from the sales tax if the licensed practitioner buys such items for direct consumption in the course of rendering professional service.

The purchase of food by veterinarians for use in feeding animals or other pets kept on the premises is subject to sales tax at the time of purchase. Sales tax must be collected on the sale of pet food and supplies used to treat healthy patients. Charges made for housing such animals are not taxable. Prescription diets, including those diets necessary to correct or alleviate a particular medical condition, are not taxable. Maintenance diets to maintain an animal's good health are taxable.

### **III. GENERAL PURCHASES BY LICENSED PRACTITIONERS**

Sales tax applies to the following purchase transactions made by licensed practitioners:

- (1) All office furniture, equipment, and supplies
- (2) Non-legend drugs, when not purchased for resale
- (3) Surgical instruments, equipment, and supplies
- (4) X-ray, diathermy, or diagnostic equipment, or any other apparatus used in the practice of surgery or veterinary medicine

If the purchase of taxable items by the licensed practitioner is made outside the State of Indiana and sales tax is not charged thereon, the purchaser becomes liable for the use tax and must remit it directly to the Department. A practitioner who is a registered retail merchant should report the use tax on the sales tax return. Otherwise, the use tax may be paid when the licensed practitioner files an annual income tax return.

### **IV. REGISTRATION REQUIREMENTS**

The rendering of professional service by a licensed practitioner is not subject to sales tax. A licensed practitioner is not required to become registered as a retail merchant provided the licensed practitioner is not engaged in making retail sales.

A licensed practitioner who purchases tangible personal property subject to sales tax (nonprescription drugs, bandages, etc.), but intends to resell the property to a client, may make such purchases exempt from sales tax by using an exemption certificate.

To resell such items, the licensed practitioner must be licensed as a retail merchant and must quote the selling price of any items separately from the charges for professional services. Sales tax must be collected from the client on the separately stated charges for such items.

The fact that a professional practice is carried on through the formation of a corporation or other entity does not change the status of professional services rendered in relation to sales tax liability or exemption.

John Eckart  
Commissioner

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