
DEPARTMENT OF STATE REVENUE**Information Bulletin #48
Sales Tax
July 2013
(Replaces Bulletin #48 Dated August 2008)
Effective Date July 1, 2013**

SUBJECT: Sales Tax Application to Medical Profession

REFERENCES: [IC 6-2.5-1-17](#), [IC 6-2.5-1-18](#), [IC 6-2.5-1-22](#), [IC 6-2.5-1-23](#), [IC 6-2.5-1-25](#), [IC 6-2.5-5-18](#), [IC 6-2.5-5-19](#), [IC 6-2.5-5-19.5](#)

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SUMMARY OF CHANGES

Aside from nonsubstantive, technical changes, this version of the bulletin has been changed to include an exemption from sales and use tax for blood glucose monitoring supplies as enacted by SEA 608-2013. Additionally, information related to veterinarians has been removed and will be incorporated into Sales Tax Information Bulletin #48A. Information related to nonprofit organization purchases of meals for shut-ins has been removed and will be incorporated into Sales Tax Information Bulletin #10.

DEFINITIONS

For purposes of this bulletin, "licensed practitioner" means a doctor, dentist, or other practitioner licensed by the State of Indiana to prescribe, dispense, and administer drugs to human beings in the ordinary course of his professional practice.

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

"Prescribe" means the issuance by a licensed practitioner of a certificate in writing that the use of the drugs, medications, durable medical equipment, supplies, or devices is necessary for the purchaser to correct or alleviate a condition brought about by injury to, malfunction of, or removal of a portion of the purchaser's body.

SALES OF DURABLE MEDICAL EQUIPMENT, DEVICES, DRUGS, AND OTHER SUPPLIES**I. Sales to Patients**

The following sales and/or rental of durable medical equipment, devices, drugs, and other supplies are exempt from Indiana sales and use tax provided such durable medical equipment, devices, drugs, and other supplies are prescribed by a licensed practitioner:

- Sales of artificial limbs;
- Sales of orthopedic devices designed to correct deformities and/or injuries to the human skeletal system including the spine, joints, bones, cartilages, ligaments, and muscles;
- Sales of dental prosthetic devices used for the replacement of missing teeth such as bridges and artificial dentures;
- Sales of corrective eyeglasses and contact lenses;
- Sales of drugs by a registered pharmacist or licensed practitioner;
- Sales of durable medical equipment that can stand repeated use; is primarily used to serve a medical purpose; is generally not useful to a person in the absence of an illness or injury; is not worn in or on the body; and is directly required to correct or alleviate injury to, malfunction of, or removal of a portion of the human body; and
- Sales of repair and replacement parts for the previously mentioned durable medical equipment.

Other items exempt from sales tax even when not prescribed include:

- Sales of hearing aids worn on the human body designed for aiding, improving, or correcting defective human hearing if fitted or dispensed by a person licensed or registered for that purpose;

- Sales of colostomy and ileostomy bags and equipment;
- Sales of insulin, oxygen, blood, or blood plasma if purchased for medical purposes;
- Sales of syringes or other instruments used to administer insulin; and
- Sales of blood glucose monitoring supplies.

Sales of blood glucose monitoring supplies are exempt from sales tax, regardless of whether they are sold pursuant to a prescription or are sold by a licensed practitioner to one of her patients. A "blood glucose monitoring supply" means blood glucose meters, measuring strips, lancets, and other similar diabetic supplies furnished with or without charge.

The blood glucose monitoring supply sales tax exemption also applies to both the packaging and literature that accompany a blood glucose monitoring supply as well as any tangible personal property that will be processed, manufactured, or incorporated into either the blood glucose monitoring supply or the packaging or literature with which it comes.

II. 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 purchases of blood glucose monitoring supplies (discussed previously), certain drugs, insulin, oxygen, blood, and blood plasma.

Purchases by licensed practitioners of drugs that can be sold only by prescription are exempt from sales tax if the practitioner buys the drugs for direct consumption in the course of rendering professional services.

Purchases by licensed practitioners of insulin, oxygen, blood, and blood plasma are exempt from the sales tax if the practitioner buys such items for direct consumption in the course of rendering professional services.

Drugs, insulin, oxygen, blood, and blood plasma consumed in the course of rendering professional services are those drugs, etc. that are administered by a licensed practitioner or agent including the furnishing of such drugs as a part of a single charge for professional service.

GENERAL PURCHASES BY LICENSED PRACTITIONERS

Sales tax shall apply to the following purchases made by licensed practitioners:

- All office furniture, equipment, and supplies;
- Drugs not requiring a prescription and used by the practitioner in the course of rendering services;
- Surgical instruments, equipment, and supplies;
- Bandages, splints, and all other medical supplies consumed in professional use; and
- X-ray, diathermy, diagnostic equipment, or any other apparatus used in the practice of surgery or medicine.

If the purchase of taxable items by the practitioner is made where sales tax is not charged, the practitioner becomes liable for the use tax and must remit it directly to the Department of Revenue. A practitioner who is a registered retail merchant should report the use tax on his sales tax return. Otherwise, the tax may be paid with the practitioner's annual income tax return.

REGISTRATION REQUIREMENTS: RENDERING PROFESSIONAL SERVICE

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

A licensed practitioner who purchases tangible personal property subject to sales tax (such as nonprescription drugs, bandages, etc.) but intends to resell such property to a patient may make such purchases exempt from sales tax by using an Indiana exemption certificate. To resell such items, the practitioner must be licensed as a retail merchant and must quote the selling price of any items separately from the charge for professional service. Sales tax must then be collected from the patient on the separately stated charges for such items.

If the practitioner does not separately state the charges for the supplies when billing the patient, the practitioner is liable for the sales/use tax when the licensed practitioner purchases the supplies.

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

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