

## DEPARTMENT OF STATE REVENUE

**Information Bulletin #43**  
**Sales Tax**  
**April 2023**  
**Effective Date: April 2022**  
**(Replaces Bulletin #43, dated April 2022)**

**SUBJECT:** Comprehensive Care Facilities (Nursing Homes)

**REFERENCES:** [IC 6-2.5-1-11.5](#); [IC 6-2.5-4](#); [IC 6-2.5-5-18](#); [IC 6-2.5-5-19](#); [IC 16-18-2](#); [IC 16-28-2.5-3](#)

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**SUMMARY OF CHANGES**

Apart from technical, nonsubstantive changes, this bulletin has been changed to include a new introduction section.

**INTRODUCTION**

The purpose of this bulletin is to explain the circumstances under which nursing homes in Indiana are or are not required to register as a retail merchant.

**NURSING HOMES NOT REQUIRED TO REGISTER AS AN INDIANA RETAIL MERCHANT**

A nursing home located in Indiana is not required to register as an Indiana Retail Merchant and collect sales tax in regard to provided health care services to its resident patients for a fixed sum. For the purposes of this bulletin, the term "nursing home" means those facilities which qualify as "comprehensive care facilities" as defined in [IC 16-28-2.5-3](#).

Meals, linens, or other tangible personal property normally furnished to the patient as a part of fixed fee charges to the patient are considered to be a *de minimis* part of the service (not exceeding 10% of the total charge) and are therefore not subject to the collection of sales tax from the patient.

All purchases by nursing homes of supplies, medicines, equipment furnishings, or other tangible personal property or taxable services to be used or consumed in the operation of the nursing home are subject to sales tax at the time of purchase by the nursing home. The purchase of grocery type food which is exempted by statute is not subject to sales tax. As such, nursing homes providing health care services for a fixed sum are not authorized to issue exemption certificates for any of its purchases.

Sales of nonlegend drugs (which are "drugs" (as defined in [IC 6-2.5-1-17](#)) that are not "legend drugs" (as defined in 16-18-2-199)) are exempt from the sales tax if the nonlegend drug is dispensed upon an original prescription or drug order, and the user of the drug is a person confined to a nursing home.

**NURSING HOMES REQUIRED TO REGISTER AS AN INDIANA RETAIL MERCHANT**

If the nursing home conducts the sale or leasing of tangible personal property to employees or persons other than their patients of the nursing home (such as the sale of meals to visitors and guests), or sells or leases property (such as medicine, clothing, supplies, television sets, etc.) to its patients which is separately billed or charged, the nursing home must register as an Indiana Retail Merchant and must collect and remit Indiana sales tax on such transactions.

Tangible personal property which is purchased by the nursing home for sale or rental purposes as outlined in the preceding paragraph is not subject to sales tax at the time of purchase, and the nursing home registered as an Indiana Retail Merchant may issue exemption certificates at such time for such purposes (either Form ST-105, or the Streamlined Sales Tax exemption certificate (SSTGB Form F0003)).

If you have any questions concerning this bulletin, please contact the Tax Policy Division at [taxpolicy@dor.in.gov](mailto:taxpolicy@dor.in.gov).

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