This fact sheet describes how sales tax applies to sales and purchases made by dentists.

**What’s New in 2013**

Starting July 1, 2013, disposable or single-patient use items used with prosthetic devices are exempt from sales tax.

Dental services are not subject to sales or use tax. This includes services performed by licensed dentists engaged in general or specialized dentistry, orthodontists, dental surgeons, and other licensed practitioners.

However, certain sales by dentist are taxable. Examples of taxable sales by a dentist include:

- Tooth bleaching agents and trays (including white-strips)
- Athletic sport mouth guards
- Powered toothbrushes

Health care facilities such as dental clinics, physicians’ offices, and any other medical facilities that do not qualify as exempt organizations, must pay sales or use tax on the purchase, lease or rental of most taxable items, such as:

- medical equipment, including disposable medical equipment and supplies
- administrative supplies and equipment such as computers, software, furniture, safety equipment, toys and books
- medical manuals, books, charts and pamphlets
- laboratory supplies and equipment
- taxable services such as building and grounds cleaning and maintenance, laundry and paging services

The seller generally charges sales tax at the time of sale. However, if the seller does not charge Minnesota sales tax on equipment, supplies, or other taxable items used in your business, you must pay use tax. Use tax is due on your cost of the item. Report state and local use tax electronically at the same time you file your sales and use tax return. See Fact Sheet 146, Use Tax for Businesses, for more information.

**Medical supplies**

Purchases of medical supplies by a licensed dentist are exempt from tax if they are used directly on patients as part of treatment. This exemption applies to adhesive and non-adhesive bandages, gauze pads and strips, cotton applicators (Q-tips), antiseptics, nonprescription drugs, and other similar supplies used directly on patients in providing dental services.

This exemption does not apply to items such as disposables (shields/bibs, sleeve covers, head covers, tongue depressors). Even though these items have direct contact with the patient, they are not used as part of treatment, but rather are used for sanitary purposes.

Medical supplies do not include durable medical equipment, repair or replacement parts for durable medical equipment, or disposable medical equipment. Disposable or single use dental equipment and surgical instruments do not qualify for the medical supplies exemption. Other items that are not included in the exemption are laboratory supplies, radiological supplies, and other items used in providing dental services. Refer to Fact Sheet 117B, Durable Medical Equipment for more information.

Needles and syringes (disposable) qualify for the medical supplies exemption provided they are used to treat a patient. For example, a needle used to give novocaine qualifies for the medical supplies exemption, because it is used to treat the patient. However, a needle or syringe used to draw blood for testing purposes does not qualify for the exemption, because it is used in diagnosis rather than the treatment of the patient.

**Prosthetic devices**

Prosthetic devices are exempt from sales tax. An item qualifies as a prosthetic device if it meets one of the three criteria listed in the definition below.
“Prosthetic device” means a replacement, corrective, or supportive device, including repair and replacement parts, worn on or in the body to:

- artificially replace a missing portion of the body;
- prevent or correct physical deformity or malfunction; or
- support a weak or deformed portion of the body.

**Repair and replacement parts.** Repair and replacement parts for prosthetic devices are also exempt. Beginning July 1, 2013, disposable or single patient use items used in conjunction with prosthetic devices are exempt. Prior to July 1, 2013, these items were taxable. Refer to Fact Sheet 117D, Prosthetic Devices for more information.

**Drugs**

“Drug” means a compound, substance, or preparation, and any component of a compound, substance, or preparation, other than food and food ingredients, dietary supplements, or alcoholic beverages, that is:

- recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them;
- intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease; or
- intended to affect the structure or any function of the body.

“Over-the-counter-drug” means a drug that contains a label that identifies the product as a drug as required by Code of Federal Regulations, title 21, section 201.66. The label must include:

- a “Drug Facts” panel; or
- a statement of active ingredients with a list of those ingredients contained in the compound, substance or preparation.

All drugs for human use, including prescribed drugs and over-the-counter drugs are exempt. Refer to Fact Sheet 117A, Drugs for more information.

Over-the-counter drugs do not include grooming and hygiene products, regardless of whether they otherwise meet the definition. “Grooming and hygiene products” are soaps, cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens. Refer to Fact Sheet 117F, Grooming and Hygiene Products for more information.

Vitamins and minerals are not included in the definition of over-the-counter drugs. They are taxable as dietary supplements. Refer to Fact Sheet 102E, Dietary Supplements for additional information.

**Examples of exempt items include:**

### Prosthetics
- artificial teeth
- acrylic, including tints
- complete dentures
- partial denture
- crowns and/or bridges (gold, porcelain, stainless steel, resin, aluminum)
- porcelain
- denture reline materials
- clasp and bar wire
- occlusal mouth guards

### Restorative
- silver amalgam
- mercury
- composite restoratives
- pulp protective bases
- glass monomer cements and restoratives
- adhesives
- pit and fissure sealant
- cavity lining varnishes
- gold
- cements
- metal retention pins
- endodontic posts

### Endodontics
- points (gutta percha, paper, silver)
- root canal sealer
- formocresol

### Surgery
- implants
- bone materials
- bone plate systems
- hemostatic pack agents

### Orthodontics
- acrylic retainers
- metal and elastic bands
- brackets
- tubes
- hooks
- springs
- buttons
- cleats
- face bows
- wire
- space maintainers
- positioners

### Prescription Drugs (administered)
- local anesthetics
- topical anesthetics
- antibiotics
- nitrous oxide
- medical grade oxygen
- fluoride (prescription dose)
- pain medication
- sedation drugs
- general anesthetic drugs, gases
- tooth bleaching agents

### Medical supply items used directly on patients as part of treatment
- cotton applicators
- fluoride
- dental oral hygiene products (dental floss, mouthwash, prophylactic paste)
- gauze pads
- tooth bleaching agents
- topical anesthetics

### Clothing
- gloves (nitrile, latex, cloth)
- scrubs
- lab coats
Examples of taxable items include:

- Cleaning supplies and chemicals
- Communication devices
- Composite tips
- Copies of medical records
- Cups for dispensing medications
- Dental health educational products
- Dental models
- Dental products given to the patient to take home (oral hygiene products, dental floss, mouthwash, toothbrushes, toothpaste)
- Dental tools and equipment
- Digital x-ray equipment, sensors and disposable sensor sheaths
- Disinfecting fluid and surface sanitizers
- Disposable equipment and tools, including single use prophy angles and disposable mirrors
- Disposable sanitary and protective items (shields/bibs, sleeve covers, head covers)
- Face masks
- Filter masks
- First-aid products and kits
- Gifts and promotional items
- Impression materials and trays
- Laboratory equipment, supplies and reagents
- Medical forms and records (including retrieval fee)
- Medication dispensers
- Oxygen tanks (for non-medical use)
- Pouches (purchased by the dentist in transporting plaster impressions to dental labs)
- Tongue depressors
- Tooth polishing cups/brushes
- Trays
- Whitening products given to patients to take home
- X-ray equipment and film (bite wing pressure tabs)

Taxable sales
Examples of taxable sales by dentists:

- Tooth bleaching agents and trays
- Athletic sport mouth guards
- Toothbrushes
- Mouthwash and toothpaste unless the product can only be obtained with a prescription written by a health care professional, then the product is exempt as the sale of a drug.

Medical records
Charges for copies of medical records by health care facilities are taxable. The taxable amount includes retrieval fees even if these fees are separately stated on the invoice.

Local sales and use taxes
If you are located in an area with a local tax, local sales or use tax may also be due. Local taxes are listed and explained in detail in Fact Sheet 164, Local Sales and Use Taxes.

Equipment sales
If you sell or lease equipment or other items that were used in your business, the sale may be subject to tax. For additional information, see Fact Sheet 132, Occasional Sales of Business Equipment and Goods.

How to report sales and use tax
Report state and local sales and use taxes electronically over the Internet at www.revenue.state.mn.us. If you don’t have Internet access, you can file by phone. Call 1-800-570-3329. See the Sales and Use Tax Instruction Booklet for more information.

MinnesotaCare tax applies to gross revenues received for dental services. Information about the MinnesotaCare tax is available on our website. You may also write or call:

minnesotacare.tax@state.mn.us, or

MinnesotaCare Tax Division
Minnesota Department of Revenue
Mail Station 6100
St. Paul, MN 55146-6100
Phone: 651-282-5533

References:
M. S. 297A.67, Subd. 7, Drugs, Medical Devices
M. S. 297A.67, Subd. 8, Clothing
M. S. 297A.68, Subd. 28, Medical Supplies

Other fact sheets you may need:
Drugs, #117A
Durable Medical Equipment, #117B
Mobility Enhancing Equipment, #117C
Prosthetic Devices, #117D
Health Product Exemptions, #117E
Grooming and Hygiene Products, #117F
Use Tax for Businesses, #146
Local Sales and Use Taxes, #164
Health Care Facilities, #172