

Dentists

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Sales Tax
Fact Sheet

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, prophylaxis 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 prophylaxis 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