
NEVADA DEPARTMENT OF TAXATION

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Tax Bulletin SUT 16-0006 Issue Date: August 15, 2016 Veterinarian Transactions

Introduction

This purpose of this bulletin is to provide accurate information pertaining to the taxability of veterinarian transactions and also resolve any confusion that may exist.

Statutes and/or Regulations Referenced

NRS 372.050, NRS 372.055, NRS 372.065, NAC 372.045

Overview

In diagnosing and treating medical conditions of animals, a licensed veterinarian provides both services and products. Charges to a client for the professional services are not taxable. If an invoice itemizes charges for services only, then no sales tax applies. However, a veterinarian must collect sales tax on charges for tangible personal property provided or supplied to a client at a mark-up. If an invoice itemizes any charges for tangible personal property, then sales tax must be collected on the retail price of each item of tangible personal property.

A veterinarian's invoice to a client should separately itemize any charges for services and any charges for tangible personal property, and the veterinarian should collect sales tax from the client on the retail price for each item of tangible personal property. If a veterinarian's invoice to a client contains one non-itemized price, then the entire price on the invoice may be subject to sale tax unless the value of any tangible personal property is less than 10% of the total invoice price. In such a case, the veterinarian will owe a use tax for any tangible personal property used in the performance of the professional services (if the veterinarian paid sales tax at the time of purchase that can be deducted from the use tax).

A veterinarian is the retailer of tangible personal property for use in the treatment of animals

Veterinarians are considered the retailers of the tangible personal property they use in the treatment of animals and, as such, are required to collect and report the sales tax on the sale of these items pursuant to NRS 372.055. Accordingly, veterinarians should issue invoices to their customers with charges for services stated separately from retail sales. Veterinarians must

collect sales tax from the customer on the sale of tangible personal property and remit it to the State of Nevada.

Multiple items sold for one price

When veterinarians make a sale of tangible personal property that includes taxable items and non-taxable items or services, then the entire amount of the sales price could be taxable if the items are not separately stated to the customer. Pursuant to NRS 372.065, sales tax is imposed on the sales price of the tangible personal property which includes any services that are a part of the sale. If a service provided by a veterinarian is included with the retail sale of tangible personal property in one transaction for a non-itemized price, the amount of the entire transaction could be subject to sales tax unless the value of any tangible personal property is less than 10% of the total invoice price. To avoid this consequence, veterinarians should issue invoices to their customers that itemize any charges for services separately from any charges for tangible personal property.

Retail sales of tangible personal property by veterinarians

NRS 372.050 provides that a retail sale means a sale for any purpose other than resale in the regular course of business of tangible personal property. A veterinarian must collect sales tax from the customer on the sale of these items. Below are some examples of what items are considered to be retail sales when sold by veterinarians.

- Pet food, including prescription diet foods and artificial diets.
- Medicines, including pills, capsules, liquid, injectable drugs, ointments, vaccines, intravenous fluids, anesthesia drugs, and medicated soaps.
- Vitamins
- Microchips
- Bandages
- Splints
- Pet supplies such as bowls, feeders, dishes, and toys
- Flea powder, spray and dip, flea collars
- Leashes, leads, and collars
- Animal carrying cases, crates, houses, kennels, and cages
- Doors and gates
- Bedding
- Animal shampoo, detergents, and soaps
- Grooming aids such as brushes, clippers, colognes, combs, deodorizers, nail care items, and shears
- Pins, plates, and surgical implants
- Items carried away or left with a consumer

Veterinarians are not required to pay sales tax to their vendors on their purchases of these items if they intend to resell the items and they should issue a resale certificate to the vendor. If a veterinarian purchases tangible personal property for some purpose other than resale and pays sales tax to its vendor but then resells these items and collects sales tax on the sales price, Nevada law allows a deduction for the sales tax a veterinarian paid to its vendor on the veterinarian's tax return which covers the period in which a veterinarian resold the property.

Business supplies and equipment used or consumed by veterinarians

Below are some examples of supplies and equipment that veterinarians use or consume during the course of the services they provide. These items are not resold by veterinarians and are not considered retail sales. Veterinarians pay sales tax on the cost of these items when they are purchased from their vendors. If a veterinarian purchases these items without paying an amount for Nevada sales tax and then uses the items for a purpose other than resale, the purchase is subject to use tax. Additionally, if a veterinarian purchases these items from an out-of-state vendor, then use tax is owed by the veterinarian to the State of Nevada on the purchase of these items.

- Disinfectant and cleaning supplies
- operating room supplies
- gloves
- face masks
- Display fixtures
- Equipment
- Instruments

Examples of the billing portion of a veterinarian invoice that contains taxable and non-taxable items. Taxable items are noted by a symbol (T)

Example 1:

<u>Description</u>	<u>Quantity</u>	<u>Total</u>
Wellness examination w/vaccine	1.00	\$26.00
DA2P Annual Vaccination	1.00	\$15.00 T
Parvovirus Annual Vaccination	1.00	\$13.00 T
Bordetella Vaccination	1.00	\$14.00 T
PillPockets K9 Caps Chkn 30ct	1.00	\$11.08 T
	Subtotal:	\$79.08
	Sales tax (T):	\$ 4.32
	Total	\$83.40

Example 2:

<u>Description</u>	<u>Quantity</u>	<u>Total</u>
Dental Radiographs	1.00	\$100.00
Dental Cleaning	1.00	\$ 50.00
Extraction Canine Tooth	1.00	\$100.00
Suture Material	1.00	\$ 15.00 T
Intraoperative fluids w/set	1.00	\$ 20.50
IV Cath, Set, 1 liter fluids	1.00	\$ 18.00 T
Anesthesia Induction	1.00	\$ 56.00
Ketamine	1.00	\$ 4.50 T
Midazolam	1.00	\$ 4.50 T
Gas Anesthesia	1.00	\$ 60.02
Ampicillin injection	1.00	\$ 27.30
Ampicillin	1.00	\$ 1.30 T
Analgesia Injection	1.00	\$ 27.00
Hydromorphone	1.00	\$ 4.50 T
Amoxicillin 50mg tablets	1.00	\$ 17.30 T
	Subtotal:	\$505.62
	Sales tax (T):	\$ 5.30
	Total:	\$510.92

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