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# NEVADA DEPARTMENT OF TAXATION

<http://tax.nv.gov>



## **Tax Bulletin SUT 17-0002 Issue Date: August 14, 2017 Veterinarian Transactions**

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### **Introduction**

This purpose of this bulletin is to provide information regarding the changes to the sales tax on veterinarian transactions after the passage of AB 439.

### **Statutes and/or Regulations Referenced**

AB 439, NRS 372.050, NRS 372.055.

### **Overview**

In diagnosing and treating medical conditions of animals, a licensed veterinarian provides both services and products. Charges to a customer for the professional services are not taxable. With the recent passage of AB 439, charges to a customer for tangible personal property used, furnished or dispensed by the veterinarian in providing medical care or treatment to animals are not taxable. However, a veterinarian must pay sales tax to its vendors when it purchases these items. Additionally, a veterinarian must collect sales tax from its customers on charges for tangible personal property provided or supplied to a customer without related professional services.

### **A veterinarian can be both a retailer and consumer of tangible personal property**

NRS 372.055 defines a retailer as every seller who makes any retail sale or sales of tangible personal property. A retail sale is defined in NRS 372.050 as a sale made for any purpose other than resale in the regular course of business of tangible personal property. In defining retail sales by veterinarians, the Department looks at the relationship between the products the veterinarian sells and the services the veterinarian provides. Providing a product to a customer without professional services is generally considered a taxable retail sale. For example, a medicine, in the form of a pill, capsule, injectable or liquid, purchased by the customer over the counter to be administered at home is considered a taxable retail sale. Yet, when the same product is provided with professional services and administered by the veterinarian, the veterinarian may be considered the consumer (or end user) of the product. In that situation, the veterinarian pays sales tax to his vendor when he or she purchases the medicine.

## **Professional Services**

Professional services include activities such as diagnosis, including examinations, x-rays, and tests, surgery, and administration of drugs. However, when a veterinarian uses his or her general medical knowledge and experience to recommend the use of a particular drug or other product or provides advice regarding the use of a product this is not considered to be professional services. For example, if a customer comes in to the business seeking heartworm prevention medicine. The advice the veterinarian provides regarding which medicine to buy, or how to use it, is not considered a professional service. The sale of the heartworm prevention medicine is a retail sale.

## **Veterinarians as consumers**

When drugs or medicines are furnished with related professional services, a veterinarian is generally considered the consumer of the drug or medicine. However, it is important to remember that if these items are sold without related professional services, the veterinarian is considered the retailer of the drug or medicine and must collect sales tax from the customer. Some of these drugs and medicines include:

- Pills (other than vitamins)
- Capsules (other than vitamins)
- Liquid medications
- Injectable drugs
- Ointments
- Vaccines
- Intravenous fluids

Veterinarians are also generally consumers of the supplies and equipment they 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
- Dressings
- Sutures
- Splints
- Microchips
- Pins, plates, and surgical implants

## **Veterinarians as retailers**

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 without professional services.

- Pet food, including prescription diet foods and artificial diets
- Vitamins
- Leashes, leads, and collars
- Bandages and splints
- Pet supplies such as bowls, feeders, dishes, and toys
- Animal shampoo, detergents, and soaps
- Bedding
- Flea powder, spray and dip, flea collars
- Animal carrying cases, crates, houses, kennels, and cages
- Grooming aids such as brushes, clippers, colognes, combs, deodorizers, nail care items and shears
- 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 a 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.

### **Questions?**

If you are not sure whether to report tax on a sale, please call our call center at 1-866-962-3707 Monday through Friday: 8:00 am to 5:00pm Pacific Time.