



STATE OF NEVADA

DEPARTMENT OF TAXATION

Medical Industry

TOPICS COVERED

- Medicine / Drugs
- Dietary Supplement
- Prosthetic Device
- Sales To Government
- Hospitals
- Mobility Enhancing Equipment
- Dentists
- Dental Laboratories
- Durable Medical Equipment



MEDICINE OR DRUGS

○ Definition:

- Compound, substance or preparation and any component of a compound, substance or preparation which is recognized by:
 - US Pharmacopoeia
 - Homeopathic Pharmacopoeia
 - National Formulary
 - Any Supplementary of the above
- Intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease or affliction of the human body as prescribed by a physician.
- Intended to affect the structure or any function of the body.



MEDICINE OR DRUGS – ARE THEY EXEMPT?

○ Yes, if:

- Furnished by a licensed physician, dentist or podiatric physician to their patient.
- Furnished by a hospital for treatment of a person to the order of a licensed physician, dentist or podiatric physician.
- Sold to a licensed physician, dentist, podiatric physician or hospital for the treatment of a human being.
- Dispensed by a licensed pharmacy if prescribed by a licensed physician, dentist or podiatric physician.



OTHER EXAMPLES OF MEDICINE

- Drugs or Medicine prescribed includes, without limitations:
 - Splints
 - Bandages
 - Pads
 - Compresses
 - Dressings
 - Any Drug
 - Injectable Dermal Fillers
 - Saline Solutions
 - Medical Grade Glass
 - Insulin

Statutes:

NRS 372.283

NAC 372.019

NRS 360B.435

NRS 360B.455

NRS 360B.465



Not Medicine

○ Drugs or Medicine prescribed **does not include:**

- Auditory, ophthalmic or ocular devices
- Instruments, crutches, canes, devices/other mechanical, electronic, optical/physical equipment
- Alcoholic beverage, other than as a solution in ordinary preparation of medicine
- Food ingredient
- Braces or supports **not prescribed** or applied by a licensed provider
- Dietary Supplements

Statutes:

NRS 372.283

NAC 372.019

NRS 360B.435

NRS 360B.455

NRS 360B.465



DIETARY SUPPLEMENT & TONIC/VITAMIN TAXABLE

NRS 360B.430

- Any product, other than tobacco, that contains one or more of the following:
 - Tonics & Vitamins
 - Herbs
 - Mineral
 - Amino Acid
- Required to be labeled with a supplemental label per 21 C.F.R

NRS 360B.495

- Is intended for human ingestion in the form of:
 - Tablet
 - Capsule
 - Powder
 - Softgel
 - Gelcap
 - Liquid



SALES TO GOVERNMENT ENTITIES - EXEMPTION

- Per NRS 372.7285 and NAC 372.698
- An item may normally be taxable
- **But**
- If prescribed by a licensed provider
- **And**
- Paid for by Medicare or Medicaid
- It is exempt from tax



PROSTHETIC DEVICE – EXEMPT FROM TAX

○ Definition:

- A replacement, corrective or supportive device, worn on or in the body
 - Replaces artificially a missing portion of the body
 - Supports a weak or deformed portion of the body
 - Dental braces and related material
- Does not interfere with mobility

○ Definition **does not** include unless paid for by Medicare/Medicaid:

- Corrective eyeglasses
- Contact lenses
- Hearing aids

Statutes:

NRS 372.283

NRS 372.7285

NRS 360B.475

NAC 372.027

Nevada Supreme
Court Decision –
*State v. Lohse and
Corbridge*



DURABLE MEDICAL EQUIPMENT - TAXABLE

○ Definition:

- Can withstand repeated use
- Primarily and customarily used to serve medical purpose
- Examples:
 - Orthotic Pillows
 - Anesthesia Ventilators
 - Bone Growth Stimulators
 - Kidney Dialysis Machines
 - Oxygen Concentrators
 - Nebulizer Machines
 - CPAP Machines
- Durable Medical Equipment is exempt from taxes if paid for by Medicare or Medicaid

Statutes:

NRS 372.7285

NRS 372.283

NAC 372.698

NAC 372.020

**Note - Vote of the people in 2016 to exempt some durable medical equipment, the law is not in effect yet.*



MOBILITY ENHANCING EQUIPMENT - TAXABLE

Statutes:

NRS 372.283

NAC 372.024

- Definition:
 - Primarily and customarily used to provide or increase the ability to move from place to place
 - Is not used by people with normal mobility
 - Does not include motor vehicle
 - However, it does include the car seats for children with disability and swivel seats for persons with a disability.
 - Examples:
 - Wheelchair, Walker, Scooter
- Mobility Enhancing Equipment is exempt from taxes if paid for by Medicare or Medicaid



DENTAL PROFESSIONS – NRS 372.283

Dentists

- Are consumers and must pay tax on purchases for:
 - Materials
 - Supplies
 - Dental Laboratory Products
 - All other tangible personal property used in performing services

Dental Laboratories

- Are considered the retailers of the products:
 - Plates
 - Inlays
 - All other products they manufacture for Dentists
- Tax applies to entire charge regardless if materials and services are separately stated



HOSPITALS – NAC 372.260

NRS 372.325 – State Hospitals

- Does not collect tax on:
 - Tangible personal property furnished to inpatients
 - Meals served to staff
- Retailer and collects tax on:
 - Tangible personal property sold to outpatients
 - Pharmacy sales for any purpose other than hospital services

All Other Hospitals – Including Nonprofit & Private

- Shall pay either sales or use tax on purchases of tangible personal property
- Must collect sales tax on tangible personal property furnished to inpatients
 - Measured by:
 - Charge for the property if separately stated or the cost to the hospital



HOSPITALS – OTHER SERVICES AND INCOME OUTLETS

- Hospitals are considered as a retailers of the tangible personal property sold in the following:
 - Cafes
 - Restaurants
 - Gift Shops
 - Other similar facilities
- Must collect sales tax from patrons and pay the tax to the State
- These are not considered to be within the scope or the primary function of a charitable hospital or for profit facilities



REMINDER

- Please be advised that any responses to inquiries made to the Department are only binding if put in writing.
- Examples include:
 - Nevada Revised Statutes (NRS)
 - Nevada Administrative Code (NAC)
 - Technical Bulletins
 - Nevada Tax Notes
 - Written Correspondence



NEVADA DEPARTMENT OF TAXATION – CONTACT INFORMATION

Hours: Monday to Friday

8:00 AM to 5:00 PM

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1-866-962-3707

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