



# 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 (DME) - 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
- DME is exempt from taxes if paid for by Medicare or Medicaid
- DME is exempt from taxes when prescribed for human use by a licensed provider of health care acting within his or her scope of practice.

## 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 (MEE)– TAXABILITY

- 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
- MEE is exempt from taxes if paid for by Medicare or Medicaid
- MEE is exempt from taxes when prescribed for human use by a licensed provider of health care acting within his or her scope of practice.

Statutes:

NRS 372.283

NAC 372.024



# 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**

**Call Center:**

**1-866-962-3707**

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Grant Sawyer Building  
555 E. Washington Ave,  
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