



COLORADO

Department of Revenue

Taxation Division

Office of Tax Policy
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DOR_TaxPolicy@state.co.us

GIL-09-013

July 07, 2009

XXXXXXXXXXXXXXXXXX
Attn: XXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX

Re: medical supplies

Dear XXXXXXXXXXXX,

You request guidance regarding the applicability of Colorado sales and use tax to a variety of medical products sold by your company. The Department issues general information letters and private letter rulings. A general information letter provides a general overview of the applicable tax law and is not binding on the department. A private letter ruling is a determination of the applicability of tax to a specific set of circumstances and is binding in the department. A party requesting a private letter ruling must provide certain information and remit a fee. For more information about general information letters and private letter rulings, please refer to the Department's regulation 24-35-103.5, C.R.S., which is available on our web site at: www.colorado.gov/revenue/tax. You have requested a general information letter.

Issue

Are various medical products manufactured by your company exempt from sales and use tax in Colorado?

Background

Your company sells a variety of medical equipment, which we generically refer to as catheters and related accessories, bandages, clamps, belts, syringes, lasers for treatment of varicose veins, infiltration pumps and related accessories designed for delivering local anesthesia, and compression stockings.

Discussion.

Colorado levies sales and use tax on the sale, use, storage, or consumption of tangible personal property. §39-26-104(1), C.R.S. Medical supplies furnished by a doctor as part of professional services provided to a patient are exempt. § 39-26-717 C.R.S. In general, medical supplies that leave the doctor's office with the patient are generally treated as exempt medical supplies. For example, bandages, catheters, and dressings are exempt when

provided by a doctor to a patient. Supplies that are used by a doctor to treat a patient but do not leave with the patient are not exempt, such as X-ray equipment.

Purchases of certain medical supplies by charitable entities (generally those holding an IRS 501(c)(3) certificate) are exempt, regardless of whether they would be taxable if purchased by a physician. § 39-26-718 C.R.S. For example, a hospital may have an IRS 501(c)(3) certificate and, thus, qualify for this exemption.

Department publication FYI Sales 68 provides an extensive list of supplies that qualify for exemptions. Please visit our web site at www.revenue.state.co.us and go to Tax > FYI / Publications > FYI > Sales Tax > FYI Sales 68 to view and download this publication.

Miscellaneous

Enclosed is a redacted version of this ruling. Pursuant to statute and regulation, this redacted version of the ruling will be made public within 60 days of the date of this letter. Please let me know in writing within that 60 day period whether you have any suggestions or concerns about this redacted version of the ruling.

Sincerely,

Office of Tax Policy
Colorado Department of Revenue