



COLORADO

Department of Revenue

Taxation Division

Office of Tax Policy
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PLR 26-004

July 20, 2026

XXXXXXXXXX
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Via Electronic Mail: XXXXXXXXXX

Re: Sales of Medical Items to Provider

Dear XXXXXXXXXX:

You submitted a request for a private letter ruling on behalf of XXXXXXXXXX (the "Company") to the Colorado Department of Revenue ("Department") pursuant to 1 CCR 201-1, Rule 24-35-103.5. This letter is the Department's private letter ruling. This ruling is binding on the Department to the extent set forth in 1 CCR 201-1, Rule 24-35-103.5. It cannot be relied upon by any taxpayer other than the taxpayer to whom the ruling is made.

Issues

1. Whether sales of medicated dressings (antimicrobial silver dressings and antimicrobial honey dressings and paste) to Company are exempt from sales tax.
2. Whether sales of nonmedicated dressings, bandages, and gauze to Company are exempt from sales tax.
3. Whether sales of skin closure products to Company are exempt from sales tax.

Conclusions

1. Sales of medicated dressings (antimicrobial silver dressings and antimicrobial honey dressings and paste) to Company are exempt from sales tax provided they are intended to be furnished by a practitioner as part of professional services to patients.
2. Sales of nonmedicated dressings, bandages, and gauze to Company are exempt from sales tax provided they are intended to be furnished by a practitioner as part of professional services to patients.
3. Sales of skin closure products to Company are exempt from sales tax provided they are intended to be furnished by a practitioner as part of professional services to patients.

Background¹

Company owns healthcare facilities that provide long-term acute care and other medical services to help patients with complex conditions recover, heal, and regain independence. Company purchases medicated dressings, non-medicated dressings, and skin closure products from their medical suppliers for use in their facilities.

1. Medicated Dressings

As required by federal law, the medicated dressings at issue (antimicrobial silver and antimicrobial honey dressings and paste) may only be purchased by healthcare facilities under the authority of a licensed physician or surgeon with prescribing privileges. They may be dispensed to patients only pursuant to an order by a licensed practitioner during the medical treatment of their patients. The FDA product labeling on the medicated dressings includes the “Rx Only” statement, which is required prior to dispensing and delivering the items to a licensed practitioner or patient.

Antimicrobial silver dressings contain the substances silver nitrate or silver sulfadiazine, each of which is a human prescription drug. After being applied onto the patient, the dressings treat wounds by releasing antimicrobial silver ions and providing a barrier against contaminants.

Antimicrobial honey dressings and paste contain medical-grade honey and are applied onto the patient to promote healing and prevent infection. The honey they contain is absorbed into the patient’s body and aids wound healing through antibacterial action, reducing edema, promoting blood flow, and decreasing pain and swelling.

2. Nonmedicated Dressings, Bandages, and Gauze

Nonmedicated dressings, bandages, and gauze purchased by Company are applied to the patient during the medical service or are dispensed under the advice of a licensed physician. Licensed physicians evaluate the patient and prescribe a specific dressing, bandage, or gauze to meet their clinical needs. The nonmedicated dressings, bandages, and gauzes at issue are permanently transferred to a patient. Some are consumed during the patient’s hospital visit. However, many patients leave the hospital with the dressing, bandage, or gauze in place to maintain proper wound healing or other treatment.

Nonmedicated dressings are applied directly over or around a wound, protecting and structurally supporting fragile skin and tissue. They prevent distortions of form and function, both systemically and otherwise.

Bandages are applied over or around a wound to help protect it, support proper healing, and manage its environment. Additionally, some bandages help reduce swelling and improve blood flow.

Gauze, like dressings and bandages, is applied over or around a wound to protect, promote proper healing of, and manage the environment of the wound. Gauze also supports weak or deformed areas by protecting them from pressure and friction and by securing orthopedic splints, braces, and limbs in place.

3. Skin Closure Products

Skin closure products, specifically surgical skin closure devices and skin closure strips, are medical

¹ Paragraph (4)(b)(ii) of 1 CCR 201-1, Rule 24-35-103.5 requires the request for a private letter ruling to include a statement of facts. This section generally recites the statement of facts provided in the initial request or in any supplement or amendment thereto, which is not an indication that the Department found such facts relevant to its analysis. Some relevant facts may be redacted or omitted to ensure confidentiality as required by section 24-35-103.5(5), C.R.S. The terms used in this section to describe the factual background are generally those of the requester.

devices that are applied to a patient's skin over a wound. They are used to close wounds, attaching tissue together by pulling or drawing the skin together. Skin closure products are intended to prevent infection and encourage proper natural healing. In doing so, they prevent scarring, contractures, or impaired mobility.

The surgical skin closure device is a sterile, single-use device that is made of fabric or plastic material and intended to be applied to a part of a patient's body. It is held in place by pressure-sensitive adhesive to secure objects to the skin, cover and protect wounds, or approximate the skin edges of a wound; it may or may not include an absorbent pad. It is not intended for compression bandaging and is not an adhesive tape nor an adhesive strip.

Skin closure strips are single-use, flexible bands made of fabric, plastic, paper, or other material that are attached to a patient's skin using pressure-sensitive adhesive. They are designed to keep a superficial wound closed.

Discussion

Colorado imposes a sales tax on retail sales of tangible personal property.² The term "tangible personal property" means "corporeal personal property," and generally embraces all goods, wares, merchandise, products and commodities, and all tangible or corporeal things and substances that are dealt in and capable of being possessed and exchanged.³ Medicated dressings, non-medicated dressings, and skin closure products are tangible personal property, and as such they are subject to state sales and use tax if their purchase is a retail sale and no specific exemption applies. Colorado allows sales tax exemptions for qualifying sales of drugs, medical equipment, and supplies.⁴

Sales of medicated dressings (antimicrobial silver dressings and antimicrobial honey dressings and paste) to Company are exempt from sales tax provided they are intended to be furnished by a practitioner as part of professional services to patients. Sales of prescription drugs that are furnished by a practitioner as part of professional services provided to patients are exempt from tax.⁵ An item is "furnished to a patient" when it is "provided to a patient to take with them when they leave the practitioner's facility" or "administered ... topically" so that it "is absorbed into the patient's body."⁶ Company purchases medicated dressings labeled "Rx only" and dispenses them in accordance with a prescription. Consequently, sales of "Rx only" medicated dressings (antimicrobial silver dressings and antimicrobial honey dressings and paste) to Company are exempt from sales tax.

Sales of nonmedicated dressings, bandages, gauze, and skin closure products to Company are exempt from sales tax provided they are intended to be furnished by a practitioner as part of professional services to patients. Sales of nonprescription materials that are furnished by a practitioner as part of professional services are exempt from tax.⁷ "[B]andages, arm slings, packages of topical antiseptics and topical pain relief balms that are provided by a practitioner to a patient for use outside the practitioner's facility are furnished to a patient."⁸ A practitioner is a person authorized by law to prescribe any drug or device, acting within the scope of the authority.⁹ Nonmedicated dressings, bandages, and gauze purchased by Company are applied to the patient during the medical service or are dispensed under the advice of a licensed physician. Similarly, skin closure strips are attached to a patient's skin using pressure-sensitive adhesive. These items are either consumed during the patient's hospital visit or leave the hospital with the patient to maintain proper wound healing or other treatment. Therefore, sales of these items are exempt

² Section 39-26-104(1), C.R.S.

³ Section 39-26-102(15)(a)(I), C.R.S.; 1 CCR 201-4, Rule 39-26-102(15), paragraph (1).

⁴ Section 39-26-717(2), C.R.S.

⁵ *Id.* at (2)(a).

⁶ 1 CCR 201-4, Rule 39-26-717, paragraph (1)(e)(i)(A).

⁷ Section 39-26-717(2)(k), C.R.S.

⁸ 1 CCR 201-4, Rule 39-26-717, paragraph (1)(e)(i)(B)(V).

⁹ Section 39-26-717(1)(c), C.R.S. (incorporating by reference the definition in section 12-280-103(40), C.R.S.).

from tax.

Miscellaneous

This ruling is premised on the assumption that Company has completely and accurately disclosed all material facts, that all representations are true and complete, and that Company has otherwise complied with the requirements of section 24-35-103.5, C.R.S., and the rules promulgated pursuant thereto. The Department reserves the right, among others, to independently evaluate Company's facts, representations, and assumptions. The ruling is null and void if any such fact, representation, or assumption is incorrect and has a material bearing on the conclusions reached in this ruling. This ruling is binding on the Department, and is subject to modification or revocation, in accordance with 1 CCR 201-1, Rule 24-35-103.5.

The Department administers state and state-administered local sales and use taxes. This letter does not address sales and use taxes administered by self-collected home-rule cities. You may wish to consult with those local governments that administer their own sales or use taxes about the applicability of those taxes. Visit our website at Tax.Colorado.gov for more information about state and local sales taxes.

Thank you for your request.

Sincerely,

Office of Tax Policy
Colorado Department of Revenue

This ruling cannot be relied upon by any other taxpayer other than the taxpayer to whom the ruling is made.