



Colorado allows sales tax exemptions for qualifying sales of drugs, medical equipment, and supplies. This publication provides information about sales tax exemptions for the following items:

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This publication is designed to provide general guidance regarding sales tax exemptions for medications, medical equipment, and medical materials. Nothing in this publication modifies or is intended to modify the requirements of Colorado’s statutes and regulations. Retailers and consumers are encouraged to consult their tax advisors for guidance regarding specific situations.

The information in this publication applies to state and local sales taxes administered by the Department. The information in this publication does not apply to the sales taxes of any home rule cities that the Department does not administer. Please contact any applicable home-rule city directly for information about their sales and use taxes.

Practitioners

Many of the exemptions discussed in the publication are allowed only if the medication, equipment, or other item has been prescribed by a practitioner. A "practitioner" is any person who is listed below, properly licensed, authorized by law to prescribe any drug or device, and acting within the scope of their authority:

- advanced practice nurse
- dentist
- physician (MD or DO)
- podiatrist
- physician assistant
- veterinarian

Pharmacists that qualify as practitioners

Pharmacists are also considered practitioners to the extent that they are, in compliance with the applicable law, either:

- participating within the parameters of a statewide drug therapy protocol pursuant to a collaborative pharmacy practice agreement; or
- prescribing over-the-counter medications pursuant to section 25.5-5-322, C.R.S.

COVID-19 test kits

COVID-19 test kits are generally subject to subject to sales tax, unless they qualify for an exemption authorized by Colorado law. An exemption for urine- and blood-testing kits is discussed later in this publication, as is an exemption for medical materials furnished by a practitioner as part of professional services provided to a patient. If COVID-19 test kits do not meet the requirements for either of these exemptions or any other exemptions authorized by Colorado law, they are subject to sales tax.

Prescription and nonprescription drugs

All prescription drugs dispensed in accordance with a prescription by a practitioner are exempt from sales tax. Additionally, all prescription and nonprescription drugs are exempt from sales tax if they are furnished by a practitioner as part of professional services provided to a patient. A drug is considered to be furnished to a patient in either of the following situations:

- the drug is ingested or inhaled by the patient, injected into the patient, or administered intravenously or topically at the practitioner's facility; or
- the drug is provided to the patient to take with them when they leave the practitioner's facility.

Sales of prescription and nonprescription drugs that satisfy the preceding requirements are exempt from sales tax, regardless of whether the drug is purchased by a patient, a practitioner, or a third-party.

Examples of nonprescription drugs furnished by a practitioner as part of professional services provided to a patient include ibuprofen, acetaminophen, and aspirin administered to the patient at the practitioner's facility.

A nonprescription drug purchased from anyone other than a practitioner does not qualify for the exemption, even if it is recommended by a practitioner, because it is not furnished by a practitioner.

Insulin and related products

All sales of insulin in all of its forms are exempt from sales tax, so long as it is dispensed pursuant to the direction of a practitioner. Sales of the following products are also exempt from sales tax:

- glucose usable for treatment of insulin reaction; and
- insulin measuring and injecting device, including hypodermic syringes and needles.

Exempt supplies and materials

Certain medical supplies and materials are exempt from sales tax. Exempt medical supplies and materials include urine- and blood-testing kits, medical materials furnished to a patient by a practitioner, and a number of other medical supplies dispensed by pursuant to a prescription for certain specific medical purposes.

Urine- and blood-testing kits and materials

All sales of urine- and blood-testing kits and materials are exempt from sales tax. The exemption applies to glucose strips and puncture lancets and to urine- and blood-testing kits and related materials used for any purpose, such as testing for glucose, allergies, anemia, antibodies to hepatitis C, bilirubin, cholesterol, alcohol, pregnancy, and controlled drugs.

Certain medical supplies

Certain medical, feeding, and disposable supplies, and related accessories, qualify for exemption, but only if the supplies are both (1) for incontinence, infusion, enteral nutrition, ostomy, urology, diabetic care, or wound care, and (2) dispensed pursuant to a prescription order. In order to qualify for exemption, the prescription order must specify the name and address of the person for whom the item is prescribed and directions, if any, for such item. The prescription order must also be either written, dated, and signed by a practitioner or given orally by a practitioner. If the prescription order is given orally, it must be immediately reduced to writing by the pharmacist or pharmacy intern, or by a representative of a business licensed to sell the equipment. A prescription order given orally must also be followed by an electronic submission of the prescription order to the business selling the medical supplies.

Medical materials furnished by a practitioner

All sales of materials are exempt from sales tax if they are furnished by a practitioner as part of professional services provided to a patient. Medical materials are considered to be furnished to a patient in either of the following situations:

- the item is ingested or inhaled by the patient, injected into the patient, or administered intravenously or topically at the practitioner's facility; or
- the item is provided to the patient to take with them when they leave the practitioner's facility.

Splints, casts, bandages, arm slings, packages of topical antiseptics, and topical pain relief balms are all examples of medical materials that are exempt from sales tax if they are furnished by a practitioner as part of professional services provided to a patient.

Medical materials that do not qualify for exemption

Items will not qualify for this exemption if any of the following conditions exist:

- the item is not a medical material;
- the item is not furnished to a patient;
- the item is not furnished by a practitioner; or
- the item is not furnished as part of professional services.

Any medical materials purchased from anyone other than a practitioner do not qualify for the exemption, even if recommended by a practitioner, because such medical materials were not furnished by a practitioner. For example, bandages purchased from a medical supply retailer do not qualify for exemption because they were not furnished by a practitioner.

Any materials used by a practitioner as part of providing professional services do not qualify for this exemption if they are not furnished to the patient also. Tongue depressors, single-use scalpels, sponges,

surgical masks, and gloves are examples of items used by practitioners and not furnished to patients.

The exemption does not apply to the sale of any item by a practitioner to a patient unless the item is directly related to the professional services provided by the practitioner to the patient. For example, if a practitioner performs knee surgery on a patient and provides the patient a knee brace to facilitate recovery, as well as an orthopedic pillow for neck pain for which the patient has not sought medical care, the knee brace is furnished as part of professional service provided by the practitioner, but the orthopedic pillow is not.

The following items are not medical materials and do not qualify for this exemption even if they are furnished to a patient by a practitioner:

- baby diapers,
- disposable razors,
- boxes of tissues,
- toilet paper,
- deodorant,
- mouthwash,
- hand lotion (even if medicated),
- baby bottles,
- denture cleaner and adhesive,
- slippers,
- shave kits,
- admission kits,
- sanitary pads and tampons.

Exempt medical equipment

Sales of certain types of equipment are tax-exempt, but only if such equipment is dispensed pursuant to a prescription order, as described below. The exemption applies to the following types of equipment:

- all equipment and related accessories for sleep therapy, inhalation therapy, and electrotherapy;
- durable medical equipment;
- oxygen delivery equipment; and
- mobility enhancing equipment.

Each of these types of equipment are discussed in greater detail later in this publication.

The exemption does not apply to purchases of the types of equipment listed above by a hospital or other medical service provider because the hospital or provider's purchase is not made pursuant to a prescription order.

Dispensed pursuant to a prescription order

In order to qualify for exemption, the prescription order must specify the name and address of the person for whom the equipment is prescribed and directions, if any, for such equipment. The prescription order must also be either written, dated, and signed by a practitioner or given orally by a practitioner. If the prescription order is given orally, it must be immediately reduced to writing by the pharmacist or pharmacy intern, or by a representative of a business licensed to sell the equipment. A prescription order given orally must also be followed by an electronic submission of the prescription order to the business selling the equipment.

The practitioner issuing the prescription order must be a person authorized by law to prescribe any drug or device, acting within the scope of the authority, as discussed earlier in this publication.

Durable medical equipment

Sales of durable medical equipment are exempt from sales tax if such equipment is dispensed pursuant to a prescription order. The exemption also applies to any repair and replacement parts for durable medical equipment.

Durable medical equipment that can qualify for exemption is equipment that satisfies all four of the following requirements:

- 1) It can withstand repeated use.
- 2) It is primarily and customarily used to serve a medical purpose.
- 3) It is generally not useful to a person in the absence of illness or injury.
- 4) It is not worn in or on the body.

A list of qualifying durable medical equipment appears later in this publication.

In general, equipment used primarily for preventative care, such as elder care or bariatric care, is not exempt durable medical equipment because the equipment is primarily and customarily used in the absence of an existing illness or injury. Equipment not specifically designed for the treatment of an existing illness or injury does not qualify for the durable medical equipment exemption even though the licensed provider may believe that the equipment is useful or beneficial to the patient.



Durable Medical Equipment

Qualifying durable medical equipment

Qualifying durable medical equipment includes, but is not limited to, the following items:

- Drug infusion equipment (non-implanted)
- Injection guns
- Electronic nerve stimulators (non-implanted)
- Insulin infusion pumps (non-implanted)
- Manual resuscitators
- Intravenous poles and pumps
- Aids for standing, reaching, sitting, and sleeping, including sitting and sleeping cushions, overbed tables, specially designed hand utensils, foam wedges and cushions, alternating pressure pads, specialized seating and desks, boards, decubitis seating and sleeping pads for existing decubitis ulcers, patient lifts and slings.
- Toilet, bath and shower aids, including bed pans, urinals, and raised toilet seats, tub stools or benches, bath rails, and sitz bath chairs
- Communication devices for physically impaired persons, including writing and speech aids
- Hospital beds, but only if (1) the bed is specially designed for the treatment of an existing illness or injury, (2) the bed is marketed primarily for medical use, and (3) the bed is constructed with medically necessary or appropriate design components that represent a significant portion of the cost of the bed
- Physical and occupational therapy equipment, including hand exercise equipment putty, leg weights, bone fracture therapy devices (but not implanted fixators), muscle and nerve stimulators (non-implanted), paraffin baths, and hydrocollators
- Enteral feeding pumps and bags
- Heat lamps, heat pads, and hot water bottles
- Bili lights
- Traction equipment, splints, and holders (non-implanted)
- Eating and drinking aids, including specialized utensils
- Stethoscopes



Mobility Enhancing Equipment

Qualifying criteria for exemption

Sales of mobility enhancing equipment are exempt from sales tax if such equipment is dispensed pursuant to a prescription order, as described earlier in this publication. The exemption also applies to any repair and replacement parts for mobility enhancing equipment.

Mobility enhancing equipment that can qualify for exemption is equipment that satisfies all three of the following requirements:

- 1) It is primarily and customarily used to provide or increase the ability to move from one place to another.
- 2) It is appropriate for use in a home, in a person's community, or in a motor vehicle.
- 3) It is not generally used by persons with normal mobility.

Qualifying mobility enhancing equipment

Qualifying mobility enhancing equipment includes, but is not limited to, the following items:

- Wheelchairs and wheelchair components and accessories
- Walking aids such as crutches, canes, or walkers
- Grab bars and trapeze bars
- Lift chairs, patient lifts, stairglides, lifts in home, and patient transport devices
- Motorized carts and scooters
- Ramps, motorized mechanical lifts, and carrying racks whose primary and customary purpose is to load or carry an exempt scooter in or on a motor vehicle
- Controls that are installed on motor vehicles
- Any related accessories for mobility enhancing equipment

Items and equipment that do not qualify as mobility enhancing equipment

Motor vehicles and any equipment on a motor vehicle that is normally provided by a motor vehicle manufacturer do not qualify as mobility enhancing equipment.

Items that are not primarily and customarily used to enhance mobility, such as shoe insoles, arch pads, dancer pads, knee braces, and ankle braces, do not qualify as mobility enhancing equipment.



Oxygen Delivery Equipment

Qualifying criteria for exemption

Sales of oxygen delivery equipment and disposable medical supplies related to oxygen delivery are exempt from sales tax if such equipment and supplies are dispensed pursuant to a prescription order, as described earlier in this publication. The exemption also applies to any repair and replacement parts for oxygen delivery equipment.

Oxygen delivery equipment is any system used to transport oxygen directly into the patient's lungs and administered because the patient experiences an inadequate supply of oxygen.

Qualifying oxygen delivery equipment

Qualifying oxygen delivery equipment includes, but is not limited to, the following items:

- Liquid oxygen containers, oxygen cylinders, cylinder transport devices (sheaths, carts), cylinder stands, support devices, regulators, flowmeters, tank wrench, liquid oxygen base dispenser, liquid oxygen portable dispenser, oxygen concentrators, oxygen humidifiers, oxygen fittings, tubing, face masks and related items necessary for the delivery of oxygen to the patient
- Pressure ventilators, volume ventilators, and other respiratory equipment that produce a form of controlled respiration in which compressed air is delivered under positive pressure into the patient's lungs
- Respiratory equipment that induces air into the lungs of a patient, through the application of pressure to the chest area, regardless of whether the pressure applied is negative pressure or positive pressure
- Exsufflation belts, iron lungs, chest shells, pulmo wraps, and the pumps and regulators necessary for their operation

Items and equipment that do not qualify as oxygen delivery equipment

Devices that assist the patient only in breathing and do not directly deliver oxygen into the patient's lungs do not qualify as oxygen delivery equipment.

Inhalation therapy equipment

Sales of equipment and related accessories for inhalation therapy are exempt from sales tax if such equipment and supplies are dispensed pursuant to a prescription order, as described earlier in this publication. Qualifying inhalation therapy equipment and accessories include the following items:

- room humidifiers;
- vaporizers;
- aspirators;
- aerosol compressors (stationary and portable);
- ultrasonic nebulizers;
- volume ventilators;
- respirators and related device supplies;
- percussors;
- vibrators;
- intermittent positive pressure breathing;
- circuits;
- devices and supplies;
- air oxygen mixers;
- oxygen concentrators;
- apnea monitors;
- ventilator vaporizers; and
- tubing.

Prosthetic devices

Sales of prosthetic devices are exempt from Colorado sales tax. Prosthetic devices are replacement, corrective, or supportive devices worn on or in the body to perform one of the following functions:

- The prosthetic device artificially replaces a missing portion of the body.
- The prosthetic device prevents or corrects physical deformity or malfunction.
- The prosthetic device supports a weak or deformed portion of the body.

The exemption for prosthetic devices also applies to any repair or replacement parts for a prosthetic device.

Corrective eyeglasses and contact lenses

All sales of corrective eyeglasses and contact lenses are exempt from sales tax. Over-the-counter corrective eyeglasses qualify for exemption. However, any charge for eyeglass lens coatings (anti-reflective, scratch-resistant, anti-fog) that is separately stated on the invoice for corrective eyeglasses is not exempt.

Hearing aids

All sales of hearing aids are exempt from sales tax.



Additional resources

The following is a list of statutes, regulations, forms, and guidance pertaining to sales tax exemptions for medications, medical equipment, and medical materials. This list is not, and is not intended to be, an exhaustive list of authorities that govern the tax treatment of every situation. Individuals and businesses with specific questions should consult their tax advisors.

Statutes and regulations

- § 39-26-717, C.R.S. Drugs and medical and therapeutic devices - definitions.
- Rule 39-26-717. Medical Material, Equipment, and Drugs.

Forms and guidance

- [Colorado.gov/Tax](https://colorado.gov/Tax)
- [Colorado.gov/tax/sales-use-tax](https://colorado.gov/tax/sales-use-tax)
- [Colorado Sales Tax Guide](#)