

SALES TAX ANSWERS

Section 144.010.1(10) defines "sale at retail". It states that purchases of tangible personal property made by veterinarians and used in the practice of their profession shall be deemed to be purchases for use and consumption and not for resale. In other words, the vet should pay sales or use tax on his/her purchase of tangible personal property used in the practice and not charge the owner of the animal. This is the same exclusion that applies to physicians, dentists, and optometrists. Grooming and boarding are nontaxable services even if not covered by this exclusion. If the vet sells items separate from his professional services, then he would be making retail sales and the sales tax would apply. For instance, the optometrist does the exam and then eyeglasses are sold in the outer office. The sale of the eyeglasses are subject to tax even though the services or samples provided by the optometrist are not.

Other exemptions that might apply: 144.030.2 (1) feed for livestock or poultry, (7) animals or poultry used for breeding or feeding purposes; (18) prescription drugs; (22) sales of feed additives, medication or vaccines administered to livestock or poultry in the production of food or fiber; (29) livestock sales; and (35) sales of feed used in feeding of pets owned by commercial breeder. If the item is exempt under one of these exemptions, then the vet would not be subject to sales tax on his purchase, use, or sale.

Prescription drugs are exempt. Ancillary devices & products such as syringes, needles, etc. for equine or for any use can be purchased by a veterinarian without paying sales tax. (This would require that the items would be sold at retail. Bills would have to be itemized on any paperwork going to the client.) This could be a problem for some veterinarians that commonly charge by the service they provide. They would now have to tally up all the items used in the process. In other words, sales tax has to be paid at some point for these materials, either by the veterinarian on the front end or the consumer on the back end.

It is a judgement call whether to build into fee and pay on the back end or the front end. It is best to seek advice from your accountant. Veterinarians that sell non-script supplies at their office, dewormers, etc. should be charged a sales tax. An example would be if a person goes to the salon and gets a shampoo and cut, they do not charge a sales tax on the shampoo used in the process. If that person purchases a bottle of shampoo at the salon though, they would be charged a sales tax.

NOTE: If the Veterinarian pays on the front end, and tries to recoup those costs by charging a sales tax on the back end, those monies are also obligated to the state.