

# Sales Tax Information for Health Care Providers



## Utah State Tax Commission

210 North 1950 West  
Salt Lake City, Utah 84134  
801-297-2200  
1-800-662-4335  
tax.utah.gov

If you need an accommodation under the Americans with Disabilities Act, email [taxada@utah.gov](mailto:taxada@utah.gov), or call 801-297-3811 or TDD 801-297-2020. Please allow three working days for a response.

## Introduction

This publication provides sales tax information for health care providers. It includes Utah law and Tax Commission rules, but is not all-inclusive. Future law or rule changes may change this publication.

Find general sales and use tax information in Publication 25.

## Drugs

A drug is a compound, substance or preparation, or a component of a compound, substance or preparation that:

- is recognized in the official United States Pharmacopoeia, official homeopathic Pharmacopoeia of the United States, official National Formulary, or a supplement to their publications;
- is used to diagnose, cure, mitigate, treat or prevent disease; or
- affects the structure or any function of the body.

A drug does not include:

- grocery food,
- dietary supplements,
- alcoholic beverages, or
- prosthetic devices.

A drug purchase is exempt from sales tax if the drug is for human use and:

1. the buyer presents a prescription for the drug, or
2. the buyer is a hospital or other medical facility.

## Syringes

Syringe purchases are exempt from sales tax if the syringes are for human use and:

1. the buyer presents a prescription for the syringes, or
2. the buyer is a hospital or other medical facility.

## Oxygen

Oxygen purchases are exempt from sales tax if the oxygen is for human use and:

1. the buyer presents a prescription for the oxygen, or
2. the buyer is a hospital or other medical facility.

## Stoma Supplies

A stoma is an artificial opening, usually in the abdominal wall, made in surgical procedures.

Purchases of stoma supplies are exempt from sales tax if they are for human use and:

1. the buyer presents a prescription for the stoma supplies, or
2. the buyer is a hospital or other medical facility.

## Durable Medical Equipment

Durable medical equipment is equipment that:

1. can withstand repeated use,
2. is primarily used for medical purposes,
3. is generally not useful to a person without illness or injury,
4. is not worn in or on the body, and
5. is for home use only.

Durable medical equipment includes parts used in the repair or replacement of that equipment. It does not include mobility-enhancing equipment.

Examples of durable medical equipment include pumps used to recharge oxygen bottles, oxygen delivery equipment, hospital beds used in the home, etc.

Sales and rentals of durable medical equipment are exempt from sales and use tax only if the buyer presents a prescription for the equipment.

## Mobility-Enhancing Equipment

Mobility-enhancing equipment is equipment that:

1. is primarily used to improve movement from one place to another,
2. can be used in a home or motor vehicle, and
3. is not generally used by persons with normal mobility.

Mobility-enhancing equipment includes parts used in the repair or replacement of that equipment. It does not include:

- motor vehicles,
- motor vehicle equipment that is normally provided by the motor vehicle manufacturer,
- durable medical equipment, or
- prosthetic devices.

Examples of mobility-enhancing equipment include wheel-chairs, crutches, walkers, canes, etc.

Sales and rentals of mobility-enhancing equipment are exempt from sales and use tax only if the buyer presents a prescription for the equipment.

## Disposable Home Medical Equipment or Supplies

Disposable home medical equipment or supplies is equipment or supplies that:

1. cannot withstand repeated use,
2. are used exclusively by a person with a prescription for the equipment or supplies, and
3. are eligible under Titles 18 or 19 of the Federal Social Security Act.

Sales of disposable home medical equipment are exempt from sales and use tax only if the buyer presents a prescription for the equipment.

## Prosthetic Devices

A prosthetic device is a device worn on or in the body to:

1. artificially replace a missing part of the body,
2. prevent or correct a physical deformity, or
3. support a weak or deformed part of the body.

A prosthetic device includes:

1. parts used to repair or renovate a prosthetic device,
2. replacement parts for a prosthetic device,
3. dental prostheses, and
4. hearing aids.

Purchases of prosthetic devices are exempt from sales tax if they are used in or on a human and:

1. the buyer presents a prescription for the device, or
2. the buyer is a hospital or other medical facility.

A prosthetic device does not include:

1. corrective eyeglasses, or
2. contact lenses.

## Optometrists, Opticians and Ophthalmologists

Optometrists and ophthalmologists must collect sales tax on all tangible personal property sold in connection with eye examinations. Eyeglasses, contact lenses, nonprescription sunglasses and cleaning solutions are tangible personal property. If the optical examination is listed separately on the invoice, no tax is due on the examination fee. If the fee is not listed separately, the entire charge is taxable.

Opticians who fill prescriptions for glasses and contact lenses are considered retailers. Any service is incidental to the sale of the tangible personal property and is fully taxable.

## Health Care Facilities

A health care facility that qualifies as a permanent residence may pay sales tax on utilities at the residential rate rather than the commercial rate. A health care facility is considered a permanent residence if it serves as the permanent residence for the majority of its residents because they are unable to live independently.

A health care facility may apply for a refund of the sales taxes paid on utilities in excess of the residential sales tax rate for periods within the three-year statute of limitations.

See *Overpayments and Refunds* in Pub 25.

## Inpatient Meals

Charges to patients for inpatient meals at a nursing facility or a medical facility are exempt from sales tax. This exemption applies to:

1. grocery food,
2. prepared food, and
3. alcoholic beverages.

Purchases of grocery food, prepared food and alcoholic beverages by a nursing facility or a medical facility for use in inpatient meals are also exempt.

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Sales tax publications provide general guidance only. They do not contain all sales or use tax laws or rules. If you need more information, call 801-297-7705 or 1-800-662-4335, ext. 7705 (outside the Salt Lake area), or email [taxmaster@utah.gov](mailto:taxmaster@utah.gov).