

Veterinary Practice

144

Sales Tax Fact Sheet 144

Fact Sheet

What's New in 2015

We made the layout of this fact sheet easier to use.

This fact sheet covers:

- Pet practice
- Pet drugs and supplies
- Pet care
- Pet grooming and boarding services
- Large animal practice
- Miscellaneous sales as they apply to both types of veterinary practice
- Purchases
- Use tax
- How to report Sales and Use Tax

Pet practice

A pet is kept for a person's company. Examples include:

- Cats
- Dogs
- Guinea pigs
- Parrots
- Rabbits
- Turtles

Charges for service

Separately stated charges for veterinary services are not taxable. Examples include:

- Administering drugs
- Exam fees
- Lab tests
- Office visits
- Surgical procedures
- Vaccinations
- X-rays

Pet drugs and supplies

In pet practice, all drugs and supplies used to provide a service are taxable to either the veterinarian or the customer. Examples include:

- Bandages
- Food
- Medical supplies
- Medication
- Syringes
- Prescription drugs and food

Taxable to the Veterinarian

A single charge to administer a drug or supply to a pet is not taxable. Do not charge tax on the single charge. The veterinarian must pay tax on the cost of the drugs and supplies used in the service.

Description	Quantity	Total
Exam	1	\$ 100.00
Suture Wound	1	\$ 128.00
Vitamin K Injection	1	\$ 48.00
Patient Subtotal		\$ 276.00
Sales Tax		\$ -
Total Due		\$ 276.00

Taxable to the Customer

Separately stated charges for drugs and supplies injected, fed, or applied to a pet are taxable to the customer.

Do not pay tax when you purchase these drugs and supplies. Give your supplier a completed Form ST3, *Certificate of Exemption*. Specify the Resale exemption.

Description	Quantity	Total
Exam	1	\$ 100.00
Suture Wound	1	\$ 100.00
Bandage, Sutures T	1	\$ 28.00
Injection by vet	1	\$ 40.00
Vitamin K T	1	\$ 8.00
Patient Subtotal		\$ 276.00
Sales Tax (6.875% on \$36.00)		\$ 2.48
Total Due		\$ 278.48

If you do not know how the supply or medication will be used, purchase the items exempt from resale using Form ST3, *Certificate of Exemption*. Report use tax on the cost of the items you use.

Microchips

The service to implant a microchip is not taxable. You must pay tax on the purchase of the microchip.

If you separately state the charge for the microchip on the invoice, you may buy the microchip exempt for resale. You must collect sales tax on the sale of the microchip.

Pet care

Pet care supplies and products are taxable. Examples include:

- Flea collars
- Food
- Grooming aides
- Leashes
- Medication (over the counter and prescription)

- Shampoo
- Travel cages
- Toys
- Vitamins

Rentals

Rentals of travel cages or grooming equipment are taxable.

Pet grooming and boarding services

Pet grooming

Pet grooming services are taxable. Examples include:

- Clipping
- Nail cutting
- Shampooing
- Trimming

When these services are performed by a veterinarian, for surgical preparation, treating, or preventing illness or disease, they are not taxable.

Pet boarding

Generally, boarding services are taxable. However, boarding for hospitalization, observation, or other veterinary purposes is not taxable.

Giving medication to a pet while they are boarded for non-medical reasons is not for veterinary purposes, and the boarding service is taxable.

Boarding for animal control is taxable.

Materials and supplies

Materials and supplies used or consumed in providing pet grooming and boarding services are exempt. Examples include:

- Disposable bedding
- Flea spray
- Food
- Shampoo

To purchase these items exempt, give your supplier a completed Form ST3, *Certificate of Exemption*. Specify the Resale exemption.

Durable supplies and equipment

Durable supplies and equipment used to provide grooming and boarding services are taxable. Examples include:

- Cages
- Combs
- Clippers

- Collars
- Grooming tables
- Leashes

For more information, see Fact Sheet 122, *Pet Grooming, Boarding, and Care Services*.

Large animal practice

Large animal veterinarians specialize in health management of agricultural animals and horses. Examples of agricultural animals include:

- Chickens
- Cows
- Horses
- Llamas
- Pigs
- Sheep

Agricultural animals and horses qualify for the agricultural production exemption. Items used in agricultural production are exempt. Examples include:

- Bedding
- Drugs, including pills, antibiotics, injected drugs, ointments, and vaccines
- Feed, feed additives, vitamins, and supplements
- Hay

To claim this exemption, the customer must give you a completed Form ST3, *Certificate of Exemption*.

Consumable materials and supplies for agricultural animals.

Materials and supplies qualify for the agricultural production exemption if they are administered, attached, or become part of the animal. These items are not taxable to the customer or veterinarian.

Examples include:

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| • Animal markers | • Magnets |
| • Antiseptics | • Nitrogen and oxygen |
| • Bandages | • OB sleeves |
| • Bull rings | • Semen |
| • Calf blouses | • Sutures |
| • Capsules | • Tattoo ink |
| • Ear tags | • Teat dilators |
| • Horseshoes | • Tonics |
| • Insecticides | • Udder cream |

- Disposable blades, needles, and syringes

For more information, see Fact Sheet 100, *Agricultural Production*.

Taxable sales

Durable equipment and supplies are taxable, unless they qualify for the farm machinery exemption. Taxable items include:

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|--------------------------|-----------------|
| • Balling guns | • Lariats |
| • Dehorers | • Medicators |
| • Durable syringes | • Semen tanks |
| • Ear notchers | • Shockers |
| • Halters and leads | • Taggers |
| • Hog catchers | • Tail dockers |
| • Hoof trimmers | • Thermometers |
| • Inseminating catheters | • Tooth nippers |

For more information, see Fact Sheet 106, *Farm Machinery*.

Horses

All horses, including racehorses, are exempt from sales tax.

Horses are allowed the same sales tax exemptions as agricultural animals. For more information, see the consumable materials and supplies for agricultural animals section on this page.

Machinery, equipment, tools, and other durable items used in breeding, raising, shoeing, grooming, owning, boarding, and keeping horses are taxable.

Boarding and grooming services for horses are exempt.

Horseshoeing and hoof trimming services are exempt.

Miscellaneous Sales – applies to both types of veterinary practices

Exempt sales

Food and medications sold to breeders for raising pets, fur-bearing animals, and research animals are exempt. To claim this exemption, the customer must give you a completed Form ST3, *Certificate of Exemption*. This exemption does not apply to pet owners occasionally breeding a pet and selling the offspring.

Sales to other veterinarians or retailers are exempt. To claim this exemption, the customer must give you a completed Form ST3, *Certificate of Exemption*.

Equipment sales

When you sell equipment or other items used in your business, they may be subject to sales tax. For more information, see Fact Sheet 132, *Isolated and Occasional Sales*.

Sales to nonprofits

Nonprofit organizations must give you a completed Form ST3, *Certificate of Exemption*, to claim exemption.

Pet sales

Fees for selling or adopting pets are taxable.

Service animals

Service animals, including guide dogs, or any animal trained to provide assistance to an individual with a disability are taxable.

Pet Cremation

Cremation fees are not taxable. If the cremation service includes a container meant only for transporting the remains, the charge is not taxable. The person providing the service owes tax on the cost of the container.

Pet urns and containers are taxable. If the cremation and urn are sold as one price, the entire charge is taxable.

Purchases

Clinic supplies and equipment

Clinic supplies and equipment are taxable. Examples include:

- Agar
- Cadaver bags
- Chemical reagents
- Culture dishes/tubes
- Examining tables
- Field test kits
- Needles
- Scalpels
- Syringes
- X-ray film

Disinfectant used to clean clinic surfaces or equipment is taxable.

Field equipment

Veterinarians do not qualify for the farm machinery exemption. Most equipment used in the field is taxable.

Examples include:

- Aspirator
- Head gates
- Semen tanks
- Truck boxes

Service fees

Charges for developing x-rays are taxable.

Lab or cremation fees for services performed outside the clinic are not taxable.

Items given away

Taxable items given to customers or donated to a charitable organization are taxable. You must pay tax when you buy these items or accrue use tax when you take them out of inventory. Examples include:

- Animal treats
- Carrying boxes
- Leashes
- Pamphlets
- Rabies tags

Use tax is not due when the items given away are from a vendor as a free sample or promotional item.

Use tax

You owe use tax on taxable items taken from inventory or when the seller does not charge Minnesota Sales Tax. If your business is in an area with a local tax, you also owe local use tax.

For more information, see

- Fact Sheet 146, *Use Tax for Businesses*
- Fact Sheet 164, *Local Sales and Use Taxes*

How to report Sales and Use Tax

You can report state, local sales, and use taxes electronically at www.revenue.state.mn.us. If you don't have internet access, you can file by phone at 1-800-570-3329 (toll-free).

For more information on how to file:

1. Go to our website, www.revenue.state.mn.us
2. Click “**Sales and Use Tax**”
3. Under “I need to file Sales and Use Tax...”, click “**Electronically**” or “**Phone**”.

Legal References

Minnesota Statute 297A.69

subd. 2, Materials consumed in agricultural production

subd. 6, Horses; related materials

subd. 7, Feed for poultry raised for human consumption

Minnesota Rule 8130.5500, Agricultural Production

Minnesota Rule 8130.8700, Veterinarians

Other Fact Sheets

100, *Agricultural Production*

106, *Farm Machinery*

122, *Pets and Pet Grooming, Boarding, and Care Services*

132, *Isolated and Occasional Sales*

146, *Use Tax for Businesses*

164, *Local Sales and Use Taxes*