

Minnesota revenue notice number 98-20

MinnesotaCare Tax - Receipts from the Sale of Chiropractic Medical Supplies, Appliances and Equipment

This revenue notice explains the application of the MinnesotaCare tax to the gross receipts received by a chiropractor from the sale of medical supplies, appliances and equipment.

In 1997, the Minnesota Legislature changed the definition of a "health care provider" by amending Minnesota Statutes, § 295.50, subdivision 4. Effective January 1, 1998, the sale of "medical supplies" or "medical appliances" does not necessarily make the seller a "health care provider." Under Minnesota Statutes, § 295.50, subdivision 9b, however, patient services still include providing "supplies, appliances and equipment." If the sale of these items is considered part of providing patient services, the receipts from these sales remain subject to MinnesotaCare tax.

Issue: When are the gross receipts received by a chiropractor for medical supplies, appliances and equipment considered part of providing patient services subject to MinnesotaCare tax and when are they considered a retail sale not subject to MinnesotaCare tax?

Department position: If medical supplies, appliances or equipment are furnished or sold to a person who has received other patient services from the chiropractor, the gross receipts from the sale of these items are subject to MinnesotaCare tax.

Dated: 2 November 1998

Terese Koenig, Director
Appeals, Legal Services and Criminal Investigation Division