

MINNESOTA DEPARTMENT OF REVENUE

Revenue Notice # 07-06: MinnesotaCare Tax and Sales Tax – Patient Services – Massage Therapy

This notice revokes Revenue Notices # 94-11 and # 03-09 and replaces them with the following notice. See also Revenue Notice # 02-08.

MinnesotaCare Tax

Patient services that are provided by a health care provider are subject to MinnesotaCare tax. Patient services are defined in Minnesota Statutes, section 295.50, subdivision 9b, to include: "...other diagnostic or therapeutic items or services..." provided to a patient or consumer. A health care provider is defined in Minnesota Statutes, section 295.50, subdivision 4, to include a person furnishing diagnostic or therapeutic services to a patient or consumer. Under this definition, a health care provider is a person whose health care occupation is licensed or registered, a person who is eligible for reimbursement under the medical assistance program, or an entity that employs such a person. All patient services provided by such an entity are taxable.

Massage therapy qualifies as therapeutic service and is subject to the MinnesotaCare tax if provided by a licensed or registered health care provider.

Sales Tax

Under Minnesota Statutes, section 297A.61, subdivision 3(g)(6)(vii), massage services are subject to sales tax unless they are provided for treatment of illness, injury or disease by, or upon written referral of, a licensed health care facility or professional. A licensed health care provider who provides only massage services for treatment of illness, injury or disease is not required to obtain a sales tax permit; licensed providers who administer massage for other reasons are required to obtain a sales tax permit.

Unlicensed massage therapists are subject to sales tax unless the massage is provided for the treatment of illness, injury or disease upon a written referral by a licensed health care facility or professional.

Massage Therapy by Health Care Providers

Massage therapy provided by licensed or registered health care providers is subject to the MinnesotaCare tax or the Minnesota sales tax. A massage therapist who is also a licensed or registered health care provider is required to collect the sales tax unless the massage is for the treatment of an illness, injury, or disease. If the massage is provided as treatment of an illness, injury, or disease, it is subject to the MinnesotaCare tax and is not subject to the sales tax. All massage services are presumed to be subject to sales tax unless the massage therapist can show that the service was for treatment of illness, injury or disease.

Massage therapy is considered to be for treatment of an illness, injury, or disease if:

- (1) it is provided upon written referral by a licensed health care provider or a licensed health care facility;
- (2) the massage is provided within the scope of the health care provider's license or registration; or
- (3) the massage is provided by an employee of a licensed or registered health care provider.

Examples:

- A massage therapist, who is also a registered physical therapist, provides massage therapy upon a written referral from a physician. The service is provided for the treatment of illness, injury, or disease and is thus subject to the MinnesotaCare tax and not the sales tax.
- A nurse provides massage therapy services in his nursing practice (i.e., within the scope of his license). The service is subject to the MinnesotaCare tax and not the sales tax.
- A massage therapist who is also a nurse provides massage therapy services at a beauty salon. The service is not provided upon a written referral by a licensed health care provider and it is not provided within the scope of the nurse's license. The service is subject to sales tax and not the MinnesotaCare tax.
- A massage therapist who is a nurse is employed by an orthopedic physician. The service is subject to the MinnesotaCare tax because all patient services provided by a physician or a physician's employees are subject to the MinnesotaCare tax and not the sales tax.

- A self-employed massage therapist who is not licensed or registered as a health care provider provides massage services upon a written referral by a physician for the treatment of an injury. The service is neither subject to the MinnesotaCare tax, nor the sales tax.
- A self-employed massage therapist who is not licensed or registered as a health care provider provides massage services without written referral from a physician. The service is subject to sales tax.
- An unlicensed and unregistered massage therapist who is employed by a chiropractor pays the MinnesotaCare tax (the employer is responsible for the tax).

Revenue Notices # 94-11 and # 03-09 are revoked and replaced with this notice.

JOHN H. MANSUN, Assistant Commissioner
for Tax Policy and External Relations

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