

**This notice was revoked on April 16, 2007 by Revenue Notice # 07-04.**

## **Minnesota revenue notice**

### **Revenue Notice # 93-26 MinnesotaCare - Medical Supplies, Appliances and Equipment - Sale, Rental and Repair**

#### **Who pays the tax?**

Under the MinnesotaCare laws, beginning January 1, 1994 persons engaged in the business of selling, renting or repairing medical supplies, appliances or equipment will pay a tax of 2% on the gross revenues they receive from the sale, rent or repair of these items to consumers. This includes pharmacies, medical supply stores or any store that sells, rents, or repairs medical supplies, appliances or equipment. This also includes businesses that sell or rent hearing aids, prosthetics, orthotic devices or eyewear directly to a patient or consumer, or businesses that repair these items.

#### **What is subject to tax?**

The tax is imposed on revenues received from the sale, rent or repair of medical supplies, appliances and equipment (or parts thereof) that are customarily and primarily used to serve a medical purpose and are not subject to the Minnesota Sales tax. Health care products that are used for treating minor cuts, scratches, abrasions, burns and injuries, minor aches and pains, or for measuring body temperature, are not subject to the MinnesotaCare tax.

The MinnesotaCare Tax Division has prepared a list of medical supplies, appliances and equipment which are subject to the MinnesotaCare tax. The list will be updated periodically. If you are not able to determine whether receipts from a particular item are taxable, call the MinnesotaCare Tax Division at 651-282-5533.

#### **Examples of items that are subject to the MinnesotaCare tax on medical supplies:**

- Wheelchairs (including parts), braces, walkers and canes; in case of rental of medical equipment, only amounts representing revenues from rental after December 31, 1993 are subject to tax;
- Prescription eyewear (including prescription contact lenses); if the eyewear is sold as part of a package, the total receipts for the entire package are taxable;
- Hearing aids;
- Orthopedic shoes and devices.

#### **Examples of items that are not subject to the MinnesotaCare tax on medical supplies:**

- Ace bandages, elastic bandages and supports, fever thermometers, hot water bottles and ice bags or ice collars; these are home health care products which treat or aid in the treatment of minor injuries or minor aches and pains;
- Air cleaners and air conditioners; these items are primarily and customarily used as environmental control equipment rather than for medical purposes;
- Oxygen tanks, apnea monitors and blood pressure machines; these items are subject to the Minnesota Sales tax.

Debra L McMartin  
Assistant Commissioner for Tax Policy

Dated: December 20, 1993

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