

# Health Product Exemptions

Sales Tax Fact Sheet 117E

## What's New

We updated this fact sheet to make it easier to read.

This fact sheet describes exemptions allowed for specific health products.

## Baby Products

The following baby products are exempt from sales tax:

- baby bottles and nipples
- breast pumps
- diapers (cloth and disposable)
- diaper liners
- infant syringes
- pacifiers
- nursing bra pads (see the *Clothing Fact Sheet*)
- teething rings

The following baby products are taxable, unless they meet the definition of over-the-counter drugs:

- baby lotion, oil, powder
- creams
- ointments

The following baby products are taxable, even if a prescription is provided for it, if the packaging includes a “drug facts” label or statement of active ingredients:

- baby shampoo
- soap
- suntan lotion
- sunscreen
- toothpaste

For more information, see the *Drugs and Grooming and Hygiene Products Fact Sheets*.

## Chair Lifts, Ramps, and Elevators

Chair lifts and ramps that qualify as mobility enhancing equipment are exempt from sales tax. For more information, see the *Mobility Enhancing Equipment Fact Sheet*.

Elevators and building materials used to install or construct a chair lift, ramp, or elevator are taxable at the time of purchase. However, if they were authorized by a physician and installed in or attached to the owner’s homestead, they are eligible for a refund of the sales tax paid.

To apply for a refund, file Form ST11, *Sales and Use Tax Refund Request*. Attach a physician’s prescription for the items purchased and copies of vendor invoices showing the tax paid. You can find Form ST11 on our website. Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and type **ST11** into the Search box.

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## Diabetic Equipment and Supplies

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Single-use finger-pricking devices for the extraction of blood, other single-use devices, and single-use diagnostic agents used in diagnosing, monitoring, or treating diabetes are exempt from sales tax. This exemption applies for both home and non-home use.

Reusable medical equipment, such as finger-pricking devices and blood glucose monitoring machines, are exempt as durable medical equipment for home use. These items are taxable for non-home use.

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## Kidney Dialysis Equipment

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Kidney dialysis equipment, including repair and replacement parts, are exempt from sales tax whether sold for home or non-home use. For more information, see the *Durable Medical Equipment* Fact Sheet.

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## Feminine Hygiene Products

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Feminine hygiene products are exempt from sales tax. Examples include:

- tampons
- sanitary napkins
- panty liners

However, feminine sprays and cleansing products, such as douches and wipes, are taxable.

Yeast infection medications are usually exempt because they qualify for the over-the-counter drug exemption. For more information, see the *Drugs and Grooming and Hygiene Products* Fact Sheets.

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## Food, Diet, and Nutritional Products

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Food and food ingredients are generally not taxable.

Meal substitutes labeled with “Nutrition Facts” are not taxable.

Dietary supplements, including vitamins and minerals, labeled with “Supplement Facts” are taxable. For more information, see the *Food and Food Ingredients* and *Dietary Supplements* Fact Sheets.

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## Handicapped-Accessible Vehicles

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If a vehicle is modified to make it handicapped accessible, parts, accessories, and the labor to modify it are exempt from sales tax. To claim this exemption, attach a statement describing the modifications and their value to the application for title.

If the modifications are made after the vehicle is purchased, give the seller a completed Form ST3, *Certificate of Exemption*. Specify the Handicapped accessible (vehicle costs) exemption. You can find Form ST3 on our website. Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and type **ST3** into the Search box.

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## Miscellaneous

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### Pharmaceutical Samples

Items that qualify for an exemption from sales and use tax also exempt from sales and use tax when given by manufacturers or distributors as samples. Accounting records must clearly identify exempt samples from taxable samples. If a manufacturer gives free samples of taxable items to distributors, the manufacturer owes Minnesota tax on their cost of the samples.

If a manufacturer of taxable items sells samples of taxable items to Minnesota distributors who will give them away, the tax is due on the manufacturer’s selling price to the distributors.

## Medical Records

Charges for copies of medical records are taxable, including retrieval fees, even if they are separately stated on the invoice.

## Combination Sales (Bundled Transactions)

When a bundled transaction includes drugs, durable medical equipment, mobility enhancing equipment, over-the-counter drugs, prosthetic devices, or medical supplies, special rules apply. The sale may or may not be taxable. The sale is taxable if:

- the seller's purchase price of the taxable items in the transaction is more than 50% of the total purchase price of all of the items in the transaction
- the seller's sales price of the taxable items in the transaction is more than 50% of the total sales price of the transaction.

Sellers cannot use a combination of the purchase price and sales price when making the 50% determination.

## Use Tax Due

Use tax is due on the seller's cost of taxable items included in the bundle if:

- the retail sale of the bundled transaction is not taxable, and
- the seller's purchase price of all taxable items in the bundled transaction is more than \$100.

## Examples

- A medical stapler loaded with staples for sutures is sold for \$10.00. The seller's purchase price of the stapler is \$2.00 and the staples are \$6.00. The sale of the stapler is not taxable since the taxable item in the sale (stapler) is less than 50% of the total purchase price of all the items in the sale. The seller does not owe use tax on the taxable items because their purchase price is less than \$100.00.
- Surgical kits that contain a prosthetic device and disposable surgical instruments for implanting the prosthetic device are sold for \$500.00. The seller's purchase price of the nontaxable prosthetic device is \$300.00 and their cost of the taxable surgical instruments is \$150.00. Sales of the surgical kits are not taxable because the seller's purchase price of the taxable items (surgical instruments) is less than 50% of the total purchase price of all of the items in the sale. The seller owes use tax on their cost of the taxable items in the sale since the taxable items cost the seller more than \$100.00.

## Legal References

Minnesota Statute 297A.61, subd. 38, Bundled transaction

Minnesota Statute 297A.67

subd. 2, Food and food ingredients

subd. 7, Drugs; Medical devices

subd. 9, Baby products

subd. 12, Motor vehicle disabled accessible

subd. 17, Feminine hygiene products

Minnesota Statute 297A.70, subd. 22, Residential property disabled accessible

## Other Fact Sheets

*Drugs*

*Durable Medical Equipment*

*Grooming and Hygiene Products*

*Local Sales and Use Taxes*

*Mobility Enhancing Equipment*

*Prosthetic Devices*

*Sales to Government*

*Use Tax for Businesses*