

CHAPTER 8130
DEPARTMENT OF REVENUE
SALES AND USE TAXES

8130.8700 VETERINARIANS

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Subpart 1. **In general.** The veterinarian is primarily engaged in the business of rendering professional services to the owners of animals, through care, medication, and treatment of such animals. The veterinarian is the user and consumer of all tangible personal property such as drugs, medicines, bandages and dressings, serums, tonics, and vitamins used in connection with the performance of services unless the veterinarian bills the customer separately for the services rendered and the materials used in the course of rendering such services. Except for the agricultural production exemptions provided in Minnesota Statutes, section 297A.69, and except as provided otherwise in this part, the veterinarian must pay sales or use tax on items used to provide services and must collect and report sales tax on retail sales of taxable goods and services.

Subp 2 **Retail sale.** Retail sales by the veterinarian of tangible personal property and taxable services that are not used or consumed in agricultural production or are not used to provide a taxable service are taxable. For example, worm pills sold for treatment of the family pet dog would be taxable. The veterinarian may accept exemption certificates from persons engaged in agricultural production, or in the boarding, breeding, raising, owning, or keeping of horses, or in providing taxable services such as pet grooming or the furnishing of lodging, board, and care services for animals, for retail sales of items that are used or consumed in those endeavors.

Subp 3 **Bundled transaction.** If the veterinarian administers a drug, medicine, or supply to an animal other than an agricultural production animal or horse and merely charges for services and absorbs the cost of drugs and other materials in a service charge, no tax should be charged by the veterinarian. The veterinarian is the consumer of such drugs and materials and the sale of the drugs or material by the supplier to the veterinarian is a taxable retail sale. If the veterinarian both sells a drug, medicine, or supply and administers it to an animal other than an agricultural production animal or horse, and also separately states the charges for such items and the charge for the veterinary service, then the sale of such drugs and materials by the veterinarian is a taxable retail sale. The veterinarian may purchase these items exempt for resale and must charge tax on the sales price to the customer. "Administers" means the item is injected, fed, or applied to the animal.

Subp. 4 **Use tax reporting period.** If the sales tax was not paid on items at the time of purchase from suppliers because they are purchased for resale or for an exempt use, and the veterinarian afterward puts the items to taxable use, then the veterinarian must report the use tax due thereon in the sales and use tax return covering the period in which taxable use was made of the item by the veterinarian.

Subp. 5 **Agricultural animal practice and horses.** Materials purchased by a veterinarian to be used or consumed in the care, medication, and treatment of horses and agricultural production animals may be purchased exempt from tax by providing the retailer with an exemption certificate. Materials are used or consumed when the materials, following their use by the veterinarian in the care, medication, and treatment of a horse or an agricultural production animal, are substantially without value and of no further practical use.

A Examples of materials that may be purchased exempt by veterinarians if used or consumed in the care, medication, and treatment of horses and agricultural production animals include, but are not limited to, antiseptics, bandages, disposable

blades, needles, and syringes, drugs, magnets, mastitis treatments and tubes, nitrogen, tattoo ink, vaccines, diagnostic and testing supplies; and lab chemicals and reagents

B Examples of items that are taxable when purchased by veterinarians, either because they are not used in the care, medication, and treatment of a horse or an agricultural production animal or because after such use they are not substantially without value and are of further practical use, include, but are not limited to, administrative and office supplies, informational pamphlets and videos, as well as machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture, fixtures, laboratory and surgical equipment, truck boxes, head gates, semen tanks, medical instruments, and other durable items. See part 8130 5500, subpart 13, for more detail regarding the agricultural production exemption

Subp. 6 **Items given away.** Taxable items given to customers as part of a service, for good will purposes, or donated to a charitable or civic organization, are taxable to the veterinarian. Veterinarians do not owe sales or use tax if the items given away have been received from a vendor as a free sample or promotional item

Subp. 7. **Boarding and pet grooming services.** Boarding and pet grooming services are taxable. Materials and supplies used or consumed in providing taxable boarding and pet grooming services are exempt. Materials and supplies are used or consumed when the materials, following their use by the veterinarian in boarding and pet grooming services, are substantially without value and of no further practical use

A. Durable supplies and equipment used to provide these services are taxable, since following the boarding or pet grooming service they are not substantially without value and are of further practical use. Examples of durable supplies and equipment include collars, leashes, cages, grooming tables, clippers, combs, and scissors

B. Pet grooming services include, but are not limited to, shampooing, clipping, trimming, and nail cutting. If these services are performed by a veterinarian for surgical preparation or for treating or preventing illness or disease, they are not taxable. Pet grooming services do not include grooming services for horses and horseshoeing and hoof trimming services

C. Boarding services for horses are not taxable. For other animals, boarding services provided by a veterinarian are not taxable if the boarding service is for medical reasons - that is, hospitalization, observation, or other veterinary purposes. "Other veterinary purposes" does not include administering medication to a pet when the pet owner normally could administer the medication. If administering such medication is the sole service provided by the veterinarian aside from boarding, then the boarding service is taxable. However, if the veterinarian not only administers medication which the pet owner normally could administer, but also boards the pet for hospitalization, observation, or other veterinary purposes, then the boarding service is not taxable

Statutory Authority: *MS s 270 06*

History: *29 SR 217*