
CHIROPRACTORS

The *Arvada Municipal Code* imposes a sales tax upon the purchase price paid for tangible personal property and certain taxable services in the City by the ultimate user or consumer. This also includes a use tax upon using, storing, distributing or otherwise consuming in the City any article of tangible personal property purchased, leased or rented from sources outside the City on which a lawfully imposed sales tax has not been paid.

Charges for chiropractic treatments and therapy are not subject to sales tax because it is considered a service; however, many chiropractors make taxable retail sales which are subject to sales tax. Sales tax should be charged when the following items are sold to the patient and the sales tax should be separately stated on the sales invoice or receipt.

TAXABLE SALES

Examples include, but not limited to:

- Books, brochures (e.g. nutrition, back care, etc.)
- Creams, lotions, ointments, liniments (e.g. mineral ice, biofreeze, etc.)
- Pillows and cushions (e.g. cervical, low back, seat, etc.)
- Video or audio tapes
- Canes
- Magnets
- Fitness balls
- Cryotherapy devices (e.g. ice packs)
- Fomentation devices (e.g. heating pads, hot packs, hot water bottles)
- Braces (e.g. neck, back, wrist, rib, etc.)
- Arch supports, insoles, lifts
- Vitamins, minerals, herbs, enzymes, or other dietary supplements

Sales of vitamins and minerals recommended by chiropractors for their patients are taxable. In the United States chiropractors are not recognized as a "practitioner" for purposes of prescribing drugs and medications. Only those practitioners such as medical physicians, veterinarians, dentists and podiatrists have been given the privilege of prescribing drugs and medications and are issued a prescriber number.

NON-TAXABLE SALES

- Prosthetic devices exemption applies to those devices that are specifically designed or manufactured to fit a particular individual.
 - Orthotics (custom made)
- Therapeutic device exemption applies to purchases made by a patient of an appliance or piece of equipment that is therapeutic.
 - TENS Units (Transcutaneous Electrical Nerve Stimulator)
 - EMS Devices (Electrical Muscle Stimulators)

- Medical supplies exemption applies to materials which are furnished by the doctor to the patient and are not sold. These materials are meant to be one-time use items that must leave the doctor's office with the patient either attached or applied to the patient, as opposed to being used by the doctor and then disposed of by the doctor.

Chiropractors may purchase all of the above items exempt from sales tax because the items will either be sold to the patient and sales tax collected at the time of purchase or sold to the patient and are exempt from tax.

TAXABLE PURCHASES

You must pay sales tax when you buy items such as office equipment, furniture, stationery and other office supplies, and certain services.

Examples include, but not limited to:

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| <ul style="list-style-type: none"> • Acupuncture needles • Anatomical models • Appointment books • Appointment cards • Books • Brochures • Business cards • Calculators • Cassettes • Claim forms • Code books • Coloring books • Computers / computer accessories • Credit card machines • Diathermy machine • Equipment repair parts • Exam tables • Greeting cards / post cards • Gowns | <ul style="list-style-type: none"> • Headrest paper • Magazine subscriptions • Manuals • Muscle stimulators • Office furniture • Office supplies • Pamphlets • Posters • Signs • Software • Stickers • Televisions • Tissues • Ultrasound machines • Uniforms • VCR's • Videos • X-ray machines / chemicals / film / screens |
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USE TAX

Use tax applies to items you use in your business that were purchased without payment of a local sales tax of at least Arvada's rate. Use tax is similar to sales tax and the rate is identical. Use tax is based on the cost of the taxable purchased.

EXAMPLE

1. Dr. Smith purchases an existing chiropractic practice in Arvada from a retiring chiropractor. This was an asset purchase for \$100,000.00 of which \$75,000.00 was goodwill, \$20,000.00 was for fixed assets (computer equipment, furniture and equipment) and \$5,000.00 was for inventory (vitamins, pillows, ice packs, etc.). Dr. Smith will need to pay use tax on the \$20,000.00 for the fixed asset purchase since no sales tax was paid at the time of purchase.
2. Dr. Smith orders an orthotics insert for one of his patients and has also recommended vitamins and the use of a wrist support. The orthotics insert was made from an exact impression of the patient's foot and will qualify as a prosthetic device because it will be manufactured specifically for the individual patient. However, sales tax will need to be collected on both the vitamin supplement and the wrist support. Vitamins are not considered drugs and the wrist support was not manufactured specifically for the patient but was only matched to the patient by size and shape.

3. Dr. Smith purchases a muscle stimulator for his practice. The muscle stimulator / TENS unit is not exempt from sales tax to the doctor. The therapeutic device exemption only applies to sales made to patients.
4. Dr. Smith takes out of inventory and uses some of the vitamin supplements for his own personal use and therefore will need to pay use tax on the cost of the supplements.

ARVADA MUNICIPAL CODE – Chapter 98 - Taxation

Sec. 98-61 Definitions

Prosthetic devices for humans means any artificial limb, part, device or appliance for human use which replaces a body part or aids or replaces a bodily function; is designed, manufactured, altered or adjusted to fit a particular patient; and is prescribed by a licensed practitioner of the healing arts. Prosthetic devices include but are not limited to prescribed auditory, ophthalmic or ocular, cardiac, dental, or orthopedic devices or appliances, and oxygen concentrators with related accessories.

Therapeutic device means devices, appliances, or related accessories that correct or treat a human physical disability or surgically created abnormality.

Sec. 98-70. - Exempt sales.

There shall be exempt from taxation under the provisions of this article the items of sales and services including, but not limited to the following:

- l. All sales of medical supplies, which include, insulin in all its forms dispensed pursuant to the direction of a licensed physician; glucose useable for treatment of insulin reactions; urine and blood-testing kits and materials; insulin measuring and injecting devices, including hypodermic syringes and needles; prosthetic devices; wheelchairs and hospital beds; drugs or materials when furnished by a doctor as part of professional services provided to a patient.*
- o. All sales of prosthetic devices for humans.*
- p. All sales of therapeutic devices if such a device, appliance or related accessory has a retail value of more than \$100.00 and is sold in accordance with a written recommendation from a licensed doctor.*

RELATED TOPICS **MEDICAL EXEMPTIONS**

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT ARVADA TAX LAW FOR THIS SUBJECT, INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE ARVADA MUNICIPAL CODE. HOWEVER, THE TAX GUIDE SHALL BE USED IN CONJUNCTION WITH THE ARVADA MUNICIPAL CODE (CHAPTER 98) IN DETERMINING TAX LIABILITY.