
MEDICAL EXEMPTIONS

The *Arvada Municipal Code* contains a medical exemption and definitions that, when combined, provide a variety of exemptions for qualified purchases.

PURCHASES BY LICENSED PRACTITIONERS

The term doctor, practitioner, licensed physician, and licensed practitioner of the healing arts include medical doctors, chiropractors, dentists, osteopaths, podiatrists, and veterinarians licensed by the State of Colorado to practice medicine.

TAXABLE PURCHASES:

Taxable purchases include office equipment, medical equipment and instruments, office supplies and other supplies - (*See Taxable Products*). If sales tax was not charged on these purchases or if the properly imposed tax is less than Arvada's tax rate, the business is responsible for paying the appropriate amount of use tax to the city.

EXEMPT PURCHASES:

All sales of prosthetic devices, therapeutic devices, or medical supplies that are purchased and resold **for the direct, personal use of a specific individual** in accordance with a written recommendation of a licensed practitioner or furnished as part of the professional services provided to the patient (*item must leave with the patient*) are exempt from Arvada sales tax or use tax.

Prosthetic devices shall mean any artificial limb, part, device or appliance for human use which aids or replaces a bodily function; is designed, manufactured, altered or adjusted to fit a particular individual; and is prescribed by a licensed practitioner of the healing arts.

Prosthetic devices include, but are not limited to:

Artificial – body parts or appliance for human use which aids or replaces a bodily function.

Dental (see Dentist and Dental Labs)

Cardiac / Pacemakers

Hearing aids including related accessories such as batteries, testers and hearing aid savers

Corrective eyeglasses / contact lens

Oxygen concentrators and oxygen with related accessories

Orthopedic devices or appliances

Orthotics (custom made)

Prosthetics (custom made)

Items that do not qualify as a prosthetic device:

Crutches

Canes

Walkers

Splints

A one-size fits all type of device that can be adjusted by an individual for a better fit. (ex. braces, supports and lifts).

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

A therapeutic “device” is defined as a piece of equipment or a mechanism designed to serve the special purpose of correcting or treating a human physical disability or surgically-created abnormality. An “appliance” is defined as a piece of equipment for adapting a tool or machine to a special purpose. In order to qualify for the exemption as a therapeutic device, an item must be a piece of equipment or a mechanism. This term suggests a degree of permanence, with the capability of repeated use, as opposed to a supply item that is used once and then discarded.

Therapeutic device include, but not limited to:

- Alternating pressure pumps / pads
- Aspirators
- Continuous pressure motion machines
- Intermittent pulsating pressure breather
- EMS Devices (Electrical Muscle Stimulator)
- Nebulizers
- Oxygen equipment
- TENS units (Transcutaneous Electrical Nerve Stimulator)
- Suction equipment
- Ventilator

Items that do not qualify as a therapeutic device:

- Catheters
- Tracheostomy supplies
- Heel protectors
- Boot cradles
- Support hose
- Hot tubs
- Spas
- Whirlpools baths
- Exercise equipment

Medical supplies are exempt only when the supplies are sold **for the direct, personal use of a specific individual**. Any other use of these supplies by service based businesses would not be exempt. Businesses providing service or testing are the consumers of the supplies if the product is not transferred to the patient.

Medical supplies shall include:

- Prescribed drugs
- Insulin, hypodermic needles and syringes used only for insulin
- Glucose used for treatment of insulin reactions
- Insulin measuring devices
- Urine and blood-testing kits and materials
- Wheelchairs
- Hospital beds
- Corrective eyeglasses (including frames) / Contacts
- Hearing aids including related accessories such as batteries, testers and hearing aid savers
- Drugs and materials when furnished by a doctor as part of professional services provided to patient

Drugs and materials when **furnished** to a patient by a doctor as part of professional services are exempt. “Furnished by a doctor” means the materials must leave the doctor’s office with the patient, as opposed to being used by the doctor and then disposed of by the doctor. Disposable items used once for one patient and then discarded are considered to be consumed by the doctor, and are not provided by the doctor to the patient. Such materials are therefore taxable. Items that qualify as materials furnished by a doctor include:

- Adhesive tape
- Bandages
- Casting materials
- Catheters
- Dressing
- Lamino Roll
- Splints or Sutures

Prescription drugs for humans means a drug which, prior to being dispensed or delivered, is required by the federal Food, Drug, and Cosmetic Act, 21 U.S.C. Sect. 301, et. seq., as amended, to state at a minimum the symbol "Rx Only", and is dispensed in accordance with any written or electronic order dated and signed by a licensed practitioner of the healing arts, or given orally by a practitioner and immediately reduced to writing by the pharmacist, assistant pharmacist, or pharmacy intern, specifying the name and any required information of the patient for whom the medicine, drug or poison is offered and directions, if any, to be placed on the label.

Prescription drugs for animals means a drug which, prior to being dispensed or delivered, is required by the federal Food, Drug, and Cosmetic Act, 21 U.S.C. Sect. 301, et. seq., as amended, to state at a minimum the symbol "Rx Only", and is dispensed in accordance with any order in writing, dated and signed by a licensed veterinarian specifying the animal for which the medicine or drug is offered and directions, if any, to be placed on the label.

Prescription Drugs – “Drugs” are substances, not devices or their components, parts or accessories, intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in individuals and animals. “Prescription drugs” are those which:

Prior to being dispensed or delivered, are required by federal law to bear, at a minimum, the symbol “Rx Only”; and Are, in fact, dispensed, delivered, or administered to a person or animal by, or pursuant to the direction of a licensed practitioner of the healing arts or veterinary medicine.

Prescription drugs are exempt from Arvada sales/use tax when dispensed pursuant to a written order of a licensed practitioner of the healing arts. Prescription drugs are also exempt when administered by, or pursuant to the direction of, a licensed practitioner of the healing arts or veterinary medicine.

PURCHASES BY PATIENTS

TAXABLE PURCHASES:

Purchases by individuals are taxable unless the item is included within an exemption in the *Arvada Municipal Code* and the purchase is made in accordance with a prescription or written recommendation from a licensed practitioner other than “over-the-counter” medications.

PURCHASES BY HOSPITALS

Hospitals, clinics, nursing homes or other medical facilities are businesses that provide medical care. As such, purchases by these businesses are generally taxable. However, many hospitals qualify as tax-exempt organizations or are owned and operated by governmental entities. Direct sales to tax-exempt organizations, for use in the conduct of their tax-exempt functions, and all direct sales to governmental entities, are exempt from tax.

TAXABLE PURCHASES:

Taxable purchases include office equipment, medical equipment and instruments and other supplies - [\(See Taxable Products\)](#). If sales tax was not charged on these purchases or if the properly imposed tax is less than Arvada’s tax rate, the business is responsible for paying the appropriate amount of use tax to the city.

TAXABLE SALES:

If a separate charge is made by a medical care facility for certain items used by the patient, the charge is a taxable sale. The facility must have a sales tax license and must collect sales tax even if the facility is a tax-exempt entity. These items are taxable if the patient buys the same items outside of the hospital, and they include, but are not limited to:

Admission kits	Garment bags
Baby supplies	Hand lotions
Bath oil	Ice buckets
Braces / Supports	Incontinent supplies
Canes	Maternity kits
Chapstick	Mouthwash
Commode pan	Shampoo
Crutches	Shaving supplies
Denture supplies	Slippers
Deodorant	Soap
Disposable diapers	Tissues
Disposable pillows	Toothpaste
Foot cream	Walker

Replacement or Repair Parts – Exempt Medical Equipment

A component part for exempt medical equipment or an exempt prosthetic device is also exempt from sales tax. If the component part is clearly identified by the manufacturer as a part for such equipment or device, the part may be purchased exempt from tax. If the component part is not clearly identified by the manufacturer as a part for such equipment or device, the purchaser must pay sales tax at the time of purchase.

EXAMPLES

Mary goes to her local drug store to purchase insulin measuring and injecting devices. This transaction is not subject to sales/use tax.

Dr. Johnson administers a dose of prescription strength pain reliever. This pain reliever is a controlled substance bearing the brand "RX Only". A separate charge appears on the patient's billing for the drug. The charge is exempt from sales tax because the drug is a prescription drug and is administered by a licensed practitioner of the healing arts.

Dr. Johnson also purchases a case of tongue depressors for use in routine examinations. The tongue depressors are consumable supplies used in the ordinary course of Dr. Johnson's medical practice and are discarded immediately after use in the doctor's office. This transaction is subject to sales/use tax.

Dr. Smith purchases Novocain in bulk to be administered to his patients while performing medical procedures. His purchase of the Novocain is not subject to sales/use tax.

ARVADA MUNICIPAL CODE – Chapter 98 - Taxation

Sec. 98-61 Definitions

Prescription drugs for animals means a drug which, prior to being dispensed or delivered, is required by the federal Food, Drug, and Cosmetic Act, 21 U.S.C. Sect. 301, et. seq., as amended, to state at a minimum the symbol "Rx Only", and is dispensed in accordance with any order in writing, dated and signed by a licensed veterinarian specifying the animal for which the medicine or drug is offered and directions, if any, to be placed on the label.

Prescription drugs for humans means a drug which, prior to being dispensed or delivered, is required by the federal Food, Drug, and Cosmetic Act, 21 U.S.C. Sect. 301, et. seq., as amended, to state at a minimum the symbol "Rx Only", and is dispensed in accordance with any written or electronic order dated and signed by a licensed practitioner of the healing arts, or given orally by a practitioner and immediately reduced to writing by the pharmacist, assistant pharmacist, or pharmacy intern, specifying the name and any required information of the patient for whom the medicine, drug or poison is offered and directions, if any, to be placed on the label.

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.

(9) *Additional provisions of exemption from the tax under this article:*

- 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.*
- m. All sales of prescription drugs for humans.*
- n. All sales of prescription drugs for animals.*
- 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

CHIROPRACTORS

DENTIST AND DENTAL LABS

DRUG

VETERINARIANS

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.

TAXABLE PRODUCTS:

Keep in mind that any purchases of prosthetic devices, therapeutic devices or medical supplies are exempt when sold **for the direct, personal use of a specific individual** in accordance with a written recommendation of a licensed practitioner. Taxable products examples include, but not limited to:

Alcohol	Exam tables	Scales
Amplifiers	Exercise equipment	Scissors
Anesthesia equipment	Eye solutions	Shaving products
Antacids	Eye charts	Sheeting
Antiseptics	Face masks	Shopping bags / pouches (wheelchairs / walkers)
Apnea monitors	Filter masks	Shower curtains / stools
Appetite suppressants / stimulants	Finger pricking devices	Silicone gel
Baby needs (car seats, wipes, furniture, Q-tips, toys)	First-aid product and kits	Sleeping pills
Back Massagers	Food sprays	Shampoo
Band-Aids and bandages	Forceps	Slings to lift patients
Bath blankets	Gauze pads / strips	Specimen containers
Bathtub lifts	Genetic test kits	Stethoscopes
Bathtub whirlpools	Gowns	Sun lamps
Battery testers	Grab bars	Suppositories
Bed pans	Hair care items	Surgical equipment
Bed wedge cushions	Heat lamps	Surgical supplies / needles
Beds and mattresses	Home pregnancy tests	Syringes / needles
Birth control devices (non-prescription)	Humidifiers	Tape
Blankets, bedding	Incontinent supplies	Telephone devices for hearing Impaired
Blood pressure machines / cuff	Insect repellants	Televisions
Burn remedies	Intravenous stands	Testing kits
Carts	Laboratory equipment	Thermometers
Chapstick	Latex gloves	Therapy tables
Cleaning supplies and chemicals	Laxatives	Tilt tables
Closed caption devices	Lift chairs	Timers
Cold decongestants, antihistamines	Liniments	Tissues
Colognes and perfumes	Listening devices for TV, telephone, etc.	Toilet seats / toilets
Commodes	Magazine subscriptions	Tongue depressors
Communication devices	Masks (filter)	Towels
Computer hardware	Massage appliance and furniture	Transfer belts / benches
Computer software	Mattress pads	Trays
Condoms	Medic alert bracelets	Tubs
Contact lens solutions	Medical forms	Ultrasound gels
Contraceptives	Medical instruments	Uniforms
Cotton applicators	Medication carts	Urinals
Cough syrups, drops and lozenges	Medication dispensers	Vaseline
Creams and lotions	Minerals	Visine
Cubicle curtains	Needles / Syringes	Vitamins
Cups for dispensing medications	Nonprescription eye wear	Wet wipes
Cushions	Nose pads	Whirlpool baths
Dehumidifiers	Office furniture/equipment	X-ray equipment
Dental, oral hygiene products	Operating room equipment	X-ray film / chemicals
Deodorants	Ostioscopes	
Diagnostic / monitoring equipment	Oxygen tanks	
Dietary supplements (vitamins and minerals)	Parallel bars	
Disinfectants	Pesticides /insect repellants	
Drape sheets	Pillows/therapeutic pillows	
Ear drops	Pregnancy test kits	
Ear Plugs	Privacy curtains	
Electronic air purifiers	Prone cart	
Emena preparations	Rectal preparation	
	Rubs (Vicks, Ben-Gay)	