

Bulletin



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01-1

Taxability of Medical Equipment

This bulletin supersedes Bulletin 97-1. Bulletin 72-1 had previously been superceded.

The sales and use tax applies to the sale of all medical supplies and equipment except those that the legislature has specifically exempted from tax. Therefore, regardless of whether medical insurance will cover the cost of a product, whether the item is deductible for federal income tax purposes, or whether certain supplies are prescribed by a doctor, those products and supplies are taxable unless specifically exempted.

The following items are specifically exempted from sales and use tax.

A. Medicine

The tax does not apply to a sale of medicine. Medicine means a preparation or substance intended to cure, mitigate, treat, or prevent illnesses. Medicine includes prescription and non-prescription drugs, patent medicines, and oxygen sold for medical purposes. The term *does not* include the following items if they are sold without a prescription: cosmetics, dentifrices, shaving and hair care products, soaps, deodorants, toothpastes, suntan lotions, and skin care creams or cleansers.

However, four specific hygiene aids are exempt from sales tax: baby oil, baby powder, sanitary napkins, and tampons.

B. Disposable Medical Supplies

The tax does not apply to a sale of disposable medical supplies. Disposable medical supplies are articles consumed in a single use to cure, mitigate, treat, prevent, or diagnose illnesses.

Items exempt under this provision include, but are not limited to: adhesive tape; bandages; gauze

and gauze pads, antiseptics; disposable gloves; lubricating jelly; colostomy supplies; absorbent pads; incontinent pants, diapers, and other incontinent supplies for adults; dressing supplies; spray bandages; disposable syringes; condoms, and glucose monitoring strips.

Skin care creams or cleansers are not considered tax exempt medical supplies.

C. Sales of Medical Supplies To or By Physicians or Hospitals

The tax does not apply to a sale of medical supplies to or by physicians or hospitals. Medical supplies means an article used to cure, mitigate, treat, prevent, or diagnose illnesses. Medical supplies do not include surgical supplies or medical or surgical equipment.

D. Itemized Physical Aids

The tax does not apply to the sale of the following products itemized in the statute:

1. A hemodialysis drug or device sold by a licensed pharmacist or by a person who holds a state permit for hemodialysis distribution directly to a hemodialysis patient requiring regular home treatment;
2. Personal property manufactured or adapted to compensate for blindness, including braille slates and paper, items with braille markings, and specialized canes;
3. A decoder for captioned television programs for use by a hearing-impaired individual;

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4. A telecommunications device that is adapted specifically for hearing-impaired individuals and is:
 - a. a device that changes digital codes into tones for transmission through telephone lines;
 - b. a flashing signal device; or
 - c. a telebraille machine;
5. An artificial eye or limb or a hearing device;
6. A colostomy or ileostomy appliance;
7. Corrective eyeglasses;
8. An orthopedic or surgical appliance prescribed by a physician that is designed to be worn by the user;
9. A battery for an artificial hearing device or larynx, transcutaneous nerve stimulator, or electrically powered wheelchair;
10. A replacement cord for an artificial hearing device;
11. Crutches, including quad canes and walkers, but not standard canes;
12. A wheelchair, including a power scooter specifically designed to enable invalids to move about, and replacement parts for wheelchairs and scooters;
13. A hospital bed, as well as mattresses and side rails designed for a hospital bed;
14. An oxygen tent;
15. Personal property installed in a motor vehicle to provide access for a handicapped individual or permit a handicapped individual to operate the vehicle, including portable wheelchair ramps;
16. A wig or hairpiece needed as a result of a documented medical or surgical treatment.

E. Medical Equipment for the Home or on the Person

The tax does not apply to:

1. Medical equipment that meets the following conditions:
 - a. can withstand repeated use;
 - b. is used exclusively to serve a medical purpose;
 - c. is not useful to a person in the absence of illness or injury; and
 - d. is for use in the home or on the individual's person.

- i) "For use in the home" includes a nursing home, but only to the extent that the equipment remains in the room in which the patient sleeps and is used regularly and exclusively by the patient(s) in that room. Equipment that is used generally on patients throughout the nursing home is not exempt.
- ii) "For use in the home or on the individual's person" does not include devices used or placed on a person for diagnostic purposes. These devices include, without limitation, blood pressure devices, thermometers, scales of any type, and devices used to obtain or monitor pulse, respiration, or heart rate.

Exempt medical equipment includes, but is not limited to, the following items used in the home or on the person: overbed table; wheelchair tray; pressure or pressure sore relief products such as a flotation pad; bed wedges, bath and toilet safety products, such as a commode chair, toilet safety frame, a bath bench, and a bath lift; bed pan; respiratory equipment, including ventilators and suction and aerosol equipment; trapeze bar; traction equipment; patient lifts; geriatric chair; continuous passive motion device; and products used for intravenous administration.

Apnea monitors, infant breathing monitors, blood glucose monitors, thermophores, heating pads, paraffin bath and wax, and cervical pillows are also exempt from tax when used in the home or on the person. Other exempt items are medical corsets, elastic bandages, all types of braces, casts, mastectomy bras and forms.

Equipment used for general health purposes, such as air conditioners, humidifiers, dehumidifiers and massagers, is not exempt.

Equipment used in examination, treatment, operating, delivery, and therapy rooms is not exempt. Adjustable beds that are not hospital beds, bedside cabinets, receptacles for medical waste, and lift chairs are also not exempt from sales tax.

Stairlifts, wheelchair lifts, prefabricated wheelchair ramps, and grab bars, when installed for their intended purpose, become a component of the real property to which they are attached and therefore are *not exempt* medical equipment. If you sell and install any of these items, you must pay sales tax on your purchase from your supplier. If you sell any of these items but do not install them, you must collect the tax on your retail selling price.