

Veterinarians

How Do Wisconsin Sales and Use Taxes Affect Your Business?

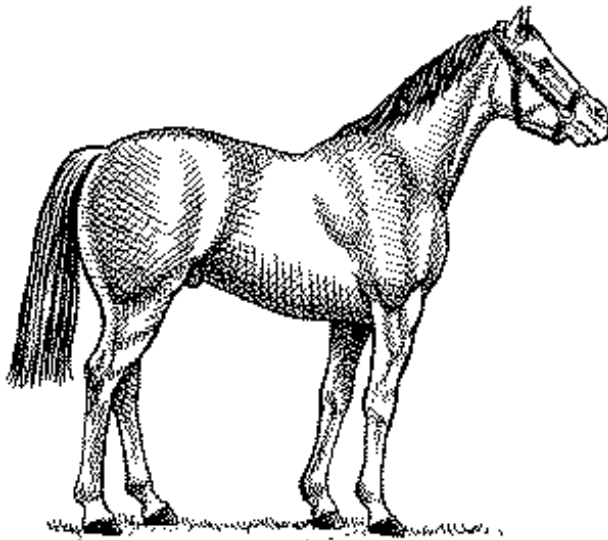


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I. INTRODUCTION

This publication explains how Wisconsin state sales and use taxes affect veterinarians. It includes examples of taxable and nontaxable sales and purchases. If you have any questions after reading this publication, please contact any Wisconsin Department of Revenue office for assistance.

Note: Certain sales and purchases by veterinarians which are subject to the 5% state sales and use tax may also be subject to the: (a) 0.5% county sales and use tax, (b) 0.1% stadium sales and use tax, (c) local exposition taxes, and (d) 0.5% premier resort area sales tax. Additional information about these taxes is contained in the following:

- (a) County tax: Publication 201, *Wisconsin Sales and Use Tax Information*, Section XVIII.
- (b) Stadium tax: Publication 201, *Wisconsin Sales and Use Tax Information*, Section XVIII. Applies to sales and purchases made in Milwaukee, Ozaukee, Racine, Washington, and Waukesha counties.
- (c) Local exposition taxes: Publication 410, *Local Exposition Taxes*. Applies to sales and purchases of certain lodging, food, beverages, and car rentals in municipalities wholly or partially within Milwaukee County.
- (d) Premier resort area tax: Publication 403, *Premier Resort Area Tax*. Applies to sales by certain types of retailers of tangible personal property and taxable services in the Village of Lake Delton and City of Wisconsin Dells.

Publications 201, 403, and 410 are available from any Department of Revenue office.

CAUTION

- The information in this publication reflects interpretations by the Wisconsin Department of Revenue of laws enacted by the Wisconsin legislature as of June 1, 1999. Laws enacted after this date, administrative rules, and court decisions may change the interpretations in this publication.
- The examples and lists of taxable and nontaxable sales and purchases provided in this publication are not all-inclusive. They merely set forth common examples.

II. DEFINITIONS

• Veterinarian

“Veterinarian,” as used in this publication, means a person who is licensed to practice veterinary medicine in Wisconsin.

• Veterinary Services

“Veterinary services,” as used in this publication, are those services which may only be performed by a veterinarian. (**Note:** Any medical acts delegated to a veterinary student, certified animal technician, or other person under the direct supervision of a veterinarian, as provided in the Wisconsin administrative rules for veterinarians, are “veterinary services” as that term is used in this publication.)

Examples of these services are vaccinations, x-rays, surgical procedures, and administering medicines.

Services which may be performed by persons other than veterinarians, such as boarding, grooming, and clipping pets, even though performed by a veterinarian, are not veterinary services.

• Medicine

“Medicine,” as used in this publication, means any substance or preparation used in the diagnosis, cure, mitigation, treatment, or prevention of diseases for animals.

III. SALES BY VETERINARIANS

A. Taxable Sales by Veterinarians

The sale, lease, or rental in Wisconsin of tangible personal property, other than medicines, and **certain** services performed by veterinarians are subject to Wisconsin sales and use tax, unless these sales qualify as occasional sales or some other exemption applies. See Part IV “Occasional Sale Exemption,” for additional information.

(**Note:** Veterinarians are deemed the consumers of (a) any tangible personal property used by them in the performance of their veterinary services related to domestic animals, (b) any tangible personal property furnished to their customers in the performance of veterinary services related to domestic animals, and

(c) any medicines for animals, including medicines sold over the counter. Therefore, there is **no** sales tax on veterinarians' sales of medicines sold to customers or tangible personal property used or furnished by veterinarians in the performance of their veterinary services related to domestic animals.)

The sale of tangible personal property by a veterinarian to a customer in the performance of a taxable **non-veterinary service**, such as grooming a dog, is subject to Wisconsin sales tax if the property is physically transferred to the customer.

Example - Veterinarian A is hired by Customer B to board Customer B's dog. Veterinarian A purchases dog food and raw hide bones which are provided to the dog while it is being boarded. Veterinarian A's charges to Customer B for the boarding, dog food and raw hide bones are subject to Wisconsin sales tax. Veterinarian A may purchase the dog food and raw hide bones without tax for resale.

Examples of taxable sales: The following are examples of sales of tangible personal property and services provided by veterinarians which are subject to Wisconsin sales and use tax, unless some exemption applies as explained in Part III.B. (this list of taxable sales is not all-inclusive):

- **Boarding:** Boarding of dogs, cats, or other animals, unless provided in conjunction with exempt veterinary services.

Example 1 - Customer E is going on vacation and takes her dog to Veterinarian F, who provides boarding services. Veterinarian F charges Customer E \$100 to board the dog for 5 days. The \$100 boarding fee is subject to Wisconsin sales tax.

Example 2 - Customer X's cat needs to have surgery. Because of the surgery, Customer X's cat spends 4 days and nights at Veterinarian Y's clinic. Veterinarian Y charges Customer X \$250 for the surgery and \$75 for boarding. Although boarding is generally a taxable service, boarding provided in conjunction with veterinary services, such as surgery, is not subject to Wisconsin sales or use tax.

- **Breeding:** Breeding or artificial insemination of dogs, cats, and other animals, unless for the treatment of disease.

- **Clipping:** Clipping dogs, cats, and other animals, unless for the treatment of disease.

- **Grooming:** Grooming dogs, cats, and other animals.

Example - Veterinarian C grooms Customer D's dog for \$25. This service is subject to Wisconsin sales tax.

(Caution: Taxable services such as those identified above, are exempt from Wisconsin sales and use tax if at the time the service is performed on the animal, a sale in Wisconsin of such animal to that customer, would be exempt from Wisconsin sales and use tax. See Part III.B. for additional information.)

- **Parking:** Providing parking space for motor vehicles.

Example - Veterinarian D owns a parking lot and charges persons for parking in the lot. This charge is subject to Wisconsin sales tax.

- **Furniture and Fixtures:** New and used furniture, computers, office equipment, etc.

- **Pets:** Dogs, cats, or other animals.

Example - Veterinarian E sells dogs. Customer F purchases a dog from Veterinarian E for \$100. The \$100 charge by Veterinarian E to Customer F is subject to Wisconsin sales tax.

- **Pet Food:** Food for dogs, cats, or other pets.

- **Pet Equipment:** Videos, books, training materials, dishes, and other pet equipment.

Example - Veterinarian A sells a leash to Customer B for \$5. This sale is subject to Wisconsin sales tax.

- **Pet Supplies, Except Medicines:** Collars, leashes, shampoo and other pet supplies, unless they are medicines.

Example 1 - Veterinarian E sells a bottle of regular shampoo to Customer F for \$7. The shampoo is not medicated and is used strictly for cleansing purposes. The sale of the shampoo is subject to Wisconsin sales tax.

Example 2 - Veterinarian C sells a flea shampoo to Customer D for \$15. This sale is not subject to Wisconsin sales tax because the shampoo is a medicine designed to prevent or eliminate fleas.

- **Photocopies:** Photocopies of animal records, if not sold as part of veterinary services.
- **Rentals:** Rental of equipment to others.
- **Semen:** Semen used for the artificial insemination of dogs, cats, or other pets.
- **Vending Machines:** Tangible personal property (e.g. soda, snacks, etc.) sold through vending machines when the veterinarian is the “operator.”

The veterinarian is considered to be the “operator” of the vending machine if the veterinarian owns the property sold through the machine, has the right to access the machine for stocking, restocking, or removing the gross receipts, or who, in general, has control over the machine and its contents.

B. Exempt Sales by Veterinarians

Sales of veterinary services and certain tangible personal property by veterinarians are exempt from Wisconsin sales and use tax. Examples of sales by veterinarians which are exempt from Wisconsin sales and use tax include the following (this list is not all-inclusive):

- **Veterinary Services:** Veterinary services, as defined on page 1 of this publication. This includes services performed on an animal in the diagnosis, cure, mitigation, treatment, or prevention of disease.

Examples of veterinary services are physical examinations, vaccinations, injections, x-rays, cast

application and removal, surgery, laboratory testing, and prescribing medicines.

Exempt veterinary services include charges for boarding, food, and grooming provided in conjunction with veterinary services.

Example - Veterinarian L is going to neuter Customer M’s dog. Once the neutering is complete, Customer M’s dog is kept at Veterinarian L’s clinic for 2 additional days so that Veterinarian L can observe the healing progress of the dog. Veterinarian L charges Customer M for boarding and food while the dog stays at Veterinarian L’s clinic.

The charge for the neutering is a veterinary service which is not subject to Wisconsin sales or use tax. The veterinarian’s charges for the food and boarding are **not** subject to Wisconsin sales tax because these items are being provided in conjunction with the performance of veterinary services. The veterinarian is required to pay Wisconsin sales or use tax on its purchases of this food.

- **Services Performed on Exempt Animals:** Services performed on or provided for exempt animals. If a veterinarian performs a normally taxable service on an “exempt animal,” the charge by the veterinarian is not subject to Wisconsin sales and use tax. An “exempt animal” is an animal which the veterinarian’s customer could purchase and take possession of without paying Wisconsin sales and use tax at the time the veterinarian’s service is performed, by claiming a valid exemption from Wisconsin sales and use tax.

Example - Veterinarian E performs an artificial insemination service on Customer F’s farm livestock used exclusively in farming. Since a sale to Customer F of farm livestock used exclusively in farming at the time the service is performed would be exempt from Wisconsin sales tax, the sale of the service performed on the exempt farm livestock is also exempt from Wisconsin sales tax.

- **Medicines:** Sales of medicines by a veterinarian. The veterinarian is deemed the consumer of any medicines it purchases for animals. (**Note:** The veterinarian is required to pay Wisconsin sales or use tax on his or her purchases of medicines, ex-

cept medicines used on livestock which are used exclusively in farming.)

Example 1 - Veterinarian G examines Customer H's cat. Veterinarian G prescribes a medicine to treat the cat for its illness. The sale of the medicine by Veterinarian G to Customer H is not subject to Wisconsin sales tax. Veterinarian G is required to pay Wisconsin sales or use tax on his purchase of the medicine used to treat the cat.

Example 2 - Customer I walks into Veterinarian J's clinic and purchases for \$6, a medicated collar designed to prevent ticks and fleas. This sale is not subject to Wisconsin sales or use tax. Collars which contain medicine that prevents ticks and fleas are considered to be medicines and are not subject to Wisconsin sales or use tax. Veterinarian J is required to pay Wisconsin sales or use tax on her purchase of the flea collar sold to Customer I.

- **Tangible Personal Property Used by Veterinarians or Furnished to Customers in Performance of Services:** Tangible personal property used by veterinarians or furnished to customers in the performance of veterinary services. A veterinarian is deemed the consumer of any tangible personal property the veterinarian uses or furnishes to the customer in the performance of the veterinary services. (**Note:** A veterinarian is required to pay Wisconsin sales or use tax on its purchases of tangible personal property used by the veterinarian or furnished to customers in the performance of services.)

Example - Customer C brings a dog which had cut its leg to Veterinarian X. Veterinarian X determines that the cut needs to be stitched and covered with a bandage. Veterinarian X stitches and bandages the dog's leg. The charge to Customer C by Veterinarian X for the stitches and bandages is not a sale of tangible personal property subject to Wisconsin sales tax. Veterinarian X used the stitches and bandages in the performance of his services and is required to pay Wisconsin sales or use tax on his purchase price of the stitches and bandages.

- **Sales to Farmers:** Milkhouse supplies, artificial insemination services, and medicines for livestock used exclusively in farming if the farmers provide

the veterinarian with a properly completed sales and use tax exemption certificate (Form S-211).

- **Sales to Other Persons Who Provide Valid Exemption Certificates:** A veterinarian is not liable for Wisconsin sales or use tax on sales of tangible personal property or taxable services, if the veterinarian accepts a properly completed sales and use tax exemption certificate (Form S-211) in good faith from the purchaser.

IV. OCCASIONAL SALE EXEMPTION

Sales of normally taxable tangible personal property and taxable services, such as those items listed in Part III.A. of this publication, may be exempt from Wisconsin sales and use tax as occasional sales if certain conditions are met. If a veterinarian's sales qualify for the occasional sale exemption, the veterinarian is not required to remit Wisconsin sales tax on such sales. (**Note:** A veterinarian is required to pay Wisconsin sales or use tax on his or her purchases of tangible personal property and taxable services which he or she resells as an exempt occasional sale.)

The occasional sale exemption applies if condition 1 **and** either condition 2a. or 2b. are met:

1. The veterinarian does not hold and is not required to hold a Wisconsin seller's permit **AND**
2. The veterinarian meets one of the following two conditions:
 - a. It's "taxable sales" of tangible personal property and taxable services are less than \$1,000 during the calendar year; or

"Taxable sales" means gross receipts (line 1 of Wisconsin Sales and Use Tax Return, Form ST-12 (1/99)), less allowable deductions. Allowable deductions include amounts properly deductible on lines 2 through 4 of the Form ST-12. Allowable deductions do not include the deduction for "tax paid purchases resold," which is claimed on line 4 of Form ST-12.

Example - Veterinarian T does not hold a Wisconsin seller's permit. Veterinarian T sells 150 collars and leashes during the year totaling \$1,200 in sales. Valid, properly completed exemption certificates were provided to the veterinarian for \$300 of these

sales. Veterinarian T did not sell any other tangible personal property or taxable services during the year.

Veterinarian T's sales of leashes and collars qualify for the occasional sale exemption because Veterinarian T's "taxable sales" were less than \$1,000 (i.e., \$1,200 - \$300 = \$900). (**Note:** Since Veterinarian T's sales of leashes and collars qualify for the occasional sale exemption, Veterinarian T is required to pay Wisconsin sales or use tax on her purchase price of the leashes and collars she sells.)

- b. Its "taxable sales" of tangible personal property and taxable services are more than \$1,000 during the calendar year, but (a) its sales of such property and services are isolated and sporadic and (b) the facts and circumstances support the inference that the veterinarian is not pursuing a business or part-time business as a vendor of tangible personal property or taxable services.

Example - Veterinarian U does not hold a seller's permit. Veterinarian U sells one piece of used equipment for \$10,000. Veterinarian U makes no other sales of tangible personal property or taxable services during the calendar year.

Although Veterinarian U's "taxable sales" are more than \$1,000, his sales are still exempt from Wisconsin sales and use tax because (a) the sales occurred on an isolated and sporadic basis (e.g., only one taxable sale in the year) and (b) the facts and circumstances support the inference that Veterinarian U is not pursuing a business or part-time business as a vendor of personal property or taxable services (e.g., Veterinarian U makes no other sales of tangible personal property or taxable services).

(**Note:** If a veterinarian has a question as to whether its sales qualify for the occasional sale exemption, he or she should write to the Wisconsin Department of Revenue, P.O. Box 8902, Madison, WI 53708-8902.)

V. PURCHASES BY VETERINARIANS

A. Taxable Purchases by Veterinarians

A veterinarian's purchases of all tangible personal property and taxable services stored, used, or consumed in Wisconsin are subject to Wisconsin sales and use tax, unless one or more of the following apply:

1. The tangible personal property or taxable service will be resold by the veterinarian.

Veterinarians are not considered to be reselling tangible personal property (1) used by them in the performance of veterinary services or (2) furnished to customers in the performance of veterinary services. A veterinarian is also deemed the consumer of any medicines he or she purchases and must pay Wisconsin sales or use tax on those medicines, unless they are used on livestock which are used exclusively in farming.

2. The item being purchased is a medicine which will be used on livestock which are used exclusively in farming.
3. The item is an animal I.D. tag purchased from the Wisconsin Department of Agriculture, Trade, and Consumer Protection.
4. An exemption is specifically provided in the Wisconsin Statutes for the tangible personal property or taxable service purchased (e.g., water delivered to veterinarians through mains).

The chart on the following page includes examples of items subject to Wisconsin sales and use tax when purchased by veterinarians. If the supplier does not charge Wisconsin sales or use tax to the veterinarian, the veterinarian is required to pay use tax to the Wisconsin Department of Revenue. The use tax is based on the veterinarian's purchase price of the items.

EXAMPLES OF TAXABLE PURCHASES BY VETERINARIANS
(This list is not all-inclusive.)

Medical Equipment	Medical Supplies	Office Equipment and Supplies	Boarding Supplies and Equipment	Miscellaneous
Diagnostic Exam Tables Feeding Pumps and Tubes Forceps I.V. Pump, Tubing, and Poles Laboratory Equipment Microscopes Monitoring Systems Operating Equipment Oxygen Carts Scales Surgical Instruments Testing Equipment Ultrasound Equipment Ventilators and Respirators X-Ray Machines	Adhesive Remover and Tape Bandages, Gauze, Cotton, and Dressings Disposable Equipment Laboratory Supplies Gloves Masks Medicines, Except Medicines Used on Farm Livestock Oxygen Splints and Cast Materials Surgical Supplies Syringes and Needles Temperature Blankets Vaccine Tags (1) X-Ray Film	Advertising Brochures and Literature Used In Wisconsin Animal I.D. Tags (1) Computer Equipment Computer Supplies Copy Machines and Supplies Desks Envelopes FAX Machines and Supplies File Folders Paper Pens and Pencils Printed Materials - Posters, Books, Etc. Stationery Time Clocks and Time Cards Uniforms	Bathtubs Cages Fitness and Exercise Equipment Grooming Supplies (2) Pet Food (2) Soap and Cleaners	Cleaning Supplies Disinfectants Equipment Repair Landscaping and Lawn Maintenance

Notes:

(1) Purchases of these items from the Wisconsin Department of Agriculture, Trade, and Consumer Protection after October 1, 1993 are exempt. However, purchases of these items from suppliers other than the Wisconsin Department of Agriculture, Trade, and Consumer Protection are taxable.

(2) If these items are transferred to the customer in conjunction with the performance of an exempt veterinary service, the items are taxable when purchased by the veterinarian.

If the items are sold to customers, but not in conjunction with an exempt veterinary service, they may be purchased by the veterinarian without tax for resale.

B. Exempt Purchases by Veterinarians

Examples of tangible personal property which veterinarians may purchase without paying Wisconsin sales or use tax include (this list is not all-inclusive):

- **Certain Animal Identification Tags:** Animal identification tags purchased from the Wisconsin Department of Agriculture, Trade, and Consumer Protection are exempt from Wisconsin sales and use tax.

- **Medicines Used on Farm Livestock:** Purchases of medicines used on livestock which are used exclusively in farming, but not including farm workstock (e.g., draft horses) are exempt from Wisconsin sales and use tax. The veterinarian should provide the supplier of these medicines with a properly completed Wisconsin Sales and Use Tax Exemption Certificate (Form S-211), to purchase these medicines without tax.

- **Tangible Personal Property Resold:** Purchases of tangible personal property which the veterinarian will resell to others may be purchased without tax for resale. However, this does not include tangible personal property used by veterinarians or furnished to customers in conjunction with the performance of their veterinary services. Examples of item which veterinarians resell include feeding dishes, leashes and non-medicated collars, pet food, and shampoo. The veterinarian should provide the supplier of these items with a properly completed Wisconsin Sales and Use Tax Exemption Certificate (Form S-211).

(**Note:** Veterinarians may not purchase tangible personal property without tax for resale if the veterinarian's sales qualify for the occasional sale exemption. See Part IV on page 4 for additional information.)

Example 1: Veterinarian A purchases 100 leashes. The veterinarian sells the leashes to customers. The leashes are not being sold in conjunction with the veterinary services performed by the veterinarian. The veterinarian may purchase the leashes without tax for resale by providing the supplier of the leashes with a properly completed Wisconsin Sales and Use Tax Exemption Certificate (Form S-211).

Example 2 - Veterinarian B purchases 50 bags of non-medicated dog food. Twenty of the bags are used to feed dogs while they are at the veterinary clinic receiving veterinary services. The remaining 30 bags are sold to customers not in conjunction with veterinary services performed by the veterinarian. Veterinarian B is required to pay Wisconsin sales or use tax on the 20 bags purchased and provided to dogs while the dogs

are receiving veterinary services. The remaining 30 bags may be purchased without tax for resale. The veterinarian should provide the supplier with a properly completed Wisconsin Sales and Use Tax Exemption Certificate (Form S-211), for those 30 bags which will be resold.

VI. ANY QUESTIONS?

If you have questions about Wisconsin sales and use taxes, call or visit any department office. In addition, you may also either:

Write . . . Wisconsin Department of Revenue
P.O. Box 8902
Madison, WI 53708-8902

Telephone . . . (608) 266-2776

FAX . . . (608) 267-1030

E-mail . . . sales10@dor.state.wi.us

The Department of Revenue's website at <http://www.dor.state.wi.us> also provides additional information, including various tax publications and frequently asked questions related to Wisconsin taxes.

VII. ANY SUGGESTIONS?

The Department of Revenue wants this publication to be as complete and informative as possible. If you have any suggestions to improve this publication, please either call or write to:

Attn: Administration Technical Services
Wisconsin Department of Revenue
P.O. Box 8933
Madison, WI 53708-8933
(608) 266-7166