

Veterinarians & New Jersey Sales Tax

Publication ANJ-12

Introduction

For sales tax purposes, veterinarians perform both taxable and nontaxable services. Medical services performed on animals are exempt from New Jersey's 7% sales tax. Services which are not performed as a necessary part of medical services are taxable.

Exempt Services

The following services to animals are examples of exempt services:

- Diagnostic tests
- Disposal of animals through cremation or burial
- Euthanasia of animals
- Examinations
- Hospitalization
- Medical treatment
- Surgery
- Therapeutic treatment such as medicinal baths using prescription drugs administered by a veterinarian

Taxable Services

The following services to animals are examples of taxable services (when *not* performed in connection with and as a necessary part of medical services):

- Boarding
- Washing and shampooing
- Grooming
- Clipping

Purchases

Equipment

Veterinarians are required to pay tax on their purchases of all items of office equipment, surgical equipment, and all other machinery, apparatus, or equipment used in connection with the services they perform.

Purchases for Resale

Veterinarians may issue a **Resale Certificate (Form ST-3)** and not pay sales tax on purchases of items that are intended for resale. Such items include insect sprays, powders, and collars. Sales tax must be collected and remitted by veterinarians on retail sales to customers.

Consumable Items

When veterinarians purchase consumable items such as disposable supplies, drugs, medicines, animal vitamins, and mineral supplements for their use in the treatment of animals, the transaction is taxable. Retail sales of consumable items are made by veterinarians if those items are sold in the regular course of business, as if by pharmacists or retailers, or if the veterinarian separately states a charge to the customer as opposed to merely listing the items used in the performance of medical services. For example, if a bill reads, "Vet services, including follow-up visit and medication – \$100," the bill is not subject to tax. The veterinarian must pay tax when making such purchases because he is deemed to be the retail purchaser of the items he uses in performing professional services for clients.

Boarding Charges

In general, charges for the boarding of animals are subject to sales tax. Veterinarians purchasing food and medicine strictly for the care of boarded animals may issue an ST-3 resale certificate. Veterinarians must charge their customers sales tax on the food and medicine, as well as on the charges for boarding. (For an exception, see *Farmers* below.)

Although charges for boarding horses are taxable, a separately stated charge for use of a stall is exempt as the rental of real property. Taxable and exempt charges must be separately stated; if they are not, the entire invoice is subject to sales tax.

When an animal stays with the veterinarian for medical examination, treatment, or convalescence the charges for this hospital stay are part of the veterinarian's charges for professional medical services. These charges are not treated as taxable boarding charges.

Farmers

Farmers are exempt from sales tax when they purchase feed, supplies, and medicines for their "farm animals," that is, animals raised for food, fur, skins, for breeding purposes, or for productive farm work. They may use a **Farmer's Exemption Certificate (Form ST-7)** and not pay sales tax when purchasing these items.

Veterinarians, however, cannot issue an ST-7 exemption certificate, even if they are purchasing medicines and supplies used only in the treatment of "farm animals." Veterinarians must pay tax on the purchase of medicines and supplies used in treating animals. However, veterinarians may apply to the Division for a refund of sales tax paid on the medicines and supplies they have used in caring for "farm animals." Claims for refund should be made on a Claim for Refund Application (Form A-3730).

A business that breeds or raises horses for sale is considered a farming enterprise for sales tax purposes. Farmers are exempt from sales tax on the charges for boarding a stud or brood mare for breeding purposes. When purchasing this service they should use Form ST-7 and not pay sales tax. However, a business that merely boards or trains horses is not a "farming enterprise" for sales and use tax purposes and may not use Form ST-7.

Use Tax

When veterinarians purchase office equipment, supplies, or other taxable items from sellers that do not collect New Jersey sales tax, New Jersey use tax may be due on those purchases. Use tax is calculated at the same rate as sales tax on the price paid for all such items. In general, use tax is reported and remitted on the New Jersey sales and use tax returns (Forms ST-50 and ST-51). However, certain nonvendor businesses, if qualified, are authorized to report and remit use tax using the Annual Business Use Tax Return (Form ST-18B). For more information on filing Forms ST-50, ST-51 and ST-18B, see Tax Topic Bulletin S&U-7, *Filing Sales and Use Tax Returns*. For more information on use tax, see publication ANJ-7, *Use Tax in New Jersey*.

For More Information

For more information on veterinarians and New Jersey sales tax, contact the Division's Customer Service Center at 609-292-6400, e-mail us at nj.taxation@treas.state.nj.us, or write to:

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Many State tax forms and publications are available by fax and on our Web site. Call NJ TaxFax at 609-826-4500 from your fax machine's phone, or access the Division's home page at:
www.state.nj.us/treasury/taxation/