

Medical Clinics

This fact sheet is designed to explain how sales and use tax applies to sales and purchases made by medical clinics.

Medical Clinics

Medical clinics are the consumers of products furnished to patients or products used in the performance of services rendered. Clinics are required to pay Mississippi sales or use tax at the regular retail rate of tax on purchases of tangible personal property and any taxable services purchased for use in the operation of the clinic.

Purchases of Equipment and Supplies from Out-of-State

Clinics purchasing medical equipment, office equipment, supplies and other taxable purchases from out-of-state vendors should verify that the vendor is collecting Mississippi tax. The clinic is required to register for a use tax account and self-report Mississippi use tax at the regular 7% retail rate on the cost of these items if the out-of-state vendors are not collecting the Mississippi tax.

Exempt Medical Clinics

Medical clinics owned and operated by the United States Government, the State of Mississippi, and its departments, institutions, counties or municipalities are exempt from Mississippi sales and use tax on all purchases of services and tangible personal property for the use of the clinic.

Medicines

Drugs and medicines purchased for the treatment of patients are exempt from Mississippi sales and use tax. Drugs and medicines include any substance or preparation intended for use by external or internal application to the human body in the diagnosis, cure, mitigation, treatment or prevention of disease. To qualify for the exemption, drugs and medicines must be:

1. Prescribed for the treatment of a human being by a person authorized to prescribe the medicine, and dispensed or prescription filled by a registered pharmacist in accordance with law; or
2. Furnished by a licensed physician, surgeon, dentist or podiatrist to their patient for treatment of the patient; or
3. Furnished by a hospital for treatment of any person pursuant to the order of a licensed physician, surgeon, dentist or podiatrist; or
4. Sold to a licensed physician, surgeon, podiatrist, dentist or hospital for the treatment of a human being; or
5. Sold to the State of Mississippi or any of the state's political subdivisions or municipalities for the treatment of a human being.

Medicines include sutures and permanently implanted bone screws, bone pins, pacemakers and other articles permanently implanted in the human body to assist the functioning of any natural organ, artery, vein or limb and which remain or dissolve in the body.

Medicines do not include any auditory, prosthetic, ophthalmic or ocular device or appliance, any dentures or parts thereof or any artificial limbs or their replacement parts, articles which are in the nature of splints, bandages, pads, compresses, supports, dressings, instruments, apparatus, contrivances, appliances devices or other mechanical, electronic, optical or physical equipment or any other drug or medicine not commonly referred to as a prescription drug.

Durable Medical Equipment and Home Medical Supplies

Effective July 1, 2016, certain sales of durable medical equipment (DME) and home medical supplies (HMS) and replacement parts thereof are exempt from sales tax. The exemption applies when the DME and or HMS are ordered in writing or prescribed by a licensed physician for the medical purposes of a patient. Refer to Notice 72-16-004 "UPDATED NOTICE TO TAXPAYERS CONCERNING DURABLE MEDICAL EQUIPMENT AND HOME MEDICAL SUPPLIES" dated July 8, 2016, for additional information about this exemption.



Clinics Making Retail Sales

Clinics in the business of selling non-exempt products such as dietary supplements or weight loss food or beverage products should register to collect and remit sales tax on the sales of these products. The clinic should use their sales tax permit to purchase these items exempt for resale.

Record Keeping

Adequate records must be maintained to substantiate tax classifications of sales and purchases.