



- The goal of Bill S.130, which proposes new statutory language, is to achieve clarity for veterinarians concerning our Sales and Use Tax obligations.

Brief History of Sales and Use Tax Policy for Veterinarians in Vermont

- In 1969, when the current statutes were written, “veterinary supplies” was in the agricultural exemption section. The stated purpose for including veterinary supplies was “to support the health and welfare of Vermont animals”.
- The guidance from the Tax Department has been that “veterinary supplies” includes medications, medical supplies and durable medical equipment so they have all been exempt from sales and use tax for all Vermont veterinarians.
 - Formal Ruling 2006-04 stated “the veterinary supplies exemption is limited to those supplies which are used directly in the treatment of animals by a veterinarian. ... Exempt items include, but are not limited to, surgical instruments, gloves, sterilization equipment, bandages, wormers, hypodermic needles, syringes, and topical, oral and injectable medications”
 - In 2010 the tax department issued TB-53 to clarify the term “veterinary supplies”. TB-53 stated: “...supplies are items consumed or disposed of after a limited number of uses ... these supplies are exempt as long as they have direct medical use. Equipment such as blood testing apparatus, x-ray machines and surgical instruments similar to those used for the treatment of humans are exempt from sales tax when used by veterinarians. Items sold to pet owners that are exempt from sales tax include medications and prosthetics”.

Specific issues addressed by S.130

- It creates a statute that specifically states the veterinary business’s Sales and Use tax obligations and exemptions.
- This codifies the sales and use tax exemption which have been in place for the last 50 years.
- This is a **revenue neutral** proposal; the state is not now collecting these monies.
- It would clarify the tax code such that when a veterinary business is audited, there will not be subjectively different interpretations of the Sales and Use tax exemptions between auditor and veterinarian.
- During a recent audit of my business, the Tax Department and I spent over a year going over our differing interpretations; my original bill of over \$20,000 of back tax, penalties, and interest was reduced by over 75% - at the expense of large amounts of time by the Tax Department as well as myself.