

New York State Department of Taxation and Finance
Taxpayer Services Division
Technical Services Bureau

TSB-A-91 (58)S
Sales Tax
August 22, 1991

STATE OF NEW YORK
COMMISSIONER OF TAXATION AND FINANCE

ADVISORY OPINION

PETITION NO. S910610A

On June 10, 1991 a Petition for Advisory Opinion was received from Datamedic Corp., 20 Oser Avenue, Hauppauge, New York 11788.

The issue raised by Petitioner, Datamedic Corp., is whether its billing, payment processing, collection and customer services are subject to sales tax.

Petitioner provides a billing service to its customers, all of whom have medical practices. Petitioner has now developed a new business referred to as "Full Service." Full service customers are provided patient accounting, collection and inquiry resolution services in addition to an enhanced billing service.

Petitioners' services consist of the following:

Payment Processing:

1. Determine procedure codes and diagnosis codes for all charge invoices sent to Petitioner's office so that the insurance carriers reimburse the doctors at the correct fee and for the proper services provided.
2. Input all charge and patient demographic information into Petitioner's computer system.
3. Submit claims to insurance carriers, both electronically and on paper.
4. Post insurance and private payments to the correct patient accounts.
5. Review carrier payments for accuracy and make inquiries of carriers who have paid claims incorrectly.

Collection:

1. Contact patients and request payment.

Customer Service:

1. Answer patients telephone inquiries and mail correspondence.
2. Answer insurance carriers telephone inquiries and mail correspondence.
3. Provide a permanent patient account history on computer disc which safeguards patient records against fire or theft.

Section 1105 of the Tax Law imposes a tax on the sales of all tangible personal property unless such property is specifically exempt or purchased by an exempt organization described in Section 1116 of the Tax Law. Services are not subject to sales tax unless they are specifically denoted as being subject to said tax under Section 1105(c) of the Tax Law.

Since the billing, payment processing, collection and customer services provided by Petitioner do not constitute any of the enumerated services specified under Section 1105(c) of the Tax Law, the receipts from the providing of said services are not subject to sales tax.

DATED: August 22, 1991

PAUL B. COBURN
Deputy Director
Taxpayer Services Division

NOTE: The opinions expressed in Advisory Opinions
are limited to the facts set forth therein.