



**Department of  
Taxation and Finance**

## **Publication 851**

# **A Guide To Sales Tax in New York State for Veterinarians**



## About this publication

Publication 851 is a guide for veterinarians doing business in New York State that explains the proper application of New York State and local sales and compensating use taxes (sales tax) for various transactions typical of a veterinary practice.

In addition to general information and sales tax registration information, this publication covers sales of services by a veterinarian, sales of tangible personal property by a veterinarian, sales to exempt purchasers, purchases by a veterinarian, refund or credit for sales tax paid on the purchase of drugs or medicines used in the treatment of livestock or poultry, and record-keeping requirements.

This publication is not intended for use by businesses providing only non-veterinary services to animals, such as grooming or boarding. In general, operators of these businesses must register as sales tax vendors. For more information see Publication 750, *A Guide to Sales Tax in New York State*.

Although accurate, the information in this publication has been summarized and does not cover every situation. If there is any discrepancy between this publication and the Tax Law or regulations, the Tax Law or regulations will govern.

If you have a question about the application of sales tax to a specific transaction, please contact us. See the *Need help?* section on the back cover.



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## General Information

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**Veterinary medicine**

Section 1105 of the New York State Tax Law imposes sales tax on, among other things, receipts from sales of tangible personal property and sales of certain services to tangible personal property, including animals. Section 1115(f) of the Tax Law provides an exemption from sales tax for services constituting the practice of veterinary medicine (as defined in the Education Law) rendered by a licensed veterinarian and provides special rules governing the sales tax on purchases and sales by veterinarians.

The practice of *veterinary medicine* is defined in section 6701 of the Education Law as "...diagnosing, treating, operating, or prescribing for any animal disease, pain, injury, deformity, or physical condition, or the subcutaneous insertion of a microchip intended to be used to identify an animal." The Education Law provides that licensed veterinarians may employ veterinary technicians to assist them in the practice of the profession as prescribed by law, and may employ unlicensed lay persons for the performance of non-technical duties.

**Animal**

Section 6701 of the Education Law defines the term *animal* as including "every living creature except a human being."

**Domestic animal**

For purposes of this publication, a domestic animal includes any of the various animals (such as a horse, sheep, dog or cat) domesticated so as to live and breed in a tame condition.

**Veterinarian**

Section 6702 of the Education Law provides that only a person licensed under Article 135 of the Education Law shall practice veterinary medicine or use the title *veterinarian*.

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## Sales tax registration information

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For purposes of this publication a veterinarian is a person who is licensed as required by the Education Law. Veterinarians solely providing services for which a license is required do not need to be registered as sales tax vendors.

Veterinarians who also provide services that do not require a veterinarian license under the Education Law, such as grooming or boarding animals, must be registered as sales tax vendors if the services are subject to sales tax. As a registered vendor, a veterinarian must file a sales and use tax return either quarterly, monthly or annually. A registered vendor must file a sales and use tax return even if no tax is due for the filing period. For more information on sales tax registration and filing requirements, see Publication 750, *A Guide to Sales Tax in New York State*.

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## Sales of services by a veterinarian

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### Veterinary services

Section 1115(f) of New York State Tax Law provides an exemption from sales tax for receipts from services constituting the practice of veterinary medicine rendered by a veterinarian licensed as required by the Education Law. This exemption applies to all the services within the definition of the term *practice of veterinary medicine*, as provided in section 6701 of the Education Law. Included in the exemption is the hospitalization of an animal for which no separate boarding charge is made; grooming and clipping if performed as a necessary part of the practice of veterinary medicine to diagnose, treat, operate, or prescribe for animal disease, pain, injury, deformity, or physical condition; and the subcutaneous insertion of a microchip intended to be used to identify an animal, as provided for under section 6701 of the Education Law.

Sales of non-veterinary services such as boarding, grooming and clipping are subject to sales tax unless provided as a necessary part of a veterinary service. A veterinarian who provides such services must be registered as a sales tax vendor and must collect tax on those services.

*Example:* A cat is seen by a veterinarian for an annual check-up, including any required shots. The receipts from the sale of these veterinarian services are exempt from sales tax.

- Example:* A bird is boarded at the local bird veterinary hospital while the owners are on vacation. The receipts from the boarding service are subject to sales tax.
- Example:* A dog is taken to the veterinary hospital each month for bathing, grooming, and nail clipping. The receipts from these services are subject to sales tax.
- Example:* A kitten is treated by a veterinarian for a skin condition. Treatment of the skin condition includes a medicated bath and the clipping of some fur. The receipts from the sale of these veterinary services are exempt from sales tax.
- Example:* A kitten is taken to the veterinarian to be neutered. The owners will be going away the night following the surgery and have asked the veterinarian to board the kitten overnight. The surgery does not require overnight observation. The receipts from the sale of the veterinary services related to neutering the kitten are exempt from sales tax. However, the charge for boarding the kitten is subject to sales tax.
- Example:* A dog that had not been given a rabies shot was bitten by a bat. The dog is quarantined at the animal hospital for the required observation period to determine if the dog contracted rabies. The receipts from the sale of these veterinary services are exempt from sales tax.
- Example:* A dog is treated by a veterinarian for an ingrown dew claw. As a necessary part of the veterinary services provided, all of the dog's nails are trimmed. The receipts from the sale of these veterinary services are exempt from sales tax.
- Example:* A diabetic cat is taken to the veterinarian so that the cat's blood sugar levels can be monitored and stabilized. The cat remains under care at the veterinarian's office for two days. The receipts from the sale of these veterinary services, including hospitalization, are exempt from sales tax.

**Pet cremation and burial services**

The receipts from the sale of pet cremation and burial services are non-veterinary services and accordingly are subject to sales tax as a service to tangible personal property, whether performed by a veterinarian or another person.

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**Sales of tangible personal property by a veterinarian**

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**Tangible personal property for use relating to domestic animals or poultry**

Section 1115(f) of the Tax Law provides that receipts from the sale of tangible personal property designed for use in some manner relating to domestic animals or poultry are exempt from sales tax when sold by a veterinarian. A veterinarian does not need to receive an exemption certificate from its purchaser to substantiate that the tangible personal property sold is designed for use in some manner relating to domestic animals or poultry.

*Example: A veterinarian sells leashes, collars, flea sprays, brushes, prescription foods, nonprescription foods (including feed), medicines, bandages, beds, drugs and medicines. Receipts from the sale of these items are exempt from sales tax.*

*Example: A veterinarian who operates a bird veterinary hospital sells bird food, bird cages, and bird nail clippers. Receipts from the sale of these items are exempt from sales tax.*

**An animal or other tangible personal property not for use relating to domestic animals or poultry**

In general, receipts from the sale by a veterinarian of an animal or of tangible personal property not designed for use in some manner relating to domestic animals or poultry are subject to sales tax. A veterinarian who makes such sales must be registered as a sales tax vendor.

*Example: A veterinarian who operates a bird hospital sells many different types of birds. The receipts from the sale of birds by the veterinarian are subject to sales tax.*

*Example: A veterinarian sells calendars, mugs and t-shirts that feature various breeds of cats and dogs. The receipts from the sales of these items by the veterinarian are subject to tax.*

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## Sales to exempt purchasers

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As previously discussed in this publication, sales of non-veterinary services and tangible personal property not designed for use in some manner relating to domestic animals or poultry are generally subject to sales tax. However, even these sales may be exempt when sold to certain tax exempt purchasers such as farmers and commercial horse boarders, owners of guide dogs and exempt organizations as specified below.

### **Farmers and commercial horse boarders**

Section 1115(a)(6)(A) of the New York State Tax Law provides an exemption from sales tax for receipts from the sale of otherwise taxable tangible personal property when sold for use or consumption predominantly either in the production for sale of tangible personal property by farming, or in a commercial horse boarding operation, or both. In order to sell otherwise taxable tangible personal property exempt from tax, the veterinarian should obtain a properly completed Form ST-125, *Farmer's and Commercial Horse Boarding Operator's Exemption Certificate* in good faith within 90 days of the date of the sale. See TSB-M-00(8)S, *Farmers and Commercial Horse Boarding Operations*, for more information.

*Example: A veterinarian sells a trained border collie to a local farmer for use in the operation of his farm. The purchase of the border collie is exempt from sales tax since it will be used predominantly in the production for sale of property by farming.*

*The farmer should provide the veterinarian with a properly completed Form ST-125, Farmers and Commercial Horse Boarding Operator's Exemption Certificate.*

### **Qualifying individuals' purchases of guide, hearing, and service dogs, etc.**

Section 1115(s) of the Tax Law provides that receipts from the sale of a guide dog, hearing dog, or service dog are exempt from sales tax when the dog is sold for use by a person to compensate for impairment to the person's sight, hearing, or movement. The exemption includes receipts from the sale of food, supplies, equipment, and services to such a dog.

When a veterinarian sells a guide, hearing, or service dog, the receipts are exempt from sales tax. The veterinarian should obtain a properly completed Form ST-860, *Exemption Certificate for Purchases Relating to Guide, Hearing, and Service Dogs*, from the purchaser within 90 days of the date of the sale.

When a veterinarian sells food, supplies or equipment relating to a guide, hearing, or service dog, the receipts are also exempt because these items relate to a domestic animal and the veterinarian is not required to obtain an exemption certificate from the purchaser.

When a veterinarian provides otherwise taxable services to a guide, hearing, or service dog, such as grooming, nail clipping or boarding, the receipts from such services are exempt from sales tax. In such cases, the veterinarian should obtain a properly completed Form ST-860 from the purchaser within 90 days of the date of the sale.

### **Exempt organizations**

Receipts from the sale of taxable tangible personal property or services are not subject to sales tax when made to exempt purchasers. Exempt purchasers include: federal, New York State, and local New York governmental entities; the United Nations; diplomatic missions and diplomatic personnel; organizations (such as religious, charitable, scientific, and educational institutions, and organizations for the prevention of cruelty to children or animals) that have qualified for exempt status under New York State's sales tax; certain posts or organizations consisting of past or present members of the armed forces of the United States; and certain Indian nations or tribes. In each case, the purchaser should submit the proper exemption certificate or other documentation to the vendor.

*Example: An organization exempt from New York State's sales tax brings a cat taken in by the organization to a local veterinary office to be examined, bathed, groomed, and boarded for a few days until the organization can find a caretaker. The organization should provide the veterinarian with a properly completed Form ST-119.1, Exempt Organization Exempt Purchase Certificate, to purchase the bathing, grooming, and boarding exempt from sales tax.*

For more information on exempt organizations, see Publication 750, *A Guide to Sales Tax in New York State*.

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## **Purchases by a veterinarian**

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### **Tangible personal property for use relating to domestic animals or poultry**

Purchases by a veterinarian of tangible personal property designed for use in some manner relating to domestic animals or poultry are subject to sales tax. They may **not** be purchased exempt from sales tax as a purchase for resale. This includes tangible personal property the veterinarian will use to provide services for farmers and commercial horse boarding operators, owners of guide, hearing, or service dogs and

exempt organizations. (See the chart of examples at the end of this section.)

*Example:* A veterinarian purchases pet food, feed for livestock, medicine, dog collars, flea spray, and brushes. Some of the items will be used by the veterinarian while performing veterinary services. The remainder of the items will be sold to pet owners, farmers, owners of guide dogs, exempt organizations and so forth. The veterinarian must pay sales tax on his purchase of the items. When the veterinarian sells the items, the sales are exempt from sales tax.

**Tangible personal property not for use relating to domestic animals or poultry**

Purchases by a veterinarian of tangible personal property not designed for use in some manner relating to domestic animals or poultry are subject to sales tax. However, if an item is to be resold, as such, it may be purchased by the veterinarian exempt from sales tax. The veterinarian should give the supplier a properly completed Form ST-120, *Resale Certificate*. Please note that in order for a veterinarian to use Form ST-120, he or she must be registered for sales tax purposes.

As is true with other tangible personal property, the purchase of a pet by a veterinarian may qualify as a purchase for resale and may be made with a properly completed resale certificate. The subsequent sale is subject to sales tax unless the purchaser qualifies for exemption. See page 11 for more information about sales to exempt purchasers such as farmers and commercial horse boarding operators, owners of guide, hearing, or service dogs and exempt organizations.

**Taxable tangible personal property purchased by a veterinarian for use in veterinary medicine, or for use in providing taxable services**

Purchases of taxable tangible personal property by a veterinarian for use in the practice of veterinary medicine or for use in providing taxable services, such as boarding or grooming services, are subject to sales tax.

*Example:* A veterinarian purchases medical equipment to assist farm animals in the birthing process. The purchase of tangible personal property for use by a veterinarian in the practice of veterinary medicine is subject to sales tax.

*Example:* A veterinarian purchases pet shampoo and conditioner to be used in providing grooming services. The purchase of tangible personal property to be used or consumed by a veterinarian in performing taxable services is subject to sales tax.

*Example:* A veterinarian purchases drugs to be used in treating animals. The purchase of the tangible personal property to be used by a veterinarian in the practice of veterinary medicine is subject to sales tax.

**Purchases from  
unregistered vendors**

Purchases of tangible personal property, including drugs and medicines and reformulated drugs and medicines, by a veterinarian from a seller who does not collect sales tax are subject to New York State sales and compensating use tax.

*Example:* A veterinarian who practices in New York and Pennsylvania purchases dog collars from a supplier in Pennsylvania and brings them to his New York location for use there. The purchase of the collars is subject to New York State sales and compensating use tax once the veterinarian brings the collars into New York State for use in the state.

For veterinarians who are registered as sales tax vendors, the unpaid sales and use tax must be reported and remitted with the veterinarians' next sales tax return. For information on the proper remittance of sales and use tax for veterinarians that are not required to be registered for sales tax purposes, see Publication 774, *Purchaser's Obligation to Pay Sales and Use Tax Directly to the Tax Department*.

*Example:* A veterinarian purchases drugs and medicines from an out-of-state drug company that is not a registered sales tax vendor. The veterinarian is a registered sales tax vendor. The veterinarian must remit the sales and compensating use tax due on the purchase of drugs and medicines from the unregistered drug company with her next sales tax return.

*Example:* A veterinarian purchases computer equipment and furniture over the Internet from an out-of-state vendor who is not registered for sales tax purposes. The veterinarian is a registered sales tax vendor. The veterinarian must remit the sales and compensating use tax due on the purchase of the computer equipment and furniture from the out-of-state vendor with her next sales tax return.

**Examples of taxable purchases by veterinarians**

| <b>Medical equipment</b>     | <b>Medical supplies</b>  | <b>Office equipment and supplies</b>     | <b>Boarding equipment and supplies</b> | <b>Miscellaneous</b>             |
|------------------------------|--|--|--|----------------------------------|
| Exam tables                  | Adhesive remover and tape  | Animal name tags                         | Bathtubs                               | Cleaning supplies                |
| Feeding pumps and tubes      | Bandages, gauze, cotton, and dressings   | Computer equipment and supplies          | Cages                                  | Disinfectants                    |
| Forceps                      | Disposable equipment   | Copy machines and supplies               | Fitness and exercise equipment         | Equipment repair                 |
| I.V. pump, tubing, and poles | Lab supplies   | Desks                                    | Pet Food                               | Landscaping and lawn maintenance |
| Lab equipment                | Gloves   | Envelopes                                | Soap and cleansers                     | Cat and dog collars and leashes  |
| Microscopes                  | Masks  | Fax machines and supplies                |  | Flea spray and ointment          |
| Monitoring systems           | Medicines and drugs, including reformulated medicines and drugs (e.g. where amoxicillin is combined with fish flavoring) | File folders                             |  | Pet beds                         |
| Operating equipment          | Oxygen   | Paper                                    |  | Cat litter                       |
| Oxygen carts                 | Splints and cast materials   | Pens and pencils                         |  | Cat and dog carriers             |
| Scales                       | Surgical supplies  | Printed materials – posters, books, etc. |  | Dog nail clippers                |
| Surgical instruments         | Syringes and needles   | Stationery                               |  |                                  |
| Testing equipment            | Temperature Blankets   | Time clocks and cards                    |  |                                  |
| Ultrasound Equipment         | X-ray film   | Uniforms                                 |  |                                  |
| Ventilators and respirators  |  |  |  |                                  |
| X-ray machines               |  |  |  |                                  |

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## Refund or credit for sales tax paid on the purchase of drugs and medicines used in the treatment of livestock or poultry

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Section 1119(a)(5) of the Tax Law provides that veterinarians are entitled to a refund or credit for sales tax paid on their purchases of drugs or medicines when the drugs or medicines are used in rendering exempt veterinary services to livestock or poultry provided the livestock or poultry is used in the production for sale of tangible personal property by farming. Veterinarians are also entitled to a refund or credit for sales tax paid on drugs or medicines which are sold for use or consumption predominantly in the production for sale of tangible personal property by farming or sold to a person engaged in farming for use on such livestock or poultry.

### **Registered vendors may claim a credit or apply for a refund**

Veterinarians that are registered sales tax vendors may claim a credit for sales tax paid on qualifying drugs and medicines on their sales tax return. Form AU-11, *Application for Credit or Refund of Sales or Use Tax*, must also be completed and mailed separately to the address shown on Form AU-11. The application must indicate that the credit has been claimed on a sales tax return and the period covered by that return. Veterinarians must submit supporting documentation as indicated in the instructions for completing Form AU-11. Alternatively, veterinarians that are registered sales tax vendors may apply for a refund for the sales tax paid on qualifying drugs or medicines by completing Form AU-11 and forwarding it, together with supporting documentation, to the address provided.

### **Unregistered vendors may apply for a refund**

Veterinarians who are not registered sales tax vendors may apply for a refund for the sales tax paid on qualifying drugs and medicines by completing Form AU-11, *Application for Credit or Refund of Sales or Use Tax*, and forwarding it, together with supporting documentation, to the address shown on the form.

*Example: A veterinarian who is not a registered sales tax vendor purchases a topical medicine to be used in providing services to livestock. Sales tax must be paid on the purchase. However, the veterinarian may apply for a refund of the sales tax paid, as this topical medicine is used in rendering services to livestock.*

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## Record-keeping requirements

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**Keep detailed records of all sales**

A veterinarian required to register as a sales tax vendor, or who has voluntarily registered as a sales tax vendor, must keep detailed records of all sales made within the various taxing jurisdictions. Registered veterinarians must also maintain a method of associating an exempt sale to a particular purchaser with the exemption certificate on file for that purchaser.

**Keep your records for a minimum of three year**

Registered veterinarians must keep their records for a minimum of three years from the due date of the return to which they relate, or the date the return is filed, if later. All records must be made available to the Tax Department upon request.

**Sales records**

Registered veterinarians must keep records of every sale, the amount paid, charged, or due on the transaction, and the sales tax that is due, if any. If the veterinarian gives a written receipt or other evidence of the sale to the purchaser, a copy of the receipt or other evidence of sale must be maintained in the sales tax records. Otherwise, the veterinarian must keep a daily record of all cash and credit sales in a daybook or similar journal. The records and supporting documentation kept must provide sufficient detail to allow the Tax Department to independently determine the taxable status of each transaction and the amount of tax determined to be due and collected.

**Purchase records**

Registered veterinarians must keep detailed records of the nature, type, value, and amount of all purchases. The veterinarian may determine any sales tax due on the basis of these records. To fulfill this requirement, the veterinarian must keep the purchase invoices and prepare a daily, weekly, or monthly analysis.

**Maintaining records electronically**

A veterinarian that maintains records in an electronic format must, if requested, give the Tax Department access to the equipment, computer programs, and records.

For more information on record-keeping requirements, see Publication 750, *A Guide to Sales Tax in New York State*.

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## Publication 851

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### Need help?



Visit our Web site at ***www.tax.ny.gov***

- get information and manage your taxes online
- check for new online services and features



**Text Telephone (TTY) Hotline** (for persons with hearing and speech disabilities using a TTY): If you have access to a TTY, contact us at (518) 485-5082. If you do not own a TTY, check with independent living centers or community action programs to find out where machines are available for public use.



#### Telephone assistance

**Sales Tax** Information Center: (518) 485-2889

To order forms and publications: (518) 457-5431



**Persons with disabilities:** In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, call the information center.