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May 28, 2010

Mr. Richard Dobson
Executive Director
Department of Revenue
200 Fair Oaks Drive
Frankfort KY 40601

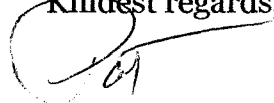
In re: Sales and Use Tax/Veterinarians

Dear Mr. Dobson:

I represent the Kentucky Veterinary Medical Association (KVMA). It has come to our attention that there appears to be some confusion within the veterinary community concerning the Sales and Use Tax regulations. We have a long working relationship with the Revenue Cabinet and attempt to educate and inform the veterinarians of issues in complying with the law.

I am enclosing for your information and review the 2006 letter and information from the Cabinet. This was conveyed to the members in 2006 but it has now been four years and we want to republish the guidelines in our news letter. Basically, we want to confirm the current agreement, that was reached by the Revenue Cabinet and the KVMA, is still in force and correctly stated so that we may update and remind our members of their duties and responsibilities. We are available at your convenience to meet with you. As an association it is paramount that we provide current and correct information to our members. I may be reached at the above number should you desire to call. I shall give you a call within the next ten days to follow up on this letter.

Kindest regards,



H. PATRICK KING JR.



STEVEN L. BESHEAR
GOVERNOR

OFFICE OF SALES AND EXCISE TAXES

JONATHAN MILLER
SECRETARY

DEPARTMENT OF REVENUE
FINANCE AND ADMINISTRATION CABINET
501 HIGH STREET
FRANKFORT, KENTUCKY 40620
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TOM B. MILLER
COMMISSIONER

October 7, 2010

H PATRICK KING JR
ATTORNEY AT LAW
730 WEST MARKET ST
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LOUISVILLE KY 40202-2744

Dear Mr. King:

Your May 28, 2010 correspondence regarding the proper treatment of certain sales and use tax situations within the veterinary industry has been referred to me for review. Pursuant to 103 KAR 26:090, veterinarians are treated as consumers of the materials and supplies used in performing their services. However, they may be considered a retailer in some instances and a consumer in others. Most veterinarians are both. Drugs, medicines and other tangible personal property which are personally administered by the veterinarian during treatment of a patient are considered a part of the professional service and the veterinarian is the consumer of the property so administered. Sales of products, without related professional services, are generally considered retail sales. Registration for a retail sales and use tax permit allows the reporting of both sales made at retail and consumable purchases subject to use tax on the same return.

I have reviewed the 2006 letter from the Department of Revenue that you have enclosed, along with the previously issued Guidelines for Complying with KY Use and Sales Tax. This correspondence confirms that the information provided there is still accurate and the references correct.

We appreciate your efforts to provide current and correct guidance to your members. This sector is an area that can be difficult to interpret and the evolution of the veterinary industry makes continual review important. One issue that seems to deserve some clarification is in the category of retail sales. To the extent that veterinarians make sales of non-therapeutic pet foods, shampoos, and other grooming and supply products, these transactions should be treated as retail sales. In contrast, healthcare products that are administered or provided as part of the provision of professional care are part of the veterinarian service and the associated charges are not part of a retail sale. These items used in providing healthcare are subject to tax on the purchase price of the products to the



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veterinarians. Any items provided and sold as part of the provision of veterinary services must be recorded as part of the patient record.

This correspondence is based upon the circumstances presented and is dependent upon current Kentucky tax laws and regulations. Any change in the tax laws and regulations could affect this interpretation. If you have any further questions, or if I may be of any assistance, please feel free to contact me at 502 564-9423.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Carter", written in a cursive style.

Robert Carter
Tax Research Consultant
Office of Sales and Excise Tax