# OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

PHONE (405) 521-3133
FACSIMILE (405) 522-0063


December 3, 2008

Re: LR-08-162, Sales Tax Inquiry

Dear

I am writing in response to your request relating to the sales taxability of prescription lenses sold to optometrists for Medicaid patients, the necessary information to document the exemption, if applicable, and whether information received from the purchasing optometrists in an electronic format is sufficient to document the claimed exemption.

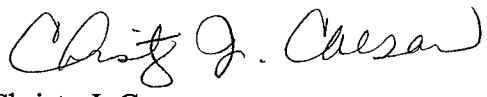
Generally, optometrists must pay sales/use tax when purchasing items used to render their professional services. However, Section 1357.6 of Title 68 exempts sales of medical appliances, medical devices and other medical equipment [including corrective eyeglasses and hearing aids], durable medical equipment and mobility enhancing equipment when the item is administered or distributed by a "practitioner" or purchased or leased, by or on behalf of an individual, pursuant to a prescription or work order of a practitioner; and the item is furnished to a Medicare or Medicaid program recipient and the cost of said item will be reimbursed by Medicare or Medicaid.

Therefore, under the situation described in your correspondence, when the optometric lab is fulfilling a work order from an optometrist whereon the optometrist has indicated that the prescription lenses are for a child covered by Medicaid, then sales tax would not be due. To document the exempt nature of the transaction, the optometric lab should obtain 1) the name and address of the person on whose behalf the item is being purchased, 2) a copy of the prescription or work order; and 3) a copy of the document which shows that the person on whose behalf the item is being purchased is a Medicaid patient. OAC 710:65-13-173. Electronic versions of the referenced items are sufficient to document the exemption. An indication by the purchaser that the order is being placed for a Medicaid patient, without more, is insufficient to meet documentation requirement number 3. At a minimum, the lab should obtain and retain the patient's Medicaid identification number to fulfill requirement number 3.

This response applies only to the circumstances discussed in your request of October 22, 2008. Pursuant to Commission Rule 710:1-3-73(e), this Letter ruling may be generally relied upon only by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and there has been no change in applicable law.

Sincerely,

OKLAHOMA TAX COMMISSION



Christy J. Caesar
Tax Policy Analyst