OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

PHONE (405) 521-3133
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March 18, 2009

Re: LR-09-015, Sales Tax Inquiry

Dear

This is in response to your request for guidance regarding the sales taxability of blood purchased by a hospital for patient care. Following are the questions you presented and our responses thereto.

Question 1: Is the purchase of blood by a hospital to be used for patient care considered a taxable transaction.

Our Response: Yes. The hospital pays tax as the consumer/user on all items purchased for use in providing services for patient care. See Oklahoma Tax Commission Rules 710:65-19-142 and 710:65-13-170 on our website: www.oktax.state.ok.us.

Question 2: Is the charge by a hospital to a patient considered a taxable transaction.

Our Response: No. Hospitals and like institutions are primarily engaged in the business of rendering services. They are not required to collect, report, and remit sales tax on gross receipts from items of tangible personal property used in rendering their service to a patient.

This response applies only to the circumstances discussed in your request of January 20, 2009. 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

Brenda J. Sullivan

Brenda J. Sullivan
Tax Policy Analyst