

Disclosed Practice Number 7 – Classification of Medical Products (Adopted May 2, 2018 and Amended May 20, 2021)

The Streamlined Sales Tax Governing Board (SSTGB) previously adopted Appendices L and M to the SSTGB Rules and Procedures. Those Appendices identified the definition contained in the Streamlined Sales and Use Tax Agreement under which each of the products listed in the Appendices are classified. A consensus on how some of the products identified in those Appendices was not reached and those products are identified as “Not Classified by SSTGB” in Appendix L. Appendices L and M were combined into one appendix that is now referred to as Appendix L.

These tax administration practices identify how each state classifies the products identified as “Not Classified by SSTGB” in Appendix L, **but do not indicate the taxability of those products.**

***Explanation:** States may classify one or more of the “Not Classified by SSTGB” products listed in Appendix L under one of the SSUTA definitions or a state-specific definition, other than “tangible personal property.”*

Example – An ECG monitor that is implanted in the human body is listed in Appendix L as “Not Classified by SSTGB.” While both State A and State B have adopted the SST definition of “prosthetic device,” State A may classify the ECG monitor as a prosthetic device, while State B may exclude it from being a prosthetic device.

Disclosed Practice 7.1 – Does the state classify any of the products listed in Disclosed Practice 7.2 as clothing, drugs, durable medical equipment, mobility enhancing equipment, over-the-counter drugs, prosthetic devices, or under a different state-specific definition?

If yes, see Disclosed Practice 7.2 for the classification. If no, the state does not need to complete Disclosed Practice 7.2.

Disclosed Practice 7.2 – Classification of “Not Classified by SSTGB” Products Under an SSUTA or State-Specific Definition Other Than Tangible Personal Property

***Explanation:** States that classify one or more of the products listed in this Disclosed Practice under one of the SSUTA definitions or a state-specific definition, other than “tangible personal property,” should indicate the definition or classification of those products in their state.*

Place an “N” in the SSUTA Defined Term and State-Specific Defined Term columns if the product is not classified under any of the terms listed in Medical Products Disclosed Practice 7.1 or a state-specific defined term. Place a “Y” in the appropriate column if the product is classified under one of those terms, provide the appropriate statute/rule cite and indicate in the “Comment” column the defined term under which the product is classified.

Disclosed Practice 7.3 – Classification of items that fall within the definitions of grooming and hygiene and oral healthcare products for human use.

Explanation: States may classify mouthwash and toothpaste as either grooming and hygiene **products** or oral healthcare products for human use. If the state classifies them as oral healthcare products for human use, they should respond “yes.” If the state does not classify them as oral healthcare products for human use, the state should respond “no” and indicate in the Comment column if they classify them as grooming and hygiene **products or** tangible personal property.