Special Notice

California Sales and Use Tax Regulation 1591.1
Specific Medical Devices, Appliances, and Related Supplies

Regulation 1591 has been reorganized into five separate regulations based on subject matter. Some provisions have also been reinterpreted and expanded. The following information highlights those provisions believed most significant to pharmacists. — Editor

Medicines — In General

Generally, tax applies to retail sales, including over-the-counter sales of drugs and medicines, related supplies, and other tangible personal property, by pharmacists and others. However, Regulation 1591, subdivision (d) provides, in part, that tax does not apply to the sale or use of medicines that are (1) prescribed for the treatment of a human being by a person authorized to prescribe the medicines, and (2) dispensed on a prescription filled by a pharmacist in accordance with law.

A “medicine” is any substance or preparation commonly recognized as intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease in humans, whether applied to the outside of the human body or taken internally. The term also includes certain articles, devices, and appliances as described in Regulation 1591, subdivision (b).

Insulin, Insulin Syringes, and Supplies

“Insulin” and “insulin syringes” furnished by a pharmacist to a person for treatment of diabetes as directed by a physician shall be deemed dispensed on prescription within the meaning of Revenue and Taxation Code section 6369 (e). Consequently, tax does not apply to the sale or use of insulin and insulin syringes furnished by a pharmacist to a diabetic patient for treatment of diabetes as directed by a physician. Generally, the sale or use of the related supplies is subject to tax (except as discussed below).

Glucose Test Strips and Puncture Lancets

As provided by Regulation 1591.1, subdivision (b)(5), tax does not apply to the sale or use of “glucose test strips” or “skin puncture lancets” furnished by a pharmacist, as directed by a physician, to a diabetic patient for the patient’s use in treating diabetes. To qualify for this exemption, glucose test strips and skin puncture lancets must be furnished by a pharmacist for a diabetic’s own use in determining his or her blood sugar level.

The glucose test strips and skin puncture lancets are used by a diabetic, in conjunction with a “glucose monitor,” to determine the necessity for, and the amount of, insulin or other diabetic control medication required by a diabetic in the treatment of diabetes, as instructed by his or her physician.

The use of glucose test strips or skin puncture lancets by a person other than a diabetic or the furnishing of such items by other than a pharmacist is subject to tax. This is true even when the items are furnished by a health facility or administered by hospital staff.

Diagnostic Substances, Test Kits and Equipment

Except for test strips and skin lancets furnished and used as discussed above, tax applies to the sale or use of test kits and equipment used to analyze, monitor, or test samples of cells, tissues, organs, blood, saliva, or other bodily fluids. This includes glucose monitors, as discussed above. Tax also applies to the sale or use of diagnostic substances applied to samples of cells, tissues, organs, blood, or bodily fluids after such samples are removed, withdrawn, or eliminated from the human body.

For More Information

If you have questions, please call our Information Center at 1-800-400-7115. Staff are available from 8:00 A.M. to 5:00 P.M., Monday through Friday, except State holidays. For copies of the regulations or this notice, please call our Information Center or visit our Internet site at www.boe.ca.gov.