



STATE BOARD OF EQUALIZATION

January 18, 1965

Gentlemen:

This is in reply to your letter of December 30, 1964, in which you inquire if a yearly charge by a registered pharmacist for professional services is subject to the sales tax.

As we understand the situation, the pharmacist will charge a separate fee for his professional services at the rate of \$25 per family per year. The fee will be the same whether the pharmacist makes any sales to the family during the year or not, but any sales to the family will be priced on a cost plus 10 percent basis. The pharmacist will be on 24-hour call, will keep a file of the family prescriptions, and will supply a yearly itemization of tax-deductible expenditures.

Since the amount of the fee is not affected by the number or amount of yearly sales, the fee does not appear to be includible in the pharmacist's taxable gross receipts. It appears to be similar to the membership fees charged for the privilege of buying at discount houses, which fees are not subject to tax.

If you have any further questions on the particular aspects of the situation, please do not hesitate to write to us again.

Very truly yours,

E. H. Stetson
Tax Counsel

By Philip R. Dougherty
PRD:dse [lb]

Note: see regulation 1584 originally adopted 2/22/96 30 years after this letter was written
SPJ 11/01/01