

425.1103

**Levine, David**

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**From:** Levine, David  
**To:** Anderson, Vic; Khabbaz, Leila  
**Subject:** 425.1103 (9/20/78)  
**Date:** Monday, June 15, 1998 4:05PM

This annotation has now superseded rule (425.0149.300) that the entire charge for medical kits is taxable, w/o allocation, if sold for a lump sum price. The statement is in the last paragraph of the annotation. Please delete that last paragraph.



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**STATE BOARD OF EQUALIZATION**

916-445-2488

September 20, 1978

Dear X-----,

This is in response to your letter of July 21, 1978. In your letter you have provided us with a more complete description of certain hemodialysis supplies sold by your company. You wish to know the correct application of tax to the sale of the following items under Revenue and Taxation Code Section 6369.

Sorb cartridges – Blood and hemodialysis concentrate purifier in conjunction with artificial kidneys.

Redy K-1 – Additive for dialysis concentrate.

Redy Ca (D-50 – Additive for dialysis concentrate.

As we understand it, the above items are added to the dialysis concentrate at some time prior to its use in conjunction with the operation of the dialysis machine. Since these additives become a part of the dialysis concentrate, tax will not apply to their sale.

Formaldehyde – External use for cleaning tubing within a dialysis machine.

Klenzade XY – 12 – A high strength bleach for cleaning internal parts of dialysis machine.

Veshpene, one stroke – Instrument cleaning solution, cleansing solution.

Vinegar – Flushing (cleansing) blood lines for peritoneal patients.

We have determined that equipment cleaning supplies do not qualify as “medicines” since such supplies are not substances or preparations intended for internal or external application to the human body.

Tie gun – securing tie straps.

Tie Straps – nylon strap for holding latex tubing together.

Latex tubing – blood tubing segmentation and dialysis machine drain tubing.

If the above items are part of the dialysis machine itself, tax will not apply to their sale.

Hydrogen Peroxide – External cleansing of wound site and cleaning hardened blood spots on machinery or clothing.

Tax applies to the sale of hydrogen peroxide when it is used to clean hardened blood spots on machinery or clothing. If it is prescribed for external application to a human being it will qualify as a “medicine” and tax will not apply to its sale.

Ammonia Test Paper – Testing ammonia in dialysis concentrate.

Chloride Kit – Testing chloride levels in concentrate.

Chloride Indicator, mercuric nitrate, salt standard, nitric acid – reagents for chloride test kit.

Standard Solutions – Liquid reagents for testing chloride level in concentrate.

Test papers and kits are only exempt from tax when they are used for external or internal application to the human body. Supplies which are used to test dialysis concentrate would not be exempt from tax.

Tray – combination of sterile items for use in putting on or taking off patients in dialysis. Kits (trays) contain a wide variety of needles, syringes, sterile towels.

Suture removal kit – Scissors, forceps, alcohol and gauze sterilized for safe removal of sutures.

Tax applies to the entire sales price of medical kits, if they are sold for a lump sum price. If the price of the kit is separated between taxable and nontaxable items, tax is applicable only to the price charged for the taxable items.

If you have further questions concerning this matter, please write this office.

Very truly yours,

Mary C. Armstrong  
Legal Counsel

MCA:ba

Bc: Orange County – Auditing