



# Guideline

## Sales Tax Dental Supply Companies, Dental Laboratories & Dentists

*Brian Kroshus*  
*Tax Commissioner*

Professional fees charged by dentists, orthodontists, and dental laboratories are exempt from sales tax; however, some sales of tangible personal property made by these businesses are taxable. In addition, many goods purchased by dental supply companies, dental laboratories and dentists are subject to sales tax. The following describes the taxability of sales and purchases made by dentists and dental related businesses.

### Dental Supply Companies

As the suppliers of dental materials and equipment to both dental laboratories and dentists, sales and purchases made by dental supply companies fall into several categories.

#### Taxable Sales

Taxable sales include items sold to a dental laboratory or a dentist which will be used in the preparatory stages of building a set of dentures or dental work. Such taxable items include machines, instruments, drills, drill burrs, polishing material, wax, stone, pumice and molds.

#### Taxable Purchases

Taxable purchases are purchases made by dental supply companies for their own use. This includes office equipment, fixtures and supplies, delivery equipment, sample and display cases, and office maintenance and cleaning supplies.

#### Tax Exempt Sales

Tax exempt sales include those materials sold to dentists and dental laboratories which actually become part of the temporary or final dental work which is placed in the patient's mouth. Examples of exempt items include acrylic base material for dentures, precious and non-precious metals, and teeth used in making a denture, bridge or inlay. Caps, filling material and braces are also items which become a part of or are considered final dental work and are exempt when sold to dentists and dental laboratories by dental supply companies. These are all items which in some way comprise the dentist's end product.

### Dental Laboratories

Sales and purchases by a dental laboratory fall into categories similar to those of dental supply companies. Dental laboratory sales are almost exclusively sales of nontaxable service.

#### Taxable Purchases

Taxable purchases by dental laboratories include all purchases for their own use. This includes office equipment, fixtures, and supplies; delivery equipment, samples and display cases; and office maintenance and cleaning supplies.

21921

Also taxable to dental laboratories are consumable items which are purchased from dental supply companies and used by dental laboratories to make preparatory models. This includes wax, stone, pumice, drills, drill burrs, laboratory equipment and any other items which are only considered an initial part of the total manufacturing process of artificial teeth.

### **Tax Exempt Sales**

Tax exempt items include anything which is sold to a dentist and eventually becomes part of the temporary or final dental work placed in the patient's mouth. This includes acrylic base material, precious and non-precious metals, and teeth used to make dentures, bridges, inlays, caps, filling material or braces.

## **Dentists**

It is necessary to consider transactions between dentists and patients as well as transactions between dentists and supply companies or laboratories.

### **Taxable Sales**

When dentists sell articles separately and apart from their professional service, they are liable for collection of sales tax. Examples of such articles include sales of dental floss, tooth brushes, mouth wash and similar items which the patient may carry out of the office. The dentist's purchase of these items for resale is not subject to sales tax.

### **Taxable Purchases**

Taxable purchases include all purchases by dentists for their own use in equipping and maintaining a dental practice. This refers to the office equipment, supplies, and samples.

Dentists also pay sales tax to the dental supply company or dental laboratory on all items not used to manufacture artificial teeth, caps, bridges, braces and other dental work. These taxable items range from equipment and instruments to swabs, tissues and mouth wash which are used by dentists as they render professional service. Dentists are also the final users of all products given away such as tooth brushes, floss and wax. Therefore, dentists must pay sales tax on their purchases of these items when the items will be given away or provided to patients as part of a professional service.

### **Tax Exempt Sales**

Since dentists primarily render professional service, the gross receipts derived from these services are not subject to sales tax.

## **Payment of Tax**

When taxable items are purchased from a supplier who holds a North Dakota sales and use tax permit, North Dakota sales tax should be paid directly to the supplier. If these items are purchased from a supplier who fails to charge North Dakota sales or use tax, the purchaser should include the cost of such purchases on line four of the North Dakota sales and use tax return and remit the use tax on those items directly to the Office of State Tax Commissioner.

## **Local Sales and Use Tax**

Various cities in the state also impose local sales and use taxes, which also apply in addition to the state's sales and use taxes. The city taxes are imposed locally. However, the Office of State Tax Commissioner administers the local sales and use taxes. Please contact the Office of State Tax Commissioner for additional information regarding the city taxes which may affect you.