

<date>

<name>

<company>

<address>

<city, state, zip>

### Formal Ruling 2006-03

Dear <name>:

You have requested a ruling regarding whether the Vermont sales and use tax applies to the sale of catheter securement medical devices.

According to your letter, your business, <company>, sells catheter securement medical devices (“devices”) to various distributors, hospitals, medical centers and practitioners. The devices are non-reusable and secure and anchor all types of catheters and tubes in access to the human body. The devices restrict movement of the catheters and thus prevent medical complications, improve catheter dwelling times, reduce unscheduled catheter starts and enhance healthcare worker safety. The Center for Disease Control (CDC) has recognized that such devices can be useful in preventing catheter-related bloodstream infections. Center for Disease Control, *Guidelines for the Prevention of Intravascular Catheter-Related Infections*, MMWR 2002;51 (No. RR-10). The devices consist of three elements: an alcohol based acrylic skin prep pad, a four-layer anchor pad, and a precision molded retainer that attaches to the catheter.

Vermont imposes a sales tax upon the receipts from the sale of tangible personal property sold at retail in the state. 32 V.S.A. § 9771(1). The sale of drugs intended for human use, durable medical equipment, mobility enhancing equipment and prosthetic devices and supplies used in treatment intended to alleviate human suffering or correct human physical disabilities are specifically exempted from the tax. 32 V.S.A. § 9741(2). Medical supplies qualify for the exemption if they are therapeutic in nature, not normally used by persons absent illness or injury, and not capable of repeated usage. For example, bandages, surgical dressings, needles and hypodermic syringes are exempt supplies.\*

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\* The Department has recently revised its sales and use tax laws to conform to requirements of the Streamlined Sales Tax Agreement (SSTA), a multi-state initiative designed to promote simplification of, and thus enhanced compliance with, sales and use tax laws nationwide. Changes in the law are scheduled to take effect on January 1, 2007. In tandem with changes in the law, the Department is currently in the process of promulgating new sales and use tax regulations. The language used here, including the enumerated examples, paraphrases proposed Regulation § 1.9741(2). Note, however, that notwithstanding any differences between current and future statutory language, this particular ruling

Based on your description, the catheter securement devices qualify as “supplies used in treatment intended to alleviate human suffering” and are exempt from the sales tax. The devices are therapeutic in nature, used in the treatment of the ill and injured, and are not reusable. Moreover, by replacing the use of sutures, which have been customarily utilized to secure catheters, the devices reduce medical complications and thereby alleviate human suffering.

This ruling is issued solely to your business and is limited to the facts presented as affected by current statutes and regulations. Other taxpayers may refer to this ruling to determine the Department’s general approach, but the Department will not be bound by this ruling in the case of any other taxpayer or in the case of any change in the relevant statute or regulations.

Section 808 of Title 3 provides that this ruling will have the same status as an agency decision or an order in a contested case. You have the right to appeal this ruling within thirty days.

Sincerely,

Judith Henkin  
Attorney for the Department

Approved this \_\_\_\_ day of \_\_\_\_\_, 2006.

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Tom Pelham  
Commissioner of Taxes

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expresses the Department’s construction of the law regarding the taxability of medical supplies both pre- and post- statutory revision.