



425.0163.200

STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

916-322-3684

January 30, 1989

REDACTED TEXT

Dear REDACTED TEXT,

This is in reply to your November 25, 1988 letter.

You inquire whether the gross receipts from the sale of medicines to professional corporations or partnerships are exempt from tax to the same extent as the gross receipts from the sale of medicines to licensed physicians, surgeons, dentists or podiatrists are exempt from tax per Sales and Use Tax Regulation 1591(a)(4).

A professional medical, dental or podiatry corporation is a corporation which is authorized to render professional services by licensed practitioners (Bus. & Prof. Code § 2406 and Cal. Corp. Code §§ 13401 and 13401.5). Therefore, it is our opinion that professional medical, dental or podiatry corporations are entitled to the same rights and privileges as are the individual licensed practitioners.

Additionally, a partnership, in general, is not considered an entity separate and distinct from its members (Cal. Corp. Code §§ 15001 et seq.). Further, it is our understanding that licensed medical, dental or podiatry practitioners are not permitted to enter into partnerships with unlicensed individuals if any of the activities of that partnership consist of the practice of medicine, dentistry or podiatry. Therefore, it is our opinion that professional medical, dental or podiatry partnerships are entitled to the same rights and privileges as are individual licensed practitioners.

Accordingly, pursuant to Sales and Use Tax Regulation 1591(a)(4) tax does not apply to the gross receipts from the sale of medicines for the treatment of a human being which medicines are sold to a professional medical, dental or podiatry corporation or partnership.

I hope the above information is helpful. If you have any further questions concerning this topic, please do not hesitate to contact this office.

Very truly yours,

Robert J. Stipe
Tax Counsel

RJS:sr