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**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA  
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)

May 1, 1978

Mr. L--- T---, Director  
Pharmaceutical Operations  
P--- V--- P--- Corporation  
XXXX E. --- Boulevard  
---, California XXXXX

Re: SR -- XX XXXXXXX

Dear Mr. T---:

Your letter of February 14, 1978 to our West Los Angeles office has been referred to the undersigned for reply.

Your inquiry concerns whether tax applies to I.V. tubing. You state that it has come to your attention that the major manufacturers of intravenous therapy solutions and related equipment have been charging sales/use tax to hospitals for I.V. tubing. You do not understand why tax applies as this equipment bears the Federal Caution restricting use to physician orders and is furnished only in hospitals and is charged to the patient by the institution.

Revenue and Taxation Code Section 6369(b) defines the term "Medicine" to mean and include "any substance or preparation for use by external or internal application to the human body in the diagnosis, cure, mitigation, treatment, or prevention of disease and which is commonly recognized as a substance or preparation intended for such use; provided that 'medicines' do not include . . . (2) articles which are in the nature of splints, bandages, pads, compresses, supports, dressings, instruments, apparatus, contrivances, appliances, devices . . ."

Intravenous tubing is not considered to be a "medicine" as the term is defined in Section 6369. Accordingly, tax would apply to the sale of tubing. The intravenous solution, however, is considered to be a "medicine" because it is a substance intended for internal application in the diagnosis, cure, mitigation, treatment or prevention of disease. The fact the I.V. tubing is restricted to use on

Mr. L--- T---

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physician's orders and furnished only in hospitals does not automatically qualify an item as a "medicine" under the Revenue and Taxation Code.

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

Very truly yours,

Mary C. Armstrong  
Legal Counsel

MCA:pp

bc: --- County (ML)