

Georgia re-enacts and amends healthcare sales and use tax exemptions

June 19, 2015

Overview

The State of Georgia recently enacted House Bill 426 (H.B. 426), which re-enacts and amends sales and use tax exemptions applicable to nonprofit health centers and nonprofit volunteer health clinics.¹ These exemptions were previously in effect from July 1, 2008 to June 30, 2010. The amended law, which adds informational requirements that taxpayers must satisfy in order to claim the exemptions, is effective for the period of July 1, 2015 to June 30, 2018.²

Nonprofit health center exemption

H.B. 426 re-enacts and amends the state sales and use tax exemption for sales of tangible personal property to certain in-state nonprofit health centers.³ To qualify for this exemption, a health center must: (1) be established under and receiving funds pursuant to the United States Public Health Service Act (42 U.S.C. § 254b), and (2) have obtained an exemption determination letter from the Georgia State Revenue Commissioner (Commissioner). Under H.B. 426, a health center that seeks to avail itself of the exemption is required, at the time of application for the exemption (*i.e.*, for purposes of obtaining an exemption determination letter) and thereafter annually by June 30, to submit electronically to the Georgia Department of Revenue (DOR) the following information:

- (1) The total number of patients treated in the previous calendar year;
- (2) The average monthly number of full-time employees; and
- (3) The total amount of exempt purchases made by the health center in the preceding calendar year.⁴

This exemption applies only to state-level sales and use taxes and *does not apply to any local sales or use taxes*.⁵

Nonprofit volunteer health clinic exemption

H.B. 426 re-enacts and amends the sales and use tax exemption for sales of tangible personal property and services to nonprofit volunteer health clinics that primarily treat indigent persons with incomes below 200 percent of the federal poverty level and utilize such property and services exclusively in performing a general treatment function in Georgia.⁶ To qualify, a health clinic must be a tax-exempt organization under federal law and must obtain an exemption determination letter from the Commissioner. Similar to the nonprofit health center exemption, a nonprofit volunteer health clinic that seeks to avail itself of the exemption is required, at the time of application for the exemption (*i.e.*, for purposes of obtaining an exemption determination letter) and thereafter annually by June 30, to submit electronically to the DOR the following information:

- (1) The total number of patients treated in the previous calendar year;
- (2) The average monthly number of full-time employees; and
- (3) The total amount of exempt purchases made by the health clinic in the preceding calendar year.⁷

This exemption *applies to both state and local sales and use taxes*.

¹ 2015 Ga. Laws (2015 Ga. H.B. 426, signed May 12, 2015). A copy of the adopted law is accessible [here](#).

² H.B. 426, Sec. 1, amending O.C.G.A. § 48-8-3(7.05)(A) and O.C.G.A. § 48-8-3(7.3)(A).

³ H.B. 426, Sec. 1, re-enacting O.C.G.A. § 48-8-3(7.05)(A).

⁴ H.B. 426, Sec. 1, adding O.C.G.A. § 48-8-3(7.05)(C).

⁵ H.B. 426, Sec. 1, re-enacting O.C.G.A. § 48-8-3(7.05)(B)(ii).

⁶ H.B. 426, Sec. 1, re-enacting O.C.G.A. § 48-8-3(7.3)(A).

⁷ H.B. 426, Sec. 1, adding O.C.G.A. § 48-8-3(7.3)(B).

Considerations

Healthcare providers seeking to qualify for the exemptions discussed above should update their sales and use tax processes accordingly, including implementing procedures to capture the information necessary to obtain the applicable exemption determination letter and to comply with the annual information reporting requirements.

Contacts

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