

HOUSE RESEARCH

Bill Summary

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Subject: Tax credit for federal medical device tax

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This bill allows a refundable state tax credit to taxpayers subject to the Minnesota corporate franchise or individual income tax. The credit equals the amount the taxpayer paid under the federal medical device excise tax in the taxable year.

Background. The medical device excise tax applies a 2.3 percent tax rate to the manufacturer's price for medical devices intended for human use. The tax does not apply to:

1. Devices of a type that are generally purchased by the public at retail (e.g., bandages, eyeglasses, contact lenses, hearing aids, and so forth) – these are devices that are not primarily intended to be purchased by medical professionals and are regularly available for purchase by the individuals who ultimately use the items.
2. Sales of devices for export, either by the manufacturer or a reseller. (Imports of medical devices are subject to tax.)