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Authors: Liebling and Davids

Subject: Changing the taxation of certain types of massage services

Analyst: Pat Dalton (pat.dalton@house.mn)

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Overview

Allows massage therapists to register to collect the health care provider tax. If they do so, all massage therapy services provided by them are subject to the medical provider tax and explicitly excluded from the regular sales tax. This will allow all message therapists to simplify their tax collection efforts by registering and collecting the healthcare provider tax on all massage services. Effective beginning with gross receipts after June 30, 2018.

Currently massage services may be subject to the provider tax, the regular sales tax, or exempt from both. Under current law a licensed health care provider that only provides massage service for “treatment of illness, injury or disease” does not collect sales tax but only pays the provider tax. However, if the licensed health care provider provides massage services for other reasons, they must collect and pay the sales tax on those massage services. Unlicensed massage therapists are subject to sales tax unless the massage is provided for the treatment of illness, injury, or disease upon a written referral by a licensed health care facility or professional. A massage therapist that chooses not to register to collect the provider tax will continue to collect sales tax on massage services except those provided upon a written referral for treatment of an illness, injury, or disease.

Effective for sales and purchases made after June 30, 2018.

Section

- 1 **Health care provider.** Add massage therapists to the list of health care providers subject to the health care provider tax.
- 2 **Massage therapist.** Defines a massage therapist as a person providing massage therapy service but only if they register to pay the health care provider tax.
- 3 **Massage therapy services.** Defines massage therapy services to include services that involves systematic and structured touch for pain and tension relief and promote specific or general wellness. It excludes massage services provided by a health care facility or upon written referral from a licensed health care professional or facility.
- 4 **Patient services.** Adds massage therapy services to the list of patient services subject to the health care provider tax.
- 5 **Sales and purchase.** Moves an exclusion for massage services provided by a health care facility or upon written referral from a licensed health care professional or facility from the definition taxable services. This exclusion is turned into and expanded exemption section in section 6.
- 6 **Massage therapy.** Exempts from sales tax massage services that are either taxed under the health care provider tax or upon written referral from a licensed health care professional or facility upon written referral from a licensed health care professional or facility for the treatment of illness, injury, or disease.