

# State of Rhode Island - Division of Taxation

## Sales and Use Tax

### Regulation SU 07-60

#### Drugs, Medicines and Health Care Products

Under the Rhode Island sales tax law, sales of the following are exempt:

1. Medicines and drugs which are sold on a doctor's prescription.
2. Over-the-counter drugs.
3. Insulin
4. Medical oxygen
5. Blood

#### Definitions of exempt items:

**“Drug”** means a compound, substance or preparation, and any component of a compound, substance or preparation, other than food and food ingredients, dietary supplements or alcoholic beverages:

- (1) recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them; or
- (2) intended for use in diagnosis, cure, mitigation, treatment, or prevention of disease; or
- (3) intended to affect the structure or any function of the body.

**“Over-the-counter drug”** means a drug that contains a label that identifies the product as a drug as required by 21 C.F.R. 201.66. The label must contain:

- (1) a “Drugs Fact” panel; or
- (2) a statement of the “active ingredient(s) with a list of those ingredients contained in the compound, substance or preparation.

**“Over-the-counter drug” does not include “grooming and hygiene products.”**  
(defined below)

**Examples** of the various types of medicinal products which fall within the classification of exempt “over-the-counter drugs” are:

- Analgesics, whether used externally or internally; cough medicines (but not cough drops); tonics and alternatives; antacids, laxatives and cathartics; medicated eye preparations; remedies for treatment of burns; and antiseptics.

- Although not a medicine or a drug, hypo syringes and needles are also exempt.

Definition of taxable items:

**“Grooming and hygiene products”** are soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and screens, regardless of whether the items meet the definition of “over-the-counter drug.”

**“Dietary supplement”** means any product intended to supplement the diet; that is required to be labeled as a dietary supplement, identifiable by the “Supplemental Facts” box found on the label as required pursuant to Federal law.

The following categories are examples of items that **are not regarded as over-the-counter drugs**, and therefore are subject to the tax:

1. Cosmetics and toilet articles including but not limited to items such as deodorants, beauty preparations, facial and hand creams and lotions, feminine hygiene items, shampoo oils, soaps, teeth cleaning preparations, so-called suntan preparations.
2. Vitamins sold as dietary supplements or adjuncts. These usually come in tablet, capsule or pill forms. However, the tax will not apply when sold on a doctor's prescription.
3. First aid medical supplies such as adhesive tape, plasters, and bandages, including those medicinally treated, cotton, gauze, ice bags, syringes, water bottles and similar supplies.
4. Household disinfectants and insecticides whether in liquid, spray, paste or other form.
5. Contact lens cleaning and wetting solutions.
6. Medicated shampoos and soaps.
7. Reducing products and supplements are subject to tax. However, products that replace an entire meal are considered food products and are therefore exempt.

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TAX ADMINISTRATOR

EFFECTIVE: JANUARY 2007

THIS REGULATION AMENDS AND SUPERCEDES [REGULATION SU 00-60](#)  
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