

your cost directly to us.

- You may register with us and charge tax to service customers on the selling price of medical appliances in the same manner that is required for servicepersons over the 35 percent threshold.

I AM AN OPTOMETRIST WHOSE COST/RECEIPT RATIO IS LESS THAN THE 35 PERCENT THRESHOLD, AND THE LAB FROM WHICH I PURCHASE MEDICAL APPLIANCES DOES NOT CHARGE ME TAX. DO I OWE ILLINOIS TAX?

In this situation, you must pay Illinois USE TAX to us directly, even if the lab paid sales tax to its supplier. Figure your tax using either of these methods:

- If the lab's invoice separately states the charges for medical appliances and service, your tax is 1 percent of the lab's selling price of the medical appliances.
- If the lab's invoice does not separately state the charges for medical appliances and service, your tax is 1 percent of half of the lab's selling price.

WHAT IS THE MOST CONVENIENT WAY TO PAY SALES TAX?

FOR OPTOMETRISTS...

Optometrists whose cost/receipt ratio is less than the 35 percent threshold may wish to purchase their medical appliances from labs and suppliers which charge sales tax. An optometrist who pays sales tax on his or her cost for medical appliances usually has no further sales tax liability.

FOR LABS...

Labs which purchase medical appliances for resale may wish to register with us and collect and pay us sales tax even though their cost/receipt ratio is less than the 35 percent threshold discussed on Page 1. By so doing, they provide their optometrist clients with a tax-paid purchase and relieve them of the responsibility of registering and paying use tax. Registered labs may then purchase tax free those medical appliances intended for resale.

Labs that sell only to the public and whose cost/receipt ratio is less than 35 percent may fulfill their sales tax liability by paying sales tax to their suppliers. If their suppliers do not collect sales tax, labs must

I SELL TO THE PUBLIC NONPRESCRIPTION EYEWEAR AND OTHER RETAIL ITEMS WHICH ARE NOT SOLD IN CONJUNCTION WITH SERVICE. HOW DO I MEET MY SALES TAX LIABILITY?

Optometrists and labs that sell items such as nonprescription sunglasses, athletic safety bands, and contact lens cleaning solution over the counter MUST register with us as retailers and collect and pay us sales tax (Retailers' Occupation Tax) on these items. Registering permits them to purchase these items tax free for resale from their suppliers.

QUESTIONS?

If you have questions or need more information, please call or write us. Our telephone numbers and address are listed at the bottom of this bulletin.

pay use tax as
described above.

+++++

FOR
INFORMATION

CALL: 1 800 732-8866 or
1 217 782-3336
WRITE: Illinois Department of Revenue
101 W. Jefferson St., P.O. Box 19044
Springfield, IL 62794-9044
