



Set your organization up for success in 2013

Connie's Weekly Newsletter

Regardless of your political affiliation, two things are certain: death and taxes. One of the latest changes, stemming from the Obama Administration's recent health care law announcement, is a new tax on select veterinary supplies. A rule published December 7, 2012 by the Internal Revenue Service (IRS) outlines a 2.3 percent "device tax" will be levied on certain medical devices veterinarians use as a result of the healthcare laws going into effect.

Many companies making the devices are expected to raise prices to absorb some of the extra costs; meaning that your organization will likely, ultimately foot the bill for these taxes on equipment and supplies, including examination gloves, catheters, infusion pumps, syringes, tubes, blood centrifuges, sterilizing autoclaves and microscopes. While devices, used solely for veterinary purposes, will not be taxed, those considered "dual-use" — used by both human healthcare operations and veterinary practices — will be taxed, according to the U.S. Food and Drug Administration.

The IRS rule states:

"Section 4191 [of the Internal Revenue Code] limits the definition of a taxable medical device to devices described in section 201(h) of the [Federal Food, Drug, and Cosmetic Act] that are intended for humans, but does not provide that the device must be intended exclusively for humans. Under existing [Food and Drug Administration] regulations, a device intended for use exclusively in veterinary medicine is not required to be listed as a device with the FDA, whereas a device intended for use in human medicine is required to be listed as a device with the FDA even if the device may also be used in veterinary medicine."

A recent survey of 181 medical-device manufacturers, 52.5 percent of whom said they planned to "pass along some or all of the increased cost [of the tax] to our consumers."

While we cannot change the new laws, partnering with Pethealth can help you plan and budget accordingly to mitigate the potential financial effects of this new tax on your bottom line.

Did you know?

As outlined in Mark Warren's 2012 President & CEO year-end address, we are pleased to offer you a Purchasing Commitment Program involving PetArmor and PetTrust Plus in 2013.

For those animal welfare organizations that commit to purchasing all flea and tick medication exclusively from us in 2013 and meet a minimum threshold of five cases of PetArmor purchased, we will hold standard size microchips at their current 2012 price of \$5.95, through December 31, 2013.

Sincerely,

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