



**COLORADO**  
Department of Revenue

Taxation Division

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GIL-15-009

April 16, 2015

XXXXXXXXXXXXXXXXXX  
ATTN: XXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXX

Re: Services in Connection with Retrieving and Copying Medical Records

Dear XXXXXXXXXXXX,

You submitted on behalf of XXXXXXXXXXXX ("Company") a request for guidance to determine the taxability of certain services associated with retrieving and copying medical records. The Colorado Department of Revenue ("Department") issues general information letters and private letter rulings. A general information letter provides a general overview of the relevant tax issues and is not binding on the Department. A private letter ruling provides a specific determination for a specific taxpayer on their particular question, is binding on the Department but not on the taxpayer, and requires payment of a fee. For more information about general information letters and private letter rulings, please see Department Regulation 24-35-103.5 at [www.colorado.gov/revenue/tax](http://www.colorado.gov/revenue/tax) > Tax Library > Rulings.

The Department initially treats your request as one of a general information letter. If you would like the Department to issue a private letter ruling on the issues you raise, you can resubmit a request and fee in compliance with Department Regulation 24-35-103.5. It is important to remember that general information letters, such as this one, are general discussions of tax law and are not a determination of the tax consequence of any particular action or inaction.

### Issue

1. Has the Department modified its position on the issues addressed in PLR 13-005?
2. Are any of the services described in the Background section below subject to sales or use taxes?

### Background

We previously issued to Company a private letter ruling relating to provisioning medical records to third parties. Company asks if our view on this has changed on this issue. In addition, Company lists a number of services, described below, and asks if these are subject to sales or use tax.

*Coding Service.* Coding is the transformation of narrative descriptions of diseases, injuries, and health care procedures into numeric or alphanumeric designations. The code numbers are detailed in order to accurately describe the diagnoses and procedures performed to test or

correct the diagnoses. Coding health-related data permits access to health records according to diagnoses and procedures for use in clinical care, research, and education.

*Abstraction Service.* Abstraction is the process of taking important medical information from handwritten and typed reports and physically entering that information in an electronic medical record.

*Access to Records Stored in an Online Database.* Company provides customers secure, online storage space in which the customer can store and access at any time patient records and other sensitive documentation. The customer uses a username and password to access the stored files. The customer does not install any software and does not store any data on the customer's own server.

### **Discussion**

The Department is not aware of any change in law that would suggest a different conclusion from the one we issued in our August 21, 2013 letter. Moreover, so long as the Department continues taking the view that retrieving and copying medical records is a service rather than the sale of tangible personal property, none of the items listed in the Background section are subject to tax because there is no sale of tangible personal property.

### **Miscellaneous**

This letter represents the good faith opinion of Department personnel who are knowledgeable on state taxes issues. However, the Department does not make a specific determination here on any of the issues raised and the Department is not bound by this general information letter.

The Department administers state and state-administered local sales and use taxes. This letter does not address sales and use taxes administered by home-rule cities and home-rule counties. You may wish to consult with local governments which administer their own sales or use taxes about the applicability of those taxes. Visit our web site at [www.colorado.gov/tax](http://www.colorado.gov/tax) for more information about state and local sales taxes.

Enclosed is a redacted version of this letter. Pursuant to statute and regulation, this redacted letter will be made public within 60 days of the date of this letter. Please let me know in writing within that 60 day period whether you have any suggestions or concerns about this redacted letter.

Sincerely,

Neil L. Tillquist  
Colorado Department of Revenue