

Qualifying foods (through December 31st, 2025), prescription and non-prescription medicines, drugs and medical appliances, for human use, are not exempt from tax, and are subject to the reduced tax rate of 1%. (This is a GIL).

August 27, 2025

NAME  
COMPANY  
ADDRESS

Dear NAME:

This letter is in response to your letter dated August 3, 2025, in which you requested information. The Department issues two types of letter rulings. Private Letter Rulings (“PLRs”) are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department’s regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter (“GIL”) is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at <https://tax.illinois.gov/> to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

We are writing on behalf of **COMPANY**, a wellness-based MedSpa with a forthcoming location at:

**ADDRESS**

COMPANY provides medically supervised treatments and wellness services, many of which involve the administration of tangible personal property (TPP) by licensed healthcare professionals.

We respectfully request a Private Letter Ruling (PLR) from the Illinois Department of Revenue regarding the sales and use tax treatment applicable to the following categories of services and products, as governed by:

- The Retailer’s Occupation Tax Act (35 ILCS 120/1 et seq.);

- The Service Occupation Tax Act (35 ILCS 115/1 et seq.); and
- Title 86 of the Illinois Administrative Code, Part 130.

## **1. Hormone-Based Therapies & Related Services**

**Question:** Are the following hormone-related services and supplements considered non-taxable medical services when administered or prescribed by licensed medical professionals?

**Our Understanding:** These treatments involve prescription drugs administered by licensed Nurse Practitioners in a clinical setting. Based on 86 Ill. Adm. Code 130.311, we believe these are non-taxable services, with any TPP considered incidental and subject to SOT at the provider level.

- Hormone Optimization Plans (Rx)
- Testosterone Therapy
- Female Hormone Replacement Therapy (HRT)
- Bioidentical Hormone Replacement Therapy
- Hormone Nutraceuticals
- Hormone Consultations

## **2. Aesthetic Medical Services**

**Question:** Are aesthetic services performed by licensed professionals subject to ROT? Does the use of topical serums, creams, or equipment in these procedures create a taxable event?

**Our Understanding:** Injectables like Botox and Fillers, and administered by prescription, are likely non-taxable. Cosmetic services such as Hydrafacials and Skin Peels that involve TPP are likely taxable under 86 Ill. Adm. Code 130.1920.

- Botox Injections (Rx)
- Dermal Fillers (e.g., Juvederm, Sculptra) (Rx)

- Hydrafacial
- Skin Peels
- Hair Restoration
- Microneedling
- Body Contouring / CoolSculpting
- EMSculpt NEO
- CoolTone

### **3. Wellness-Based Therapy Services**

**Question:** Are IV therapy, red light, and hyperbaric treatments considered non-taxable when no TPP is transferred beyond the service?

**Our Understanding:** These services are administered by licensed personnel and do not involve a separate sale of TPP. They are interpreted as non-taxable services per 86 Ill. Adm. Code 130.310

- IV Therapy
- Red Light Therapy Bed
- Hyperbaric Oxygen Therapy
- NAT+ Therapy

### **4. Nutraceuticals, Vitamins, and Supplements**

**Question:** Do these products qualify for the reduced 1% tax rate as “food for human consumption” under 35 ILCS 120/2-10 and 86 Ill. Adm. Code 130.310?

**Our Understanding:** These supplements are consumed off-site and are not tied to a prescription. As such, we believe the 1% rate applies.

- PRODUCT
- Weight Control Nutraceuticals

- Aesthetic Nutraceuticals
- Immunity Nutraceuticals

## **5. Weight Control & Exercise Services**

**Question:** Are weight management services exempt from sales tax? If bundled with supplements or shakes, how should taxation be handled?

**Our Understanding:** These are service-based offerings. However, when supplements are included and not itemized separately, the full charge may be taxable. Proper invoicing is essential.

- Weight Loss Plans
- Muscle Development Programs
- Exercise & Nutrition Guidance
- Weight Loss Medication (Rx)

## **6. Lab Testing and Consultations**

**Question:** Are lab panels and consultations considered pure services, and thus exempt from ROT or SOT?

**Our Understanding:** These services do not involve the transfer of TPP and are considered non-taxable under 86 Ill. Adm. Code 130.310.

- Monthly Lab Panels
- Initial Medical Consultations
- Hormone & Wellness Assessments

### **Additional Context:**

- All injectables are administered by licensed Nurse Practitioners.
- Some services are offered as bundled memberships.
- All invoices will itemize services and products.

**We respectfully request:**

- Confirmation of taxability for each listed category
- Clarification on applicable rates (1%, 6.25%, local rates, or exempt)
- Guidance on when to apply SOT to consumed materials
- Invoicing and recordkeeping best practices

## **DEPARTMENT'S RESPONSE:**

### Retailers' Occupation Tax

The Illinois Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property to purchasers for use or consumption. See 35 ILCS 120/2; 86 Ill. Adm. Code 130.101. In Illinois, Use Tax is imposed on the privilege of using, in this State, any kind of tangible personal property that is purchased anywhere at retail from a retailer. See 35 ILCS 105/3; 86 Ill. Adm. Code 150.101. These taxes comprise what is commonly known as "sales" tax in Illinois. If the purchases occur in Illinois, the purchasers must pay the Use Tax to the retailer at the time of purchase. If the purchases occur outside Illinois, purchasers must self-assess their Use Tax liability and remit it directly to the Department.

### Service Occupation Tax

Retailers' Occupation Tax and Use Tax do not apply to sales of service. Under the Service Occupation Tax Act, businesses providing services (i.e., servicemen) are taxed on tangible personal property transferred as an incident to sales of service. See 86 Ill. Adm. Code 140.101. The purchase of tangible personal property that is transferred to the service customer may result in either Service Occupation Tax liability or Use Tax liability for the serviceman depending upon his activities. The serviceman's liability may be calculated in one of four ways:

- (1) separately-stated selling price of tangible personal property transferred incident to service;
- (2) 50% of the serviceman's entire bill;
- (3) Service Occupation Tax on the serviceman's cost price if the serviceman is a registered de minimis serviceman; or
- (4) Use Tax on the serviceman's cost price if the serviceman is de minimis and is not otherwise required to be registered under Section 2a of the Retailers' Occupation Tax Act.

Using the first method, servicemen may separately state the selling price of each item transferred incident to service. The tax is then calculated on the separately stated selling price of the tangible personal property transferred. If the servicemen do not separately state the selling price of the tangible personal property transferred, they must use 50% of the entire bill to the service customer as the tax base. Both of the above methods provide that in no event may the tax base be less than the serviceman's cost price of the tangible personal property transferred. See 86 Ill. Adm. Code 140.106. These methods result in the customer incurring a Service Use Tax liability. See 86 Ill. Adm. Code 160.101. Under these methods, servicemen may provide their suppliers with Certificates of Resale when purchasing the tangible personal property to be transferred as a part of sales of service.

The third way servicemen may account for their tax liability only applies to de minimis servicemen who have either chosen to be registered or are required to be registered because they incur Retailers' Occupation Tax liability with respect to a portion of their business. See 86 Ill. Adm. Code 140.109. Servicemen may qualify as de minimis if they determine that the annual aggregate cost price of tangible personal property transferred incident to the sale of service is less than 35% of the total annual gross receipts from service transactions (75% or greater in the case of servicemen transferring prescription drugs and persons engaged in graphics arts production). Servicemen do not have the option of determining whether they are de minimis using a transaction-by-transaction basis. Registered de minimis servicemen are authorized to pay Service Occupation Tax (which includes local taxes) based upon their cost price of tangible personal property transferred incident to the sale of service. Such servicemen should give their suppliers resale certificates and remit Service Occupation Tax using the Service Occupation Tax rates for their locations. This method also results in the customer incurring a Service Use Tax liability.

The final method of determining tax liability may be used by de minimis servicemen that are not otherwise required to be registered under Section 2a of the Retailers' Occupation Tax Act. Such de minimis servicemen handle their tax liability by paying Use Tax to their suppliers. If their suppliers are not registered to collect and remit tax, the servicemen must register, self-assess and remit Use Tax to the Department. The servicemen are considered to be the end-users of the tangible personal property transferred incident to service. Consequently, they are not authorized to collect a "tax" from the service customers. See 86 Ill. Adm. Code 140.108. Under this method the customer incurs no Service Use Tax liability. However, they generally either seek reimbursement of the tax from their customers or build the tax into their prices.

The provision of a service in Illinois that is not accompanied by the transfer of tangible personal property is generally not subject to Retailers' Occupation Tax or Service Occupation Tax liability.

#### Food, Drugs, and Medical Appliances

Food, prescription and non-prescription medicines, drugs and medical appliances, for human use, are not exempt from tax. A tax is imposed on these items at the rate of 1%. 35 ILCS 120/2-10; 86 Ill. Adm. Code 130.310(a). Local sales taxes may also apply, depending upon where sales are made. Those items that do not qualify for the low rate are taxed at the State rate of 6.25%, plus applicable local taxes. The same rate distinctions apply under the Service Occupation Tax Act. See 86 Ill. Adm. Code 140.126.

Food is defined as “any solid, liquid, powder or item intended by the seller primarily for human consumption, whether simple, compound or mixed, including foods such as condiments, spices, seasonings, vitamins, bottled water and ice”. 86 Ill. Adm. Code Section 130.310(b)(1).

Taxation of food at the reduced sales tax rate depends on whether the food is prepared by the serviceman for immediate consumption or is for consumption off the premises where sold, therefore, the nature of the premises where the food is sold is a factor in determining the applicable sales tax rate. Food for human consumption which is sold or transferred by a taxpayer, either as a standalone transaction or as an incident to a sale of service, is generally subject to the high rate of tax of 6.25% if it is prepared for immediate consumption or is sold for consumption on the premises of the sale. A tax rate of 1% will apply on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic liquor, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption and is not otherwise included in 86 Ill. Adm. Code 140.126(a), 130.310(a), and 130.311(a)). It is important to note that beginning on January 1, 2026, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption) will be exempt from state Occupation and Use taxes. See 35 ILCS 115/3-5(37), 35 ILCS 120/2-5(49), and 35 ILCS 105/3-5(44), as amended by P.A. 103-781.

Where an establishment does not provide facilities for on-site consumption, the business would still charge a high rate of tax on all food sales if a majority of the gross receipts from food resulted from food prepared by the retailer for immediate consumption. However, where an establishment primarily sells food (over 50%) in bulk, such establishment will incur the reduced rate on all food items (other than alcoholic liquor, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption and is not otherwise included in 86 Ill. Adm. Code 140.126(a), 130.310(a), and 130.311(a), which will always incur the higher rate).

Nutritional supplements and vitamins are generally included within the definition of food, as that term is defined under the regulations. Therefore, such products would qualify

for the reduced rate, provided they meet the criteria detailed in 86 Ill. Adm. Code 130.310. The taxation of nutritional supplements sold in packs with food or non-food items would depend upon whether the set was primarily made up of reduced tax rate items. If more than 50% of the value of a pack, set or gift basket of items sold together is derived from food, prescription and non-prescription medicines, drugs and/or medical appliances, then the pack, set or gift basket is taxed at the reduced rate. See ST-03-0100-GIL.

Further, some of the nutritional supplements sold may also qualify for the lower tax rate because of the classification of those products as a drug. Under the rule, a medicine or drug is defined as “any pill, potion, salve, or other preparation intended by the manufacturer for human use and which purports on the label to have medicinal qualities”. 86 Ill. Adm. Code 130.310(c)(1). A written claim on the label that a product is intended to cure or treat disease, illness, injury or pain, or to mitigate the symptoms of such disease, illness, injury or pain constitutes a medicinal claim. Please refer to 86 Ill. Adm. Code 130.310(c) for examples of medicinal claims that will qualify products for the low rate.

Medicines and drugs do not include grooming and hygiene products. Nonprescription medicines and drugs that are grooming and hygiene products do not qualify for the 1% rate of tax for medicines and drugs under 86 Ill. Adm. Code 130.311(c). Grooming and hygiene products do not qualify for the 1% rate, regardless of whether the products make medicinal claims or meet the definition of over-the-counter drugs. Grooming and hygiene products are taxed at the general merchandise rate of 6.25%. For more information on grooming and hygiene products, see 86 Ill. Adm. Code 130.311(d). Additionally, products that are taken orally and ingested, like vitamins, supplements and weight gain or weight loss products, are not grooming and hygiene products and can qualify for the 1% rate of tax if they meet the requirements of 86 Ill. Adm. Code 130.311(c) stated above.

Medical appliances are items that are used to directly substitute for a malfunctioning part of the human body. These items may be prescribed by licensed health care professionals for use by a patient, purchased by health care professionals for the use of patients, or purchased directly by individuals. See 86 Ill. Adm. Code 130.311(e). Moreover, diagnostic equipment shall not be deemed to be a medical appliance, except as provided in 86 Ill. Adm. Code 130.311(g). Other medical tools, devices, and equipment such as x-ray machines, laboratory equipment, and surgical instruments that may be used in the treatment of patients but that do not directly substitute for a malfunctioning part of the human body do not qualify as medical appliances for purposes of the reduced tax rate. 86 Ill. Adm. Code 130.311(e)(5).

I hope this information is helpful. If you require additional information, please visit our website at <https://tax.illinois.gov/> or contact the Department’s Taxpayer Information Division at 800-732-8866.



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Very truly yours,

A handwritten signature in black ink, appearing to read 'GLE', is positioned above the printed name and title.

George L. Encarnacion, Jr.  
Associate Counsel

GLE:sce