Letter Rulings - LR 8405

LR 8405

Taxability of Electronic Medical Records

August 26, 2026

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Dear Applicant:

This is a letter ruling issued by the Director of Revenue under Section 536.021.10, RSMo, and Missouri Code of State Regulations 12 CSR 10-1.020, in response to your letter dated July 21, 2026.

The facts and inferences arising therefrom as presented in your letter ruling request are summarized as follows:

Applicant is in the business of retrieving, compiling, reproducing, and furnishing medical records on behalf of healthcare providers. As a part of the process of furnishing the medical records, Applicant receives a valid authorization or other lawful request, locates the requested medical records, reviews the request, retrieves the applicable records, and converts or reproduces the records into a format suitable for delivery. In some instances, the records are delivered via a CD containing image files and PDF files representing the requested records.

Are charges for providing medical records on CD, sales of tangible personal property subject to Missouri sales tax?

<u>RESPONSE:</u>

No. Charges for providing medical records on a CD are not subject to Missouri sales tax.

In cases such as this one, where a purchase of tangible personal property and intangible personal property are commingled, Missouri follows the true object rule. If the true object of the purchase is to obtain the tangible personal property, the transaction is subject to sales tax. By contrast, if the true purpose of the transaction is to transfer the intangible personal property component of the mixed good, no sale of taxable personal property has occurred, and the transaction is not subject to sales tax.

In ***Western Blue Print Co., v. Director of Revenue***, 311 S.W.3d (Mo. 2010), the Court held that the true object test governs the conversion of paper documents to electronic format, and the sale to customers of them on a CD did not constitute the sale of intangible personal property subject to sales tax. The Court held that the true object of the transaction was the services of conversion of the documents into electronic format and not the sale of the CD on which they resided. The CD provided to the customer was merely incidental to the non-taxable service and did not render the transaction taxable.

The provision of the images of the medical records on a CD that is provided to the customer was a mere incidental occurrence which did not change the true object of the transaction. The true object was the obtaining of the services and records rather than obtaining the CD as a finished product. The CD was merely and exclusively a means of conveyance of the records. The CD was neither essential nor even unique in the transaction.

Applicant's sale of Medical Records on CD is not subject to Missouri's sales tax.

This letter ruling is binding upon the Department of Revenue with respect to the Applicant for three (3) years from the date of this letter and is subject only to statutory changes by the General Assembly and to changes in the interpretation of law by the courts or administrative tribunals. If a change occurs, the taxpayer who relies upon an outdated interpretation may be subject to additional taxes, interest and penalties, which may be imposed prospectively from the date of the change. For this reason, the interpretation set forth above should be reviewed on a regular basis. Please note that any change in or deviation from the facts as presented will render this ruling inapplicable.

Should additional information be needed, please contact Senior Counsel Kent L. Brown, General Counsel's Office, Post Office Box 475, Jefferson City, Missouri 65105-0475, phone (573) 751-0961.

Sincerely,

Trish Vincent