

**DESCRIPTION OF BUDGET RECONCILIATION  
LEGISLATIVE RECOMMENDATION RELATING TO  
REPEAL OF THE TANNING TAX**

Scheduled for Markup  
by the  
HOUSE COMMITTEE ON WAYS AND MEANS  
on March 8, 2017

Prepared by the Staff  
of the  
JOINT COMMITTEE ON TAXATION



March 7, 2017  
JCX-8-17

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## INTRODUCTION

The House Committee on Ways and Means has scheduled a committee markup of a Budget Reconciliation Legislative Recommendation Relating to Repeal of the Tanning Tax on March 8, 2017. This document,<sup>1</sup> prepared by the staff of the Joint Committee on Taxation, provides a description of the legislative recommendation.

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<sup>1</sup> This document may be cited as follows: Joint Committee on Taxation, *Description of Budget Reconciliation Legislative Recommendation Relating to Repeal of the Tanning Tax* (JCX-8-17), March 7, 2017. This document can be found also on the Joint Committee on Taxation website at [www.jct.gov](http://www.jct.gov). All section references herein are to the Internal Revenue Code of 1986, as amended, unless otherwise stated.

## **A. Repeal of Tanning Tax**

### **Present Law**

A retail sales tax is imposed on indoor tanning services.<sup>2</sup> The tax rate is 10 percent of the amount paid for such services, including any amount paid by insurance.<sup>3</sup> If a payment covers charges for indoor tanning services as well as other goods and services, the charges for other goods and services may be excluded in computing the tax payable on the amount paid.<sup>4</sup>

Consumers are liable for the tax, with service providers being responsible for collecting and remitting the tax to the Federal Government on a quarterly basis.

Indoor tanning services are services employing any electronic product designed to induce skin tanning and which incorporate one or more ultraviolet lamps with wavelengths in air between 200 and 400 nanometers.<sup>5</sup> Taxable services do not include phototherapy services<sup>6</sup> performed by a licensed medical professional. There is also an exemption for qualified physical fitness facilities that meet certain criteria and offer tanning as an incidental service to members without a separately identifiable fee.<sup>7</sup>

### **Description of Proposal**

Under the proposal, the tax on indoor tanning services applies for services performed prior to January 1, 2018. Thus, the tax does not apply to services performed after December 31, 2017.

### **Effective Date**

The proposal is effective for services performed after December 31, 2017.

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<sup>2</sup> Sec. 5000B.

<sup>3</sup> The total amount paid is presumed to include the tax if the tax is not separately stated. Treas. Reg. sec. 48.5000B-1(d)(1)(i).

<sup>4</sup> Treas. Reg. sec. 48.5000B-1(c)(2), (d)(2), and (d)(3).

<sup>5</sup> Treas. Reg. sec. 48.5000B-1(c)(1).

<sup>6</sup> Phototherapy services are services that expose an individual to specific wavelengths of light for the treatment of (i) dermatological conditions, such as acne, psoriasis, and eczema; (ii) sleep disorders; (iii) seasonal affective disorder or other psychiatric disorder; (iv) neonatal jaundice; (v) wound healing; and (vi) other medical conditions determined by a licensed medical professional to be treatable by exposing the individual to specific wavelengths of light. Treas. Reg. sec. 48.5000B-1(c)(3).

<sup>7</sup> Treas. Reg. sec. 48.5000B-1(d)(4).

## B. Estimated Revenue Effect

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Fiscal Years											
[Billions of Dollars]											
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2017-21</u>	<u>2017-26</u>
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**NOTE:** Details do not add to totals due to rounding.

[1] Loss of less than \$50 million.