



West Virginia Broad Based Health Care Related Taxes

The State of West Virginia imposes certain special taxes on those persons who provide health care related services within the State. The measure of the taxes is gross receipts (accounts received or receivable) from the provision of various health care services and sales of related items within West Virginia. This publication is meant to be a source of general information and is not a substitute for tax laws or regulations.

West Virginia Broad Based Health Care Tax (Form #WV/HCP-3A)
(W. Va. Code §11-27)

The West Virginia Broad Based Health Care Tax is imposed on sixteen (16) different types of health care. During the 2001 legislative session, changes to the West Virginia Broad Base Health Care Taxes were enacted. These changes provide for a gradual phase out of certain tax rates as they apply to designated health care providers within the state by reducing the applicable tax rate beginning July 1, 2001 and each succeeding July 1 until total elimination in the year 2010. The following is a list of services and the applicable rate of tax from July 1, 2009 through June 30, 2010:

Table listing 16 types of health care services and their applicable tax rates, such as Ambulatory Surgical Centers (1.75%), Chiropractic Services (.175%), Dental Services (.175%), etc.

* Where a license to practice therapy specialty is required by law. Includes physical therapy, occupational therapy, speech therapy, respiratory therapy, audiological services, rehabilitative specialist, and, as of June 30, 1998, massage therapists.

West Virginia Severance and Business Privilege Tax (Form #WV/SEV-401H)
(W. Va. Code §11-13A)

The West Virginia Severance and Business Privilege Tax is imposed on persons providing the following health care services or sales of related items:

Behavioral health services; defined in W Va Code §11-13A-2(d) as "services provided for the care and treatment of persons with mental illness, mental retardation, developmental disabilities or alcohol or drug abuse problems in an inpatient, residential or outpatient setting, including, but not limited to, habilitative or rehabilitative interventions or services and cooking, cleaning, laundry and personal hygiene services provided for such care: Provided, That gross receipts derived from providing behavioral health services that are included in the provider's measure of tax under article twenty-seven [§§ 11-27-1 et seq.] of this chapter shall not be included in that provider's measure of tax under this article.

GROSS RECEIPTS

The broad based health care related taxes are measured by the application of a rate to the gross receipts received from the furnishing of the particular health care services and items provided. Gross receipts are defined to mean the " amount received or receivable, whether in cash or in kind, from patients, third-party payors and others for ...(health care)... services furnished by the provider, including retroactive adjustments under reimbursement agreements with third-party payors, without any deduction for any expenses of any kind.

Gross receipts that are not related to the furnishing of health care services and items are not subject to the tax. For example: director fees received by physicians for serving on a board of directors, or fees received by a health care professional for expert testimony.

Receipts from grants and charitable donations are not included in the taxable base.

DEDUCTIONS FROM GROSS RECEIPTS

Bad debts: Accrual basis taxpayers may deduct bad debts from their gross income to the extent the amount of the bad debt was included previously in gross receipts upon which tax was paid. Bad debts may be deducted only in the year to which they relate.

Contractual allowances: (defined as the differences between revenue, or gross receipts, at established rates and amounts realizable from third party payors under contractual agreements.) Accrual basis providers, **except nursing facility services (nursing homes)**, are allowed to reduce gross receipts by their contractual allowances, to the extent included in the amount of gross receipts on which tax was previously paid.

Cash basis taxpayers may not reduce their taxable gross receipts by bad debt or contractual allowances.

FILING REQUIREMENTS

Any taxpayer owing more than an average of \$50 a month is required to remit on monthly estimated tax returns, in equal installments, at least eleven-twelfths of the tax due for their taxable year. Monthly estimate returns are due the fifteenth day of the month following the month for which the tax accrued. Failure to remit eleven-twelfths of the total tax for the taxable year may result in underpayment penalties being assessed. Taxable years of less than twelve months should be prorated accordingly.

All taxpayers are required to file an annual return. The taxable year must be the same as the taxable year for federal income tax purposes. Annual returns are due the last day of the month following the end of the taxable year. **EXCEPTION:** Broad Based Health Care Related Taxes and Severance and Business Privilege Taxes for Providers of Health Care Services have an accelerated due date of June 15th for period ending May 31st.

OUT OF STATE SERVICES

These taxes are imposed only on services rendered in West Virginia. If a service is rendered partially in West Virginia and partially in another state, the gross receipts attributable to that service should be allocated or apportioned using a method deemed reasonable by the Tax Commissioner.

NO DOUBLE TAXATION OF GROSS RECEIPTS

No health care provider is required to report gross receipts from furnishing a health care service under more than one of these taxes. Also, gross receipts received from a patient for providing a health care service is taxed only one time, although more than one health care provider is involved.

For example: a patient is treated by a physician who is employed by a hospital. The hospital bills the patient and receives payment from the patient. The hospital in turn pays the physician for his services to the hospital. The gross receipts from the provision of the physician's service are included only in the gross receipts of the hospital, and not in the gross receipts of the physician. There is no pyramiding of tax when two or more health care providers are involved in the delivery of the health care items or service.

METHOD OF ACCOUNTING AND TAXABLE YEAR

Taxpayers must use the same method of accounting and taxable year as they use for federal tax purposes.

CREDIT FOR OVERPAYMENT OF HEALTH CARE TAX

If after filing your annual health care related tax return you determine that you overpaid the tax, you may apply the overpayment amount as a credit against any subsequent Broad Based Health Care Related Tax liability. This amount is subject to audit and verification by the Department.

Assistance may be obtained by calling
Taxpayer Services Division
(304) 558-3333 or 1-800-WVA-TAXS (1-800-982-8297)
A TDD Service is available for the hearing impaired by calling
1-800-2TAXTDD (1-800-282-9833)
To order forms or publications call the automated information system at:
(304) 344-2068 or 1-800-422-2075
Or visit our website: <http://www.wvtax.gov/>