

# MinnesotaCare Tax 2015 Provider, Hospital and Surgical Center Taxes

Information and instructions for filing your MinnesotaCare tax return (Minn. Stat. Chapter 295)

## Your 2015 Annual Return is Due March 15, 2016

File your return electronically starting **January 22, 2016**.

Go to our website and log in to e-Services to file or pay.

## Information and Assistance

### Website/e-Services

[www.revenue.state.mn.us](http://www.revenue.state.mn.us)

### Email

[MinnesotaCare.tax@state.mn.us](mailto:MinnesotaCare.tax@state.mn.us)

### Phone

651-282-5533  
(weekdays, 8 a.m.-4:30 p.m.)

**Fax:** 651-556-5233

### Business Registration

Email:  
[business.registration@state.mn.us](mailto:business.registration@state.mn.us)

Phone:  
651-282-5225 or 1-800-657-3605

## Contents

What's New.....	1
Registering for a Minnesota Tax ID . . . .	1
General Information.....	2-3
Electronic Filing and Payments	
Filing Due Date/Filing Extensions	
Estimated Tax Requirements	
Reporting Business Changes	
Recordkeeping	
Statute of Limitations	
Payment Options	
Who Must File.....	4
How to File Your Annual Return . . . .	5-8
How to Amend Your Return . . . . .	9
Managing Your Account Profile in e-Services . . . . .	9
Worksheet C, Annual Tax Return . . . .	10

*We provide our publications in other formats upon request to persons with disabilities.*

## What's New

### Enhanced e-Services Returns

MinnesotaCare tax returns in e-Services have been enhanced for the 2015 filing season. The returns include the following new features:

- Simplified layouts
- The option to save a return and finish it later
- Helpful icons providing hints and links to more information on our website

### Sign Up to Receive Email Updates

Stay informed about MinnesotaCare taxes and receive filing reminders before your returns are due. Go to our website and sign up for MinnesotaCare Tax Updates. You'll receive emails with information and updates related to filing your MinnesotaCare taxes, including:

- law change notices;
- new or updated publications, such as fact sheets, filing instructions, and newsletters;
- e-Services filing information;
- educational tax seminars; and
- filing due date reminders.

To sign up, go to our website and click the red envelope at the bottom of the home page. Enter your email address and select MinnesotaCare Tax Updates from the list of topics.

### Electronic Payment Requirements

If you are required to pay any Minnesota business tax electronically for one year, you must pay all Minnesota business taxes electronically *for all future years*.

Generally, you are required to pay electronically if your tax liability was more than \$10,000 for any one Minnesota business tax during the previous fiscal year (July 1–June 30). We will send you a notice the first year you are required to pay electronically.

If you are required to pay electronically and do not, you will be assessed a 5 percent penalty on the payment amount.

If you are not required to pay electronically and you choose to pay by check, you must mail a personalized payment voucher along with your estimated tax payment to help ensure the payment is credited correctly. Visit our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and click on "Make a Payment" and then "By check" to create a voucher. Print and mail the voucher with a check made payable to Minnesota Revenue.

When you pay by check, your check authorizes us to make a one-time electronic fund transfer from your account, and you may not receive your canceled check. See page 3 for more information on payment options.

## Registering for a Minnesota Tax ID

### Before You File, You Need a Minnesota Tax ID Number

Before you can file a MinnesotaCare tax return and/or make estimated tax payments, you must have a Minnesota tax ID number, which is a seven-digit number assigned to you when you register with the department.

If you do not have a Minnesota tax ID, you must apply for one. You can apply online at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) or by contacting

our Business Registration office (*see Information and Assistance on this page*).

*Note:* If your business currently has a Minnesota tax ID number for other Minnesota taxes, you can add a MinnesotaCare tax account to your number. To update your business information, go to our website and log in to e-Services or contact Business Registration.

# General Information

## Electronic Filing and Payments

### Annual Returns

File your annual return electronically either online using our e-Services system or by phone (*see page 5*).

### Payments

You are required to pay electronically if your tax liability was more than \$10,000 for any one Minnesota business tax during the previous fiscal year (July 1–June 30).

If you are required to pay any Minnesota business tax electronically for one year, you must pay all Minnesota business taxes electronically *for all future years*.

A 5 percent penalty will be assessed if you fail to pay electronically when required, even if a check payment is received on time.

## Filing Due Date

### Annual Tax Return

The regular due date for filing your annual MinnesotaCare tax return and paying any additional tax is March 15 following the end of the year in which you received the receipts.

The return must be filed even if there is no additional tax due. If March 15 falls on a weekend or holiday, returns filed on the next business day are considered timely.

### Extension of Time to File

If you cannot file your return by the regular due date, you may request a 60-day filing extension. To request an extension for your 2015 return, call 651-282-5533 no later than March 15, 2016.

A filing extension does not extend the time you have to pay your tax. You must pay any tax you owe by the regular due date or you will be assessed penalties and interest. For 2015 returns, the regular due date is March 15, 2016. To pay electronically, go to our website and log in to e-Services.

## Estimated Tax Requirements

You are required to make estimated tax payments during the year if your total annual MinnesotaCare tax will be more than \$500.

If your total annual tax will be \$500 or less, you may pay your tax when you file your annual tax return and are not required to make estimated payments during the year.

**Due Dates.** Estimated tax payments are due quarterly for health care providers and monthly for hospitals and surgical centers

- **Health Care Providers:** Your quarterly estimated tax payments are due by the 15th day of April, July and October of the current year and January 15 of the following year.
- **Hospitals and Surgical Centers:** Your monthly estimated tax payments are due by the 15th day of each month.

If the due date falls on a weekend or holiday, payments electronically made or post-marked the next business day are considered timely.

Each estimated tax payment must be at least the lesser of:

- 90 percent of one-fourth (or one-twelfth, if you are a hospital or surgical center) of your actual tax for the current year; or
- one-fourth (or one-twelfth, if you are a hospital or surgical center) of your actual tax for the previous year if you were in business for the entire year and you had a tax liability.

To determine your estimated tax payments, see the MinnesotaCare estimated payment instructions available on our website.

### Penalty for Underpaying Estimated Tax.

If any payment is less than the required amount or is paid late, an additional tax charge (ATC) for underpaying the estimated tax will be assessed.

When you file your annual tax return, our e-Services system will calculate the underpayment penalty, if any, for you.

## Reporting Business Changes

Be sure to update your business information if you:

- change the name, address, owner/officers or ownership of your business;
- make any other changes (e.g., email address, phone number or contact person);
- need to add or delete a tax type;
- close your business; or
- are no longer required to file and pay MinnesotaCare taxes.

To update, go to our website and log in to e-Services. For additional information, see *Managing Your Account Profile in e-Services* on page 9.

## Recordkeeping

You should keep all internal accounting records and external third-party documentation that support the amounts reported on your MinnesotaCare tax return. Some examples include:

- bank statements
- explanations of benefits from Medicare, FEHBA, TRICARE and other government agencies
- 1099 tax statements from payers
- detailed records of nonpatient income
- audited and compiled financial statements
- invoices for legend drug purchases
- all other summary and detail reports, schedules, ledgers and journals

Exemptions may be denied if your documentation is incomplete. Keep your documentation for at least 3½ years from the date the original return was filed or was required to be filed, whichever is later.

## Statute of Limitations

The department may audit your return within 3½ years after you file it. There is no time limit if you are found to have fraudulently reported tax information or if you have not filed a return.

# General Information (continued)

## Payment Options

### e-Services

You can make payments online using our e-Services system or pay by phone. If you choose this option, you'll be able to view a record of your payments online once the payments are processed.

- To pay online, go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and log in to e-Services.
- To pay by phone, call 1-800-570-3329 to use our automated phone system.

You will need your bank's routing number and your account number. To be timely, you must complete your transaction and receive a confirmation number on or before the due date for that payment (see *Filing Due Date* on page 2). When paying electronically, you must use an account not associated with any foreign banks.

### Credit or Debit Card

For a fee, you may charge your payments to your Visa, MasterCard, American Express or Discover/Novus credit or debit card. To do so, have your credit/debit card ready and go to [www.paymntax.com](http://www.paymntax.com) or call 1-855-947-2966.

### ACH Credit

ACH credit payments are initiated by you through your bank. You authorize your bank to transfer funds to the state's bank account. The bank must use ACH file formats, which are available on our website or by contacting our Business Registration office (see page 1). Your bank may charge you a transaction fee for these payments.

### Fed Wire

Fed Wire payments are initiated by you through your bank. Most banks are able to include information needed to post a Fed Wire payment (Minnesota tax ID number, tax-type code, period of payment). If your bank is unable to include the payment details, you should enter the details by submitting a Fed Wire notification through the

e-Services system. If you do not have Internet access, contact our Business Registration office for more information (see page 1).

### Check Payments

If you are not required to pay electronically and you choose to pay by check, you must mail a personalized payment voucher along with your estimated tax payment to help ensure the payment is credited correctly. Visit our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and click on "Make a Payment" and then "By check" to create a voucher. Print and mail the voucher with a check made payable to Minnesota Revenue.

When you pay by check, your check authorizes us to make a one-time electronic fund transfer from your account, and you may not receive your canceled check.

## Revenue Notices

*Revenue Notices are policy statements that provide interpretation, details or supplementary information about Minnesota tax laws or rules. The following are related to MinnesotaCare taxes. Go to our website to download copies.*

- 07-06 — Patient Services – Massage Therapy
- 06-13 — Community Support and Family Community Support
- 06-12 — Patient Services – Cosmetology Services
- 06-07 — Exemptions and Credits – Research
- 01-09 — Business Transactions in Minnesota
- 00-07 — Hospital Gross Revenues
- 99-13 — Examinations for Utilization Reviews, Insurance, Litigation and Employment
- 98-21 — Fair Market Value of Patient Services
- 98-20 — Receipts from the Sales of Chiropractic Medical Supplies, Appliances and Equipment
- 98-10 — Legend Gas Distributors
- 98-05 — Sales of Drugs by Hospitals and Health Care Providers
- 97-11 — Dietetic and Nutrition Care Services
- 97-10 — Social Work
- 94-20 — Industrial/Organizational Psychologists
- 94-18 — Employee Assistance Programs
- 94-14 — Health Care Providers/Patient Services – Who/What is Taxable
- 94-12 — Who is the Taxpayer?
- 94-03 — Patient Services
- 93-18 — Government Payments
- 93-15 — Charitable Donations
- 93-13 — Health Care Providers

# Who Must File

Health care providers, hospitals and surgical centers are required to file an annual MinnesotaCare tax return and pay tax on the amount received for providing health care services to patients.

## Who Must File

### Health Care Providers

You are required to file a MinnesotaCare Provider Tax Return if you are any of the following:

- a self-employed health care provider who is regulated or required to be regulated by the state of Minnesota and provides medical, surgical, optical, visual, dental, hearing, nursing services, drugs, laboratory, diagnostic or therapeutic goods and/or services directly to a patient or consumer (see list of common professions below)
- an employer of a licensed or registered health care provider. Employers also include professional associations and staff model health plan companies
- eligible to receive reimbursement from the Medical Assistance (MA) program for the health care goods or services you provide
- a seller who sells or repairs hearing aids and related equipment
- a seller of prescription eyewear
- a licensed ambulance service

### Hospitals and Surgical Centers

You are required to file a MinnesotaCare Hospital or Surgical Center Tax Return if you are a licensed hospital or an outpatient surgical center.

## Who Is Not Required to File

The following are not considered health care providers under MinnesotaCare tax law and are not required to file a MinnesotaCare Provider, Hospital or Surgical Center Tax Return:

- adult foster homes and day care centers
- assisted living facilities
- board and lodging establishments that provide custodial supportive services only
- boarding-care homes
- bus and taxicab transportation services, or any other providers of transportation services other than licensed ambulance services
- community mental health centers
- community residential mental health facilities
- community support services programs and family community support programs approved by the Minnesota Department of Human Services
- congregate housing programs
- day training and habilitation services for adults with developmental disabilities
- educational institutions that employ providers solely for student health care services—provided that the students do not pay additional fees for services and do not pay for extended health care coverage
- employers who employ health care providers solely to provide health care services to their employees
- home health agencies
- hospice care facilities
- medical supply distributors, except distributors that sell or repair hearing aids and prescription eyewear

- nursing homes
- pharmacies, except pharmacies that sell prescription eyewear or hearing aids.  
*Note: Pharmacies may be subject to the MinnesotaCare Legend Drug Use Tax. See separate instructions available on our website.*
- supervised living facilities for persons with developmental disabilities
- qualified providers and supervisors of personal care services
- providers of private duty nursing services ordered by a physician
- licensed home-care providers
- volunteer ambulance services

**You are also not required to file a return if ALL your receipts are from the following:**

- another health care provider, hospital or surgical center who is subject to the tax
- sales of hearing aids and related equipment, and sales of prescription eyewear, delivered outside Minnesota
- services provided outside Minnesota
- any source of funds that is exempt from MinnesotaCare taxes (see instructions for lines 2 - 8 starting on page 6)
- services that are not considered “patient services” under MinnesotaCare tax law (see instructions for line 1, *What Not to Include*, on page 6)

**If you're not required to file**, you do not need to register for MinnesotaCare taxes. If you're already registered and are no longer required to file a return, you must notify us. If you don't, you may be assessed penalties for not filing a return. You can update your business information in e-Services or by contacting us.

## Health Care Occupations Regulated or Required to be Regulated by Minnesota (not all inclusive)

Examples include, but are not limited to:

- acupuncture practitioner
- alcohol and drug counselor
- audiologist
- chiropractor
- dental assistant
- dental hygienist
- dentist
- dietitian
- emergency medical technician/paramedic
- hearing instrument dispenser
- licensed ambulance service (nonvolunteer)
- marriage and family therapist
- medical doctor/physician
- midwife, traditional
- naturopathic doctor
- nurse, advanced practice registered
- nurse, practical
- nurse, public health
- nurse, registered
- nutritionist
- occupational therapy practitioner
- optometrist
- osteopath
- physical therapy practitioner
- physician assistant
- podiatrist
- professional counselor
- psychologist
- respiratory care practitioner
- speech language pathologist
- social worker\*
- staff model health plan

\*See Revenue Notice 97-10 for further information on taxability of services provided by social workers.

# How to File Your Annual Return

**Your 2015 MinnesotaCare tax return is due March 15, 2016.** File your return using our e-Services system starting January 22, 2016.

## Information You Will Need to File Your Return

MinnesotaCare tax returns are filed electronically online using our e-Services system or by phone using our automated phone system (*see exception for the research credit on this page*). Before you can file your return, you will need the following:

- Your completed Worksheet C. The information on Worksheet C will be requested when you file your return. See the instructions starting on this page.
- Your user name (or Minnesota tax ID number, if filing by phone) and password.
- Dates and amounts of the MinnesotaCare estimated tax payments you made during the year.
- If you are making a payment with your return, your bank's nine-digit routing number and bank account number.

**You must be registered for the appropriate MinnesotaCare tax** (Provider, Hospital or Surgical Center Tax) in order to file a return. To register or update your business information, log in to e-Services or contact Business Registration (*see page 1*).

## To File Online

Go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and log in to e-Services.

You will need Internet access with a browser that supports 128-bit encryption, such as Internet Explorer 8.0 to 11.0, Firefox 3.0 or higher, Chrome or Safari 5.X.

## To File by Phone

If you do not have Internet access, call 1-800-570-3329 to file using our automated phone system. Follow the prompts for a business to file a MinnesotaCare Provider Tax, Hospital Tax or Surgical Center Tax Return.

After each entry, the system will verify the amount you entered. You'll be able to make any corrections before you continue to the next step.

You will be given a confirmation number and a time/date stamp when your return has been successfully filed. If you hang up before you receive a confirmation number, the information you entered will not be saved and your return will not be filed.

## Research Credit

Health care providers and hospitals may be eligible for a credit against their MinnesotaCare tax liability if they used their health care receipts to fund qualifying health care research.

To qualify, the research must be part of a formal research program conducted in conformity with federal regulations and be subject to review.

The health care receipts used to fund the research must be subject to MinnesotaCare tax. Receipts that are exempt from tax cannot be used to calculate the credit.

The credit is equal to a percentage of expenditures used to fund the qualifying research and is limited to the amount of your MinnesotaCare tax liability for the year. For 2015, the percentage is 1 percent.

See Worksheet RC, *MinnesotaCare Research Credit*, for additional information on eligibility requirements. If you believe you are eligible for the research credit but have not claimed it in the past, please contact us so we can update your account.

If you qualify for the research credit, complete Worksheet RC in addition to Worksheet C. Both forms are available on our website.

## Worksheet C— Line-by-Line Instructions

Use Worksheet C to determine your annual receipts and exemptions. You'll need this information when you electronically file your return.

## Gross Receipts

### Line 1

#### Gross Receipts for Health Care Services

Enter your gross receipts, including MinnesotaCare tax charges, you received during the year for patient services you provided in Minnesota. If you provided services outside Minnesota, see Revenue Notice #01-09, which is available on our website.

Include all your receipts for health care services, including those that are exempt from tax. The exemptions will be subtracted from your gross receipts on lines 2 through 8 of your worksheet.

### What to Include

**Gross receipts include amounts you received:**

- from patients or patients' insurers, including MinnesotaCare tax charges, finance charges and fees for missed appointments
- from government agencies, including federal, state and county programs, for health care services you provided
- from health care plans of federal, state of Minnesota, and Minnesota local government employees
- for legend and nonlegend drugs and gases included in the health care service
- for medical supplies and equipment included in the health care service
- for a patient's room and food
- for diagnostic, therapeutic and laboratory services
- for outpatient services, including physical rehabilitation and counseling for mental health conditions
- for preventive and X-ray services
- for sales of prescription eyewear and hearing aids
- for ambulance services, except volunteer ambulance services
- from nursing home residents or their insurers

# How to File Your Annual Return (continued)

- for health and fitness classes prescribed as part of a course of treatment
  - for performance bonuses and supplemental payments received from patients' insurance companies
  - as settlement adjustment payments from Medicare and other insurers
  - from a staff model health maintenance organization, which is reported on Form 1099
  - from funds for research designated by the donor for costs of health care services that are part of the research
  - as gifts, contributions and donations used for health care services
  - for services provided to other health care providers
  - from home health agencies
- examinations for purposes of utilization reviews, insurance claims or eligibility, litigation, and employment, including reviewing medical records and providing expert witness testimony for these purposes
  - patient services outside Minnesota
  - services to:
    - licensed community residential mental health facilities
    - licensed residential treatment programs for children with severe emotional disturbance
    - community support programs and family community support programs approved by the Minnesota Department of Human Services or certified as mental health rehabilitative services
    - community mental health centers
    - assisted living programs and congregate housing programs
    - supervised living facilities for persons with developmental disabilities
    - housing with services establishments
    - board and lodging establishments providing only custodial supportive services
    - adult foster homes
    - day training and habilitation services for adults with developmental disabilities
    - boarding care homes
    - adult day care services
  - copies of records to patients and insurers
  - general education services to the public
  - exercise classes to the public
  - room and food to nonpatients

## Collection Fees

If you hired a collection agency to collect unpaid debts on your behalf, include on line 1 the total amount collected before any collection fees were deducted by the collection agency. Any fees charged by the collection agency must be included in gross receipts.

## Free or Reduced-Fee Services to Employees

If you provided health care services at a reduced price or free of charge to your employees and their family members—or to other patients or providers based on the patient's obligation to provide goods or services in return—increase the amount to the lowest price at which you would furnish similar patient services to other similarly situated paying patients.

This means you may use the lowest price you charge under a plan you negotiated at arm's length (i.e., negotiated with an unrelated party, acting in its own best interests). The plan used for determining the lowest price must still be open for enrollment.

## What Not to Include

Do not include on line 1 the amounts you received from providing:

- services to nursing homes
- hospice care services
- home and community-based waived services
- targeted case management services

## Educational Institution Health Care Services

If you are a health care service of a public or private educational institution, include on line 1 only the following amounts:

- fees for services paid directly by patients or patients' insurers; and
- fees for extended coverage.

Do not include amounts designated for student health care services that are paid from:

- student activity fees;
- student health care service fees included in student activity fees;
- allocations from the institution's budget for your health care service; or
- grants.

## Lines 2 Through 8—Amounts Exempt From Tax

*Note: Amounts reported on lines 2 – 8 must be included on line 1.*

*When reporting amounts on lines 2 – 8, do not claim the same receipts more than once.*

## Line 2 Medicare

Of the total on line 1, enter the amount you received from:

- Medicare for Medicare-covered services; and
- Medicare managed-care plans for Medicare-covered services

### Include:

- the deductible portions and copayments/coinsurance required by Medicare for the Medicare-covered services, whether they were paid by patients and/or supplemental plans
- settlement adjustment payments you received from Medicare

**Do not include** amounts received from:

- third-party insurers when Medicare is not the primary insurer
- patients or patients' insurers for health care services not covered by Medicare

For information on Medicare-covered services and plans, go to [www.medicare.gov](http://www.medicare.gov).

# How to File Your Annual Return (continued)

## Line 3

### Other Government Payments

Of the total on line 1, enter the amounts you received from government programs — except from Medicare, MA, general assistance medical care (GAMC) or MinnesotaCare — for health care services you provided.

**Include** payments you received from the following government sources (*government sources include, but are not limited to*):

- U.S. Indian Health Service
- State of Minnesota for detoxification services
- State of Minnesota for rehabilitation services
- federal, state or local government agencies for services you provide to prison inmates
- Minnesota State Services for the Blind
- Migrant Health Service Project
- Minnesota Department of Veterans Affairs (*Note: Amounts received from this state agency are exempt; however, amounts received from the U. S. Veterans Affairs are taxable.*)
- Minnesota Board of Medical Practice
- Chemical Dependency Fund
- Minnesota Department of Employment and Economic Development
- gambling treatment programs funded entirely by federal, state or local government agencies
- crime victims reparation programs funded entirely by federal, state or local government agencies
- Federal Head Start programs
- home schools funded entirely by federal, state or local government agencies
- juvenile detention centers funded entirely by federal, state or local government agencies
- adult detention centers funded entirely by federal, state or local government agencies
- U.S. Bureau of Prisons
- Minnesota Department of Public Safety
- U.S. Public Health Service

**Do not include** amounts you received from:

- the U.S. Veterans Affairs (*Note: Amounts received from this federal agency are taxable; however, amounts received from the Minnesota Department of Veterans Affairs are exempt.*)

- the CHAMP VA program
- the following insurance programs:
  - Medical Assistance (MA)
  - MinnesotaCare
  - Minnesota Comprehensive Health Association (MCHA)
  - General Assistance Medical Care (GAMC)
  - Workers Compensation
  - any federal, state or local government agency for services you provide to an employee of a federal, state or local government agency. (*Note: If the employee is a federal employee and the patient services are paid by the FEHBA program or TRICARE program, the amount can be claimed on line 4 of the return.*)
  - Prepaid Medical Assistance Programs (PMAP)

## Line 4

### Federal Employees Health Benefit Act (FEHBA) and TRICARE Programs

Of the total on line 1, enter the amount you received from FEHBA and the federal TRICARE programs. Do not include enrollee deductibles, coinsurance and copayments.

**Do not include** the amounts you received from the:

- FEDVIP program
- Project Hero program
- CHAMP VA program

For a list of insurance carriers participating in the FEHBA or TRICARE program, go to:

- the FEHBA website at: [www.opm.gov/insure](http://www.opm.gov/insure)
- the TRICARE website at: [www.tricare.mil](http://www.tricare.mil)

## Line 5

### From Health Care Providers, Hospitals and Surgical Centers

Of the total on line 1, enter the amount you received from:

- other health care providers, hospitals and surgical centers responsible for paying the MinnesotaCare tax on the amounts collected
- other entities—including institutions not subject to the MinnesotaCare tax—that are reimbursed for the health care services you provide by:

- Medicare and Medicare copayments and/or deductibles paid by patients
- the Minnesota Chemical Dependency Fund
- a federal, state and/or county government program, not including MA, GAMC and MinnesotaCare

## Line 6

### Receipts From Sponsors of Health Care Research

Of the total on line 1, enter the payments you received from sponsors of health care research and other entities (e.g., medical device manufacturers) for providing patient services that were incurred through a formal program of health care research. The research must have been conducted in conformity with federal regulations governing research on human subjects.

**Do not include** amounts received from patients or patients' insurers for services you provided as part of the research.

## Line 7

### Grants and Donations for Health Care and Home Health Care Services

**Gifts and Contributions.** Of the total on line 1, enter the amount you received as gifts, contributions and donations from all sources that were used for health care services *not* designated for a specific individual or group. (Gifts and contributions that *are* designated for a specific individual or group are taxable.)

**Home Health Care Services.** Home health care services are services provided in a patient's residence by a licensed home health agency, personal care provider or private duty nursing service that is eligible to participate in the Medical Assistance program, or home care providers licensed by the Department of Health.

Of the total on line 1, enter the amount you received from patients and/or patients' insurers for home health care services that you provided in a patient's residence.

Include amounts you received from the retail sale of health care supplies and equipment, including drugs, that were used as part of the licensed home health care services you provided in the patient's residence.

# How to File Your Annual Return (continued)

## Line 8

### Legend Drug Exemption

Legend drugs are drugs or gases that are required by federal law to be sold or dispensed in a container that bears one of the following statements:

- “Caution: Federal law prohibits dispensing without prescription”; or
- “Rx only”

Devices and/or supplies are not considered legend drugs.

To claim the exemption on line 8, a legend drug must also meet the following requirements:

- The item must be classified by the FDA as a drug, not as a device; and
- The drug must be purchased from a wholesaler required to pay the MinnesotaCare tax. To determine if the wholesaler is required to pay the tax, either check your invoice (which may show the MinnesotaCare tax) or verify it with the wholesaler. If you still cannot determine if the wholesaler is required to pay the tax, please contact us.

Blood and blood components are not considered legend drugs. Blood derivatives, however, which are derived from blood, plasma or serum through a chemical manufacturing process, are considered legend drugs.

**Calculating the Exemption.** There are two methods for calculating the legend drug exemption. If you cannot use Method 1, you must use Method 2.

**Method 1:** You may claim the actual amount paid for the legend drugs reduced by any reimbursements you received for the drugs that are exempt under MinnesotaCare tax law, such as drugs reimbursed by Medicare. These reimbursements are included in the amounts reported on lines 2 through 7 of Worksheet C.

In order to use this method, you must be able to determine the portion of the amounts reported on lines 2 through 7 attributable to legend drug reimbursements, and have records verifying the actual drug costs and exempt reimbursement amounts.

**If you cannot determine the actual costs and exempt reimbursement amounts, you must use Method 2.**

**Method 2:** If you cannot determine the actual cost or exempt reimbursement amounts, you must use the calculation above to determine the allowable exemption.

### Method 2—Legend Drug Exemption Calculation

If you cannot determine the actual legend drug costs and exempt reimbursement amounts, you must use the calculation below to determine the correct amount to claim on line 8.

- A Enter the amount you paid for all legend drugs for the year . . . \_\_\_\_\_
- B Total gross receipts (from line 1 of Worksheet C) . . . . . \_\_\_\_\_
- C Exemptions (sum of lines 2 – 7 of Worksheet C) . . . . . \_\_\_\_\_
- D Subtract Step C from Step B . . . . . \_\_\_\_\_
- E Divide Step D by Step B (should be preceded by a decimal point) . . . . . \_\_\_\_\_
- F Multiply Step A by Step E . . . . . \_\_\_\_\_

Enter the result from Step F on line 8 of Worksheet C.

## Lines 9 Through 11—Determining Your Tax

### Line 9

#### Total Exemptions

Add lines 2 through 8. This is the portion of line 1 that is exempt from MinnesotaCare tax.

### Line 10

#### Taxable Receipts

Subtract line 9 from line 1. This is the portion of your health care receipts that is subject to MinnesotaCare tax.

### Line 11

#### Tax

Multiply line 10 by 2 percent (.02). This is your MinnesotaCare tax for the year.

### Estimated Payments

Any estimated payments you made during the year will be applied to your return. You can view the payments in e-Services. If there are discrepancies between the payments shown in e-Services and your records, please contact us.

## Penalties and Interest

**Late Payment.** A late-payment penalty is assessed on any tax not paid by March 15. The penalty is 5 percent of the unpaid tax for every 30-day period (or part of a 30-day period) that your return payment is late, up to 15 percent.

**Late Filing.** There is also a penalty for filing your return after the due date. The late-filing penalty is 5 percent of any unpaid tax.

**Extended Delinquency.** If the department sends a written demand to file a tax return and the return is not filed within 30 days, an extended delinquency penalty of 5 percent of the unpaid tax or \$100, whichever is greater, will be assessed. This penalty is in addition to any late-filing penalties that may be assessed and applies to all unfiled returns, even if you paid the correct amount of tax on time, or do not have a tax liability.

**Payment Method.** If you are required to make your tax payments electronically, a 5 percent penalty will be assessed if you pay by another method, such as paper check or money order.

**Interest.** You must pay interest on the unpaid tax and penalty from the regular due date until the total is paid. The interest rate is determined each year.

The interest rate for 2015 is 3 percent.

## Paying the Balance Due

If you owe additional tax, you can use e-Services to pay at the same time you file your return. Follow the prompts online or on the phone system. You'll need your bank's routing number and your account number.

If you pay electronically in e-Services, you'll be able to view a record of your payments online once the payments are processed.

If you choose to pay electronically another way or if you pay by check, see the payment options on page 3.



# How to Amend Your Return

If you made an error on your return, you must file an amended return to correct it.

File your amended return electronically online using our e-Services system or by phone using our automated phone system.

Before you amend your return, complete Worksheet C with the corrected amounts (i.e., the amounts that should have been reported on the original return). You will need to enter this information when you file electronically.

To claim a refund, you must file your amended return within 3½ years of the regular due date for the year you are amending.

Keep all supporting documentation for any amended return you file. The documentation must be made available to the department upon request. All amended returns are subject to audit.

## Filing Instructions

**To amend a return online**, go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and log in to e-Services. Click the “View Return” link next to the period you want to amend. Then, click the “Change” button on the return screen and enter the corrected amounts from Worksheet C. You’ll also need to enter the reason you are amending your return.

You will receive a confirmation number if your return is filed successfully. Print the confirmation page for your records.

**To amend a return by phone**, call 1-800-570-3329 to use our automated phone system.

Follow the prompts to file a MinnesotaCare return for the year you want to amend. You will receive a confirmation number if your return is filed successfully. Record the confirmation number and date/time stamp for your records.

If you need help or have questions about amending a return, please contact us.

# Managing Your Account Profile in e-Services

The “My Profile” link in e-Services allows you to:

- update your web profile information;
- store your email address, phone number and banking information;
- create access to your and other people’s accounts;
- add additional users with varying security, as well as request and approve third party access.

## Set Up and Manage Users

There are two types of users in e-Services: e-Services Master and Account Manager. An e-Services Master can manage other users as well as file and/or pay for specific account types. An Account Manager can view, file and/or pay for specific account types depending on the access that an e-Services Master has set up for the user.

e-Services has the following access level options:

- **File**—allows user to view all information and file returns;

- **Pay**—allows user to view all information and make payments;
- **View**—allows user to only view all information;
- **All Access**—allows user total access to update the account, file and pay.

**For instructions on how to create additional logons for users**, see Help and FAQs in e-Services.

## Third Party Access

Third party access is for accountants and other non-employees who prepare/pay on behalf of another business. In order to receive third party access, the non-employee must request that access from the taxpayer. The taxpayer must then grant the access and manage the login of the non-employee before this request can become active.

*Note:* Both parties must be active in e-Services for this access to be requested.

**For detailed instructions on how to request third party access**, go to our website and view the 3rd Party Access video.

## Forgot Your Password?

To reset your password to access the e-Services system:

- On the main e-Services login screen, click “Forgot Your Password?”
- Type your unique user name in the field and click “Reset Password.”
- You’ll receive an email with a link to reset your password.
- Enter the answer to your security question and click “Next.”
- Type in your new password and confirm it and click “Submit.”
- Click “OK.”

**Your 2015 annual return is due March 15, 2016.  
File electronically in e-Services starting January 22, 2016.**

## 2015 Worksheet C

### Provider, Hospital and Surgical Center Tax Return

Complete this worksheet to determine your annual receipts and exemptions. You'll need this information when you electronically file your return. Refer to the 2015 MinnesotaCare tax instructions for providers, hospitals and surgical centers.

Check if this is an amended return

Minnesota Tax ID Number	Tax Type (Provider, Hospital or Surgical Center)	Total Estimated Payments for 2015
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<b>Gross Receipts</b> (Amounts reported on lines 2–8 below must be included on line 1.)	<b>Round amounts to the nearest whole dollar.</b>
<b>1 Total Gross Receipts.</b> Enter the total amount received during the year for providing health care services. See instructions for what to include as gross receipts on line 1 .....	<b>1</b> _____
<b>Exemptions</b> (On lines 2-8, do not claim the same receipts on more than one line. See instructions.)	
<b>2 Medicare.</b> Enter the amount received from Medicare, including copayments, deductibles and coinsurance from patients and/or Medicare supplemental plans for Medicare-covered services .....	<b>2</b> _____
<b>3 Other Government Agencies.</b> Enter the amount received from government agencies in connection with a government program. Do not include payments received from MA, GAMC or MinnesotaCare .....	<b>3</b> _____
<b>4 FEHBA/TRICARE.</b> Enter the amount received under the Federal Employees Health Benefit Act (FEHBA) or TRICARE Program. Do not include deductibles, coinsurance and copayments .....	<b>4</b> _____
<b>5 Other Providers.</b> Enter the amount received from other health care providers, hospitals or surgical centers who are liable for the MinnesotaCare tax on the services provided .....	<b>5</b> _____
<b>6 Health Care Research.</b> Enter the amount received from sponsors of health care research for services you provided through a formal program of health care research .....	<b>6</b> _____
<b>7 Grants/Gifts/Donations/Home Health/Other.</b> Enter the amounts received as grants, gifts and donations (that were not designated for a specific individual or group) and for home health services provided by a registered home health care agency .....	<b>7</b> _____
<b>8 Legend Drugs.</b> See instructions on how to calculate the legend drug exemption .....	<b>8</b> _____
<b>9 Total Exemptions.</b> Add lines 2 through 8 .....	<b>9</b> _____
<b>10 Taxable Receipts.</b> Subtract line 9 from line 1 .....	<b>10</b> _____
<b>11 MinnesotaCare Tax Liability.</b> Multiply line 10 by 2% (.02) .....	<b>11</b> _____

#### File Your Return Electronically

Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and log in to e-Services, or call **1-800-570-3329** to file using our automated phone system.

Select the 2015 filing period. Enter the amounts from lines 1–8 above and verify any estimated payments made during the year. Your refund or tax due will be calculated for you based on the information you enter. If you are required to pay any penalty, interest or additional charge for underpaying estimated tax, the e-Services system will also calculate these amounts for you.

You will receive a confirmation number if your return is filed successfully. If you file online, print the confirmation page for your records. If you file by phone, you may want to record the following information, if applicable, for your records.

Amount due (before penalty and interest) .....

Additional charge for underpayment of estimated tax (ATC) .....

Penalty .....

Interest .....

**TOTAL DUE or REFUND** .....

Confirmation number
Time/date stamp