

MinnesotaCare Tax

2017 Provider, Hospital, and Surgical Center Taxes

Information and instructions for filing your MinnesotaCare tax return (Minnesota Statutes Chapter 295)

Information and Assistance

Website/e-Services

www.revenue.state.mn.us

Email

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

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

 Estimated Tax Requirements

 Reporting Business Changes

 Recordkeeping

 Statute of Limitations

 Payment Options

Who Must File 4

How to File Your Annual Return . . . 5-9

How to Amend Your Return 9

Managing Your Account Profile
in e-Services 9

Annual Tax Return Worksheet 10

This information is available in alternate formats.

Your 2017 Annual Return is Due March 15, 2018

File your return electronically starting **January 22, 2018**.

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

What's New

Upgraded e-Services System

We upgraded our e-Services online system during the summer of 2017. You will notice a new look and feel to the system when you log in to your account. For instructions on filing a 2017 MinnesotaCare tax return in our upgraded system, please see the steps below. For general help using the system, you can also view the e-Services Help pages on our website.

Follow these steps to file a 2017 MinnesotaCare tax return:

1. Select your MinnesotaCare tax account type on the customer level.
2. Select the **File Return** link for the **31-Dec-2017** period.
3. Complete the remaining steps as directed.

MinnesotaCare Tax Fact Sheets

We have the following MinnesotaCare Tax Fact Sheets available:

- #2, Chiropractors
- #3, Ambulance Services and Emergency Medical Providers
- #5, Free and Discounted Patient Services

These fact sheets contain information on who is subject to tax and what is taxable. To download copies of these fact sheets, go to our website at www.revenue.state.mn.us and type **MinnesotaCare Tax Fact Sheets** into the Search box.

Watch for new fact sheets in 2018!

Sign Up to Receive Email Updates

Stay informed about MinnesotaCare taxes! Sign up to receive email updates about:

- filing and payment due date reminders
- new or updated publications
- educational tax seminars

To sign up, go to our website at www.revenue.state.mn.us and select the red envelope at the bottom of the home page. Enter your email address and select **MinnesotaCare Tax Updates** from the list.

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 Number, you must apply for one. You can

apply online at www.revenue.state.mn.us or by contacting Business Registration (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*. We will send you a notice the first year you are required to pay electronically.

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 to file your annual MinnesotaCare tax return and pay any additional tax due for the previous calendar year is March 15.

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 2017 return, call 651-282-5533 no later than March 15, 2018.

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 2017 returns, the regular due date is March 15, 2018. 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 postmarked the next business day are considered timely.

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

- 90 percent of one-fourth (or one-twelfth, if you are a hospital or surgical center) of your actual tax for the current year
- 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 Tax Instructions* available on our website.

Additional Charge for Underpayment of 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 do any of the following:

- change the name, address, owner/officers, or ownership of your business
- make any other changes (such as email address, phone number, or contact person)
- need to add or delete a tax type
- close your business
- 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.

This includes any paper records and any records that you receive or store electronically. Some examples of paper and electronic records include:

- bank statements
- collection agency statements
- credit card processing vendor statements
- patient financing company statements
- explanations of benefits (EOBs) 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
- computer system or software back-ups

All documentation should be available for the department to review. If you are audited, you will be asked to provide between 4 and 6 years of records. Exemptions may be denied if your documentation is incomplete.

Statute of Limitations

The department may audit your return within 3½ years from the due date of the return or the date you filed the return, whichever is later. If there is an error in the amount of tax you reported, and the difference between the original amount and the correct amount is 25 percent or more, we have 6½ years to audit the return. There is no time limit if we find you 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 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 submit your transaction and receive a confirmation number on or before the payment due date (see *Filing Due Date* on page 2). When paying electronically, you may not use an account associated with a foreign bank.

Credit or Debit Card

For a fee, you may charge your payments to your Visa, MasterCard, American Express, or Discover credit or debit card. To do so, have your card ready and go to 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. Your bank may charge you a fee for these payments.

Bank Wire

You can authorize a direct transfer from your bank account to the Minnesota Department of Revenue. For information on how to make a bank wire transfer, call us at 651-556-3003 or 1-800-657-3909.

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 and choose **Make a Payment**. Look for **Pay with check and voucher** 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.

- 17-11 — Fair Market Value of Patient Services Furnished at a Reduced Price or No Charge
- 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
- 98-20 — 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 health care provider who is regulated or required to be regulated by the state of Minnesota. 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 Exemptions starting on page 6)
- services that are not considered “patient services” under MinnesotaCare tax law (see instructions for Gross Receipts, 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 | ■ licensed ambulance service (nonvolunteer) | ■ optometrist |
| ■ alcohol and drug counselor | ■ marriage and family therapist | ■ osteopath |
| ■ audiologist | ■ medical doctor/physician | ■ physical therapy practitioner |
| ■ chiropractor | ■ midwife, traditional | ■ physician assistant |
| ■ dental assistant | ■ naturopathic doctor | ■ podiatrist |
| ■ dental hygienist | ■ nurse, advanced practice registered | ■ professional counselor |
| ■ dentist | ■ nurse, practical | ■ psychologist |
| ■ dietitian | ■ nurse, public health | ■ respiratory care practitioner |
| ■ emergency medical technician/paramedic | ■ nurse, registered | ■ speech language pathologist |
| ■ hearing instrument dispenser | ■ nutritionist | ■ social worker* |
| | ■ occupational therapy practitioner | ■ 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 2017 MinnesotaCare tax return is due March 15, 2018. File your return using our e-Services system starting January 22, 2018.

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. Before you can file your return, you will need the following:

- your username (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
- total gross receipts received during the year
- amounts for each exemption you are claiming
- if you are making a payment with your return, your bank's nine-digit routing number and bank account number

See the *Line-By-Line Instructions* on this page for help calculating your gross receipts and exemptions.

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 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, Google 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.

Line-By-Line Instructions

A worksheet is available on the last page of this booklet to help prepare your return information. You'll need this information when you electronically file your return.

Gross Receipts

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 the exemption lines of your return.

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
- government agencies, including federal, state, and county programs, for health care services provided
- health care plans of federal, state of Minnesota, and Minnesota local government employees
- nursing home residents or their insurers
- staff model health maintenance organizations, reported on Form 1099
- funds for research designated by the donor for costs of health care services that are part of the research
- home health agencies

Gross receipts **include** amounts you received for:

- legend and nonlegend drugs and gases included in health care services
- medical supplies and equipment included in health care services or sold to someone to whom you have provided health care services
- patients' room and food
- diagnostic, therapeutic, and laboratory services
- outpatient services, including physical rehabilitation and counseling for mental health conditions
- preventative and x-ray services

- sales of prescription eyewear and hearing aids
- ambulance services, except volunteer ambulance services
- health and fitness classes prescribed as part of a course of treatment
- services provided to other health care providers

Gross receipts **include** amounts you received as:

- performance bonuses and supplemental payments received from insurers
- settlement adjustment payments from Medicare and other insurers
- gifts, contributions, and donations used for health care services

Educational Institution Health Care Services

If you are a health care service of a public or private educational institution, include in gross receipts only the following amounts:

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

Do not include in gross receipts amounts designated for student health care services that are paid from any of the following:

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

Collection and Other Fees

If you receive payments from sources that keep a fee before paying you, include in gross receipts the total amount before any fees were deducted.

Common entities that retain a fee before remitting payment include:

- collection agencies
- credit card processing vendors
- patient financing companies

Any fees retained by these entities must be included in gross receipts.

How to File Your Annual Return (continued)

Free or Discounted Services

Free or discounted services provided to individuals who provide goods or services in return are taxable. Common examples include providing services to:

- employees and their families as part of the employee's compensation package
- other professionals through professional discount agreements
- other individuals when bartering or trading for goods or services

Determining the taxable amount in these cases depends on how you are reimbursed for the service. For more information on how to calculate the taxable amount for free or discounted services, see MinnesotaCare Tax Fact Sheet 5, *Free and Discounted Patient Services*. To access the fact sheet, go to www.revenue.state.mn.us and type **MinnesotaCare Fact Sheets** in the Search box.

Note: If you provide discounted services to individuals who do not provide any goods or services in return, the taxable amount is the actual amount received. If the service is provided free of charge, there is no tax due on the service.

What Not to Include

Do not include in gross receipts amounts received from providing:

- hospice care services
- home and community-based waived services
- targeted case management services
- 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
- copies of records to patients and insurers
- general education services to the public
- exercise classes to the public
- room and food to nonpatients

Do not include in gross receipts amounts received from providing services to:

- nursing homes
- licensed community residential mental health facilities
- licensed residential treatment programs for children with severe emotional disturbance

Medical Assistance Supplemental Payments

Certain Medical Assistance supplemental payments are exempt from MinnesotaCare taxes effective July 1, 2016. By law, only a few hospitals and providers qualify to receive these payments. (See Minnesota Statutes 256B.196; 256B.197; and 256B.19, subd. 1c.)

This exemption includes Medical Assistance supplemental payments received for:

- Inpatient Hospital Services
- Outpatient Hospital Services
- Physician and Other Practitioner Services
- Ambulance Services
- Enhanced Hospital Payment (EHP)
- Graduate Medical Education (GME)

Eligible recipients vary depending on the type of payment, but are currently limited to:

- Hennepin County Medical Center
- Regions Hospital
- City of St. Paul
- University of Minnesota
- University of Minnesota Physicians
- Government-Owned and Operated Ambulance Services. (*Note:* Only non-volunteer ambulance services are subject to Provider Tax.)

- 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

When calculating gross receipts, also **do not include:**

- refunds to patients or patients' insurers

How to Claim the Exemption

You must file your annual return electronically using our online e-Services system.

If this is the first time you are claiming this exemption, contact us at 651-282-5533 or MinnesotaCare.Tax@state.mn.us before filing your annual return. We will update your e-Services account to include the exemption lines on your return.

What to Include

Of your total gross receipts, enter the amount you received as Medical Assistance supplemental payments during the year.

For EHP and GME payments, enter the total amount received during the year, less any amounts recouped during the year by the Minnesota Department of Human Services (DHS) through managed care organizations.

If you did not receive an EHP or GME payment, but an amount was recouped during the year from a previous year's payment, enter the recouped amount as a negative number on the exemption line.

For additional information on the Medical Assistance Supplemental Payments Exemption, go to our website at www.revenue.state.mn.us and type **Supplemental Payments** into the Search box.

- sales of medical supplies and equipment to someone to whom you have not provided health care services
- receipts from gift shops, parking ramps, cafeterias, and rents
- amounts received from retail sales of products subject to Sales Tax (such as vitamins, supplements, toothbrushes, pillows, etc.)

Exemptions

Amounts you report as exempt must be included in gross receipts. When reporting exemptions, do not claim the same amount on more than one exemption line.

Medicare

Of your total gross receipts, enter the amount you received from:

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

How to File Your Annual Return (continued)

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.

Other Government Payments

Of your total gross receipts, enter the amounts you received from government programs — except from Medicare, Medical Assistance (MA), 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):

- Chemical Dependency Fund
- Federal Head Start programs
- Federal, state, or local government agencies for services provided to prison inmates
- Migrant Health Service Project
- Minnesota Board of Medical Practice
- Minnesota Department of Employment and Economic Development
- Minnesota Department of Public Safety
- Minnesota Department of Veterans Affairs (Note: Amounts received from this state agency are exempt; however, amounts received from the U.S. Department of Veterans Affairs are taxable.)
- Minnesota State Services for the Blind
- State of Minnesota for detoxification services
- State of Minnesota for rehabilitation services
- U.S. Bureau of Prisons
- U.S. Indian Health Service
- U.S. Public Health Service

Also **include** payments you received from the following entities or programs, if they are funded entirely by federal, state, or local government agencies:

- adult detention centers
- crime victims reparation programs
- gambling treatment programs
- home schools
- juvenile detention centers

Do not include payments you received from:

- CHAMP VA
- Federal, state, or local government employee insurance plans (Note: If the employee is a federal employee and the patient services are paid by the FEHBA program or TRICARE program, see the FEHBA and TRICARE information on this page.)
- Medical Assistance (MA)
- Minnesota Comprehensive Health Association (MCHA)
- MinnesotaCare
- Prepaid Medical Assistance Programs (PMAP)
- U.S. Department of Veterans Affairs (Note: Amounts received from this federal agency are taxable; however, amounts received from the Minnesota Department of Veterans Affairs are exempt.)
- Workers Compensation

Federal Employees Health Benefit Act (FEHBA) and TRICARE Programs

Of your total gross receipts, enter the amount you received from FEHBA and the federal TRICARE programs. Do not include enrollee deductibles, coinsurance, and copayments.

Do not include amounts you received from the following sources:

- FEDVIP
- Project Hero
- CHAMP VA

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

- FEHBA's website at: www.opm.gov/insure
- TRICARE's website at: www.tricare.mil

Payments from Other Health Care Providers, Hospitals, and Surgical Centers

Of your total gross receipts, 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 Medical Assistance (MA) and MinnesotaCare

Payments From Sponsors of Health Care Research

Of your total gross receipts, enter the payments you received from sponsors of health care research and other entities (such as 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.

Grants and Donations for Health Care and Home Health Care Services

Gifts and Contributions. Of your total gross receipts, 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 your total gross receipts, 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.

Legend Drugs

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

How to File Your Annual Return (continued)

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

Devices and/or supplies are not considered legend drugs.

To claim the exemption, a legend drug must also meet both the following requirements:

- the item must be classified by the FDA as a drug, not as a device
- 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

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 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 other exemption amounts reported on your return.

In order to use this method, you must be able to determine the portion of the amounts reported on other exemption lines that are 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 at the top of this page to determine the allowable exemption.

A Legend Drug Exemption Calculator is also available on our website that will make this Method 2 calculation for you. To access the calculator, go to our website at www.revenue.state.mn.us and type **Legend Drug Calculator** into the Search box.

Method 2: Legend Drugs 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 for your allowable exemption.

- 1 **Legend Drug Purchases.** The total amount you paid during the year for legend drugs or gases _____
- 2 **Gross Receipts.** The total gross receipts you received during the year (that you are reporting on your annual return) _____
- 3 **Total Exemptions.** The total of all other exemptions for this year (that you are reporting on your annual return) _____
- 4 Subtract Step 3 from Step 2 _____
- 5 Divide Step 4 by Step 2 (should be preceded by a decimal point) _____
- 6 **Allowable Legend Drugs Exemption.** Multiply Step 1 by Step 5 _____

Enter the result from Step 6 on the Legend Drugs Exemption line when you file your annual return.

Determining Your Tax

When you file your return online through e-Services or by phone, your total exemptions, taxable receipts, and tax will be calculated for you based on the information you enter. The tax rate is 2 percent (0.02).

Estimated Payments

Any estimated payments you made during the year will be applied to your return. You will be asked to review the payments in e-Services when filing your return. If there are discrepancies between the payments 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 penalty 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 2017 is 4 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 File Your Annual Return (continued)

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 received during the year 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 reported on the annual return and 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 2017, the percentage is 1 percent.

To claim the credit, you must file your annual return electronically using our online e-Services system. If you believe you are eligible for the credit, but have not claimed it in the past, contact us so we can update your e-Services account.

For additional information on qualifying research and eligibility requirements, go to our website at www.revenue.state.mn.us and type **Research Credit** into the Search box.

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.

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 and log in to e-Services. Choose your MinnesotaCare tax account and select the “View Return” link next to the period you want to amend. Then, select the “Change” link on the return screen and enter the corrected amounts that should have been reported on your original return. 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. Enter the corrected amounts that should have been reported on your original return. 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 “Manage my profile” link in e-Services allows you to:

- update your login 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 view, 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:

- **All Access**—allows user total access to update the account, file, and pay
- **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

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

Third-Party Access

Third-party access is for accountants and other non-employees who file returns and/or make payments 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.

Both parties must be active in e-Services for third-party access to be requested. For detailed instructions on how to request third-party access, go to our website.

Worksheet for Filing Provider, Hospital, and Surgical Center Tax Returns

For your convenience, we have included this worksheet to record the amounts you will need to electronically file your annual return. Keep this worksheet for your records. **Do not mail or fax it to the Department of Revenue.**

Record your annual gross receipts and exemption amounts below. Round all amounts to the nearest whole dollar.

Gross Receipts (All exemption amounts must be included in Gross Receipts.)

Total Gross Receipts. Enter the total amount received during the year for providing health care services.
See instructions for what to include as gross receipts _____

Exemptions (Do not claim the same receipts on more than one line. See instructions.)

Medicare. Enter the amount received from Medicare, including deductibles, coinsurance, and copayments from patients and/or Medicare supplemental plans for Medicare-covered services _____

Other Government Agencies. Enter the amount received from government agencies in connection with a government program. Do not include payments received from Medical Assistance or MinnesotaCare _____

FEHBA/TRICARE. Enter the amount received under the Federal Employees Health Benefit Act (FEHBA) or TRICARE Program. Do not include deductibles, coinsurance, and copayments _____

Other Providers. Enter the amount received from other health care providers, hospitals, or surgical centers who are liable for the MinnesotaCare tax on the services provided _____

Health Care Research. Enter the amount received from sponsors of health care research for services you provided through a formal program of health care research _____

Grants/Gifts/Donations/Home Health/Other. 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 _____

Legend Drugs. See instructions on how to calculate _____

The following amounts will be calculated for you when you file your return electronically. You may record the amounts here for your records.

Total Exemptions. _____

Taxable Receipts _____

MinnesotaCare Tax Liability _____

How to File Your Return Electronically

You must file your return electronically either online or by phone. Go to www.revenue.state.mn.us and log in to e-Services, or call **1-800-570-3329** to file using our automated phone system.

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 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
Date and Time