

## MinnesotaCare Taxes

# 2025 Provider, Hospital, and Surgical Center Taxes

Instructions for filing your MinnesotaCare Provider, Hospital, or Surgical Center Tax Return  
(Minnesota Statutes, sections 295.50 through 295.59)

## Contact Us

### Website/e-Services

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

### MinnesotaCare Taxes

#### Email

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

#### Phone

651-282-5533

Weekdays, 8 a.m. to 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
Important Reminders . . . . .	1
Receive Email Updates . . . . .	1
Register for a Minnesota Tax ID Number . . . . .	2
General Information . . . . .	2-4
Electronic Filing and Payment Requirements	
Filing Due Date	
Estimated Tax Payments	
Reporting Business Changes	
Recordkeeping	
Statute of Limitations	
Payment Options	
Revenue Notices and Fact Sheets	
Who Must File . . . . .	5-6
How to File Your Annual Return . . .	7-13
How to Amend Your Return. . . . .	14
Manage Your Profile in e-Services. . .	14
This information is available in alternate formats.	

## Your 2025 Annual Return is Due March 16, 2026

File your return electronically starting **January 22, 2026**.

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

## What's New

### Rebates

Due to a 2025 tax law change, wholesale drug distributors must include all rebates paid to customers in their gross revenues received after June 30, 2025.

Hospitals, providers, and surgical centers no longer need to subtract rebates received from their prescription drug purchases when calculating the Legend Drug Exemption.

For 2025, legend drug purchases should be reduced by rebates received between January 1-June 30. Legend Drug purchases no longer need to be reduced by rebates received between July 1-December 31.

### 2025-2026 Interest Rates

The interest rate for 2025 is 8% and the interest rate for 2026 is 7%.

## Important Reminders

### Early Intensive Developmental and Behavioral Intervention (EIDBI)

The Provider Tax applies to health care providers providing patient services. Businesses providing EIDBI services are health care providers and EIDBI services are patient services.

### Voluntary Disclosure Program

The Voluntary Disclosure Program helps qualifying individuals and businesses with unreported tax liabilities to report and pay those liabilities to comply with Minnesota tax laws. The program offers benefits, including a limited look-back period and potential relief of some or all penalties.

To see if you qualify, go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and enter **Voluntary Disclosure** in the Search box. If you qualify, apply using our online application.

## 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
- Tax law changes

To sign up, go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and subscribe to email updates. Enter your email address and select **MinnesotaCare Tax Updates** from the list.

# Register for a Minnesota Tax ID Number

---

You need a Minnesota Tax ID Number and a MinnesotaCare Provider, Hospital, or Surgical Center Tax account to file returns and make estimated tax payments. A Minnesota ID number is a seven-digit number assigned to you when you register with the Minnesota Department of Revenue.

If you do not have a Minnesota ID number, you must register for one. You can register on our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) or by contacting Business Registration (refer to *Contact Us* on Page 1). You can add a Provider, Hospital, or Surgical Center Tax account at the same time you register for a Minnesota ID number.

If you currently have a Minnesota ID number for other Minnesota taxes, you can add a Provider, Hospital, or Surgical Center Tax account to your number. To add an account, go to our website and log in to e-Services or contact Business Registration.

## General Information

---

### Electronic Filing and Payment Requirements

#### Annual Return

You must file your annual return electronically using our online e-Services system (refer to *How to File Your Annual Return* on Page 7).

#### Payments

You must 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.

We will assess a 5% payment method penalty on any non-electronic payments if you do not pay electronically when required.

### Filing Due Date

#### Annual Return

The regular due date to file your annual Provider, Hospital, or Surgical Center Tax Return and pay any additional tax due for the previous calendar year is March 15.

You must file a return even if there is no additional tax due. If March 15 falls on a weekend or holiday, returns filed 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 2025 return, call 651-282-5533 no later than March 16, 2026.

A filing extension does not extend the time you have to pay your tax. You must pay any tax you owe by March 16 or we will assess penalties and interest. To pay electronically, go to our website and log in to e-Services.

### Estimated Tax Payments

You must make estimated tax payments for the year if your total annual Provider, Hospital, or Surgical Center Tax was more than \$500 for the previous year and will be more than \$500 for the current year.

If you are not required to make estimated tax payments for the year, you may pay your tax annually when you file your return. You must pay all tax owed by March 16.

#### 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 April 15, July 15, and October 15 of the current year and January 15 of the following year.
- **Hospitals and Surgical Centers:** Your monthly estimated tax payments are due the 15th day of each month. The first payment for the year is due February 15 and the last payment is due January 15 of the following year.

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

#### How to Calculate Your Estimated Tax Payments

You must calculate your quarterly or monthly estimated tax payments using either:

- 90% of your tax for the current year
- 100% of your tax for the previous year

You may choose the smaller of these amounts and divide it by four if you are a health care provider or divide it by twelve if you are a hospital

## General Information (continued)

---

or surgical center. The result is the **minimum** estimated tax payment you must pay for each quarter or month.

For help making this calculation and for examples, use the *MinnesotaCare Estimated Tax Instructions* available on our website.

### Additional Charge for Underpaid Estimated Tax

If any estimated tax payment is paid late or is less than the required amount, we will assess an additional charge. Our e-Services system will calculate any additional charge when you file your annual return.

**Note:** To avoid the additional charge, your best option is to calculate estimated tax payments based on your tax for the previous year. By doing this, you may pay more than the minimum estimated tax payment required each quarter or month, but you will avoid the additional charge. Any amount you overpay will be refunded to you when you file your annual return.

### Reporting Business Changes

Be sure to update your business information if any of these apply:

- You changed the name, address, owner/officers, or ownership of your business
- You changed contact information (such as email address, phone number, or contact person)
- You need to add or close a tax account
- You closed your business
- You are no longer required to file and pay the tax

To update your business information, go to our website and log in to e-Services. For more information, refer to *Manage Your Profile in e-Services* on Page 14.

### Recordkeeping

Keep all internal accounting records and external third-party documentation that support the amounts reported on your Provider, Hospital, or Surgical Center Tax Return.

This includes any paper records and any records 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, and TRICARE payers
- Remittances from other government agencies
- 1099 tax statements from payers
- Detailed records of nonpatient income
- Audited and compiled financial statements
- Legend drug purchase invoices
- All other summary and detail reports, schedules, ledgers, and journals
- Computer system or software back-ups

If you are audited, you will need to provide four to six years of records. All documentation must be made available for the department to review. 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% or more, we have 6½ years to audit the return. There is no time limit if we find you have filed a false or fraudulent return, or if you have not filed a return.

### Payment Options

#### e-Services

You can make payments using our online e-Services system. You will need your bank routing and account numbers. You cannot use a foreign bank account. Go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and log in to e-Services.

To be timely, you must submit your payment and receive a confirmation number on or before the payment due date. If you pay through e-Services, you can view a record of your payments online once they have processed.

#### Credit or Debit Card

For a fee, you can use your credit or debit card to make a payment. The department uses a third-party vendor to process credit and debit card payments. For more information on how to pay with a card, go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and select **Make a Payment**. Then, select **Credit or Debit Card**.

# General Information (continued)

---

## Automated Clearing House (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 department. For information on how to make a bank wire transfer, call us at 651-556-3003 or 1-800-657-3909.

## Check

If you are not required to pay electronically and you choose to pay by check, you must mail a personalized payment voucher with your check to help ensure the payment is credited correctly. Go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and select **Make a Payment**. Look for **Check or Money Order** to create a voucher. Print and mail the voucher with a check made payable to Minnesota Department of Revenue.

Your check authorizes us to make a one-time electronic fund transfer from your account. You may not receive your canceled check.

## Revenue Notices and Fact Sheets

Revenue notices and fact sheets provide interpretation, details, or more information on Minnesota tax laws or rules. These revenue notices and fact sheets apply to MinnesotaCare taxes. Go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) to download copies.

### Revenue Notices

- 23-02 Examinations for Utilization Reviews, Insurance Claims or Eligibility, Litigation, and Employment
- 07-06 Patient Services – Massage Therapy
- 06-12 Patient Services – Cosmetology Services
- 06-07 Exemptions and Credits – Research
- 01-09 Business Transactions in Minnesota
- 00-07 Hospital Gross Revenues
- 98-20 Receipts from the Sale of Chiropractic Medical Supplies, Appliances and Equipment
- 98-10 Legend Gas Distributors
- 98-05 Sale 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

### Fact Sheets

- 2 Chiropractors
- 3 Ambulance Services and Emergency Medical Providers
- 4 Dental Care Providers
- 5 Free and Discounted Patient Services

# Who Must File

*Health care providers, hospitals, and surgical centers must file an annual return and pay tax on amounts received for providing patient services.*

## Who Must File

### Health Care Providers

You must file a MinnesotaCare Provider Tax Return if any of these apply:

- You are a self-employed health care provider who is regulated or required to be regulated by the state of Minnesota that provides medical, surgical, optical, visual, dental, hearing, nursing services, drugs, laboratory, diagnostic or therapeutic goods and/or services directly to a patient or consumer (refer to the list of common health care occupations on the next page)
- You are 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
- You are eligible for reimbursement from the Medical Assistance (MA) program for the health care goods and services you provide
- You sell or repair hearing aids and related equipment (out-of-state sellers refer to *Remote Sellers* on this page)
- You sell or repair prescription eyewear (out-of-state sellers refer to *Remote Sellers* on this page)
- You are a licensed ambulance service (non-volunteer)
- You provide patient services and employ or contract with a health care provider to perform, supervise, otherwise oversee, or consult with about patient services

### Hospitals and Surgical Centers

You must 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

These are not health care providers under MinnesotaCare tax law and are not required to file a Provider Tax Return:

- Adult day care centers
- Adult foster homes
- Agencies certified by Medicare as home health agencies
- Assisted living facilities
- Board and lodging establishments that provide only custodial services and are registered to provide supportive or health supervision services
- 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
- Congregate housing programs

### Remote Sellers

Remote sellers are out-of-state businesses that sell products to customers in Minnesota without having physical presence, or nexus, in the state.

Remote sellers that sell hearing aids and related equipment or prescription eyewear to consumers in Minnesota must file a Provider Tax Return if they meet one or both of these thresholds during a calendar year:

- 200 or more sales, deliveries, or distributions of the above items into Minnesota
- More than \$100,000 in gross receipts from sales, deliveries, or distributions of the above items into Minnesota

For more information on physical presence, go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and enter **MinnesotaCare Taxable Presence** in the Search box.

**Small Seller Exception for Remote Sellers.** Remote sellers that are below both thresholds during a calendar year qualify for the Small Seller Exception and are not subject to tax for that year.

If you qualify for the Small Seller Exception for 2025 and are not registered for Provider Tax, you do not need to register or file a return now. If for any calendar year you no longer qualify for the Small Seller Exception, you must register, file a return, and pay tax for that year.

If you qualify for the Small Seller Exception for 2025 and are already registered, refer to *Claiming the Small Seller Exception for Remote Sellers* on Page 8.

For more information on remote seller requirements and the Small Seller Exception, go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and enter **MinnesotaCare Remote Sellers** in the Search box.

## Who Must File (continued)

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

Examples include, but are not limited to:

- |  |  |                                   |
|--|--|-----------------------------------|
| • Acupuncture Practitioner                   | • Hearing Instrument Dispenser                                   | • Paramedic                       |
| • Alcohol and Drug Counselor                 | • Marriage and Family Therapist (licensed or licensed associate) | • Physical Therapy Practitioner   |
| • Ambulance Service (licensed non-volunteer) | • Medical Doctor/Physician                                       | • Physician Assistant             |
| • Audiologist                                | • Midwife, Traditional   | • Podiatrist                      |
| • Chiropractor                               | • Naturopathic Doctor  | • Professional Counselor          |
| • Dental Assistant                           | • Nurse*   | • Psychologist                    |
| • Dental Hygienist                           | • Nursing Assistant  | • Respiratory Care Practitioner   |
| • Dentist                                    | • Nutritionist   | • Social Worker**                 |
| • Dietitian                                  | • Occupational Therapy Practitioner                              | • Speech Language Pathologist     |
| • Emergency Medical Technician               | • Optometrist  | • Staff Model Health Plan Company |
|  | • Osteopath  |                                   |

\***Nurse** includes advanced practice registered, practical, public health, or registered.

\*\***Social worker** includes graduate, independent, or independent clinical. Refer to Revenue Notice 97-10 for information on social worker services that are taxable.

- Day training and habilitation services for adults with developmental disabilities
- Educational institutions that employ providers solely for student health care services, provided that the institution does not receive additional fees for services and/or payments for extended health care coverage
- Employers who employ health care providers solely to provide health care services to their employees
- Hospice care facilities
- Housing with services establishments
- Licensed home care providers that exclusively provide home care services under Minnesota Statutes 144A
- Licensed residential treatment programs for children with severe emotional disturbance
- Medical supply distributors, except for these:
  - Distributors that sell or repair hearing aids and related equipment or prescription eyewear
  - Health care providers that sell medical supplies or equipment to their patients
- Nursing homes
- Pharmacies, except pharmacies that sell hearing aids and related equipment or prescription eyewear. (**Note:** Pharmacies may be subject to MinnesotaCare Legend Drug Use Tax. Refer to the separate instructions for Legend Drug Use Tax on our website.)
- Providers of home care nursing services ordered by a physician
- Qualified providers and supervisors of personal care services
- Supervised living facilities for persons with developmental disabilities
- 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 delivered outside of Minnesota
- Sales of prescription eyewear delivered outside of Minnesota
- Services provided outside of Minnesota
- Services that are not patient services (refer to *Gross Receipts, What Not to Include*, on Page 9)
- Any source of funds that is exempt from Provider, Hospital, or Surgical Center Taxes (refer to *Exemptions* starting on Page 9)

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

# How to File Your Annual Return

---

**2025 MinnesotaCare Provider, Hospital, and Surgical Center Tax Returns are due March 16, 2026.**

**File your return using our e-Services system starting January 22, 2026.**

## Information You Need to File Your Return

You must file your Provider, Hospital, or Surgical Center Tax Return electronically using our e-Services system. Go to our website at **www.revenue.state.mn.us** to log in to e-Services.

Before you can file your return, you need this information:

- Your username and password
- Dates and amounts of any estimated tax payments you made for the year
- Total gross receipts received during the year
- Total amount for each exemption you are claiming
- Your bank routing and account numbers (if you are making a payment with your return)

Refer to the *Line Instructions* on this page for help calculating these amounts.

**You must have a Provider, Hospital, or Surgical Center Tax account to file a return.** To add an account, log in to e-Services or contact Business Registration (refer to *Contact Us* on Page 1).

If you have an account, but the period you are filing is not listed in e-Services, call the MinnesotaCare Taxes Unit at 651-282-5533 so we can add it to your account.

## Line Instructions

Use this information when you electronically file your return.

### Gross Receipts

Report the gross receipts, including MinnesotaCare tax expense charges, you received during the year for providing patient services in Minnesota. Include both taxable and exempt amounts in gross receipts. Any exempt amounts will be subtracted from gross receipts on the exemption lines of your return.

If you provided services outside of Minnesota, refer to Revenue Notice 01-09 on our website.

### What to Include

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

- Patients or their insurers, including MinnesotaCare tax expense 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
- Sponsors of health care research for services you provided as part of a formal program of health care research

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 you provided health care services to
- 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 or repairs of hearing aids and related equipment or prescription eyewear
- 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 from insurers
- Settlement adjustment payments from Medicare and other insurers
- Charitable donations used for health care services

# How to File Your Annual Return (continued)

## Claiming the Small Seller Exception for Remote Sellers

Remote sellers that sell hearing aids and related equipment or prescription eyewear to consumers in Minnesota without having physical presence (nexus) in the state may qualify for the Small Seller Exception. To qualify for the Small Seller Exception, you must meet **both** of these requirements for a calendar year:

- Less than 200 sales, deliveries, or distributions of the above items into Minnesota
- \$100,000 or less in gross receipts from the sale, delivery, or distribution of the above items into Minnesota

If you qualify for the Small Seller Exception for 2025 and are currently registered for Provider Tax, you must notify us by March 16, 2026, using our online e-Services system.

To notify us, follow these steps:

1. Log in to e-Services.
2. Select **Returns and Periods** for your Provider Tax account.
3. Select **File Return** for the 2025 period.
4. Review any payments you made for the year.
5. Confirm if you qualify for the Small Seller Exception.
6. If you qualify, enter the total:
  - Number of sales you made into Minnesota for the year
  - Gross receipts you received from sales into Minnesota for the year
7. Follow the prompts to submit a return reporting zero tax.

The return you submit serves as your Small Seller Exception notification for the year.

If you qualify for the Small Seller Exception but the screen to confirm the exception is not available on your annual return in e-Services, contact us at 651-282-5533 or [MinnesotaCare.tax@state.mn.us](mailto:MinnesotaCare.tax@state.mn.us). We will update your e-Services account to include the screen on your return.

For more information on the Small Seller Exception for remote sellers, go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and enter **MinnesotaCare Remote Sellers** in the Search box.

## Educational Institution Health Care Services

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

- Fees for services paid directly by patients or their insurers
- Fees for extended coverage

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

- Student activity fees
- Student health care service fees included in student activity fees
- Allocations from the institution's budget for your health care service
- Donations or grants

## Collection and Other Fees

When you use another business to process or collect payments for you, any fee or commission they retain before paying you is taxable. You must include it with the amount you received in gross receipts.

Common entities that may retain a fee before remitting payment include:

- Billing services
- Collection agencies
- Credit card processing vendors
- Patient financing companies

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

## Free or Discounted Services

When you receive goods or services (not money) in exchange for providing free or discounted patient services, the fair market value of the services you provide is taxable. Common examples include providing services to:

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



# How to File Your Annual Return (continued)

---

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, refer to MinnesotaCare Tax Fact Sheet 5, *Free and Discounted Patient Services*. Go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and enter **MinnesotaCare Fact Sheets** in the Search box to download a copy.

**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 you receive. 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:

- Copies of records to patients and insurers
- 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
- Exercise classes to the public
- General education services to the public
- Home and community-based waived services
- Hospice care services
- Patient services outside of Minnesota
- Room and food to nonpatients
- Services under these programs:
  - Adult rehabilitative mental health services (M.S. 256B.0623)
  - Assertive community treatment (M.S. 256B.0622)
  - Children’s therapeutic services and supports (M.S. 256B.0943)
  - Crisis response services (M.S. 256B.0624), starting July 1, 2022
  - Day treatment services (M.S. 245.462, subd. 8)
- Targeted case management services

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

- Adult day care services
- Adult foster homes
- Agencies certified by Medicare as home health agencies
- Assisted living programs
- Board and lodging establishments that provide only custodial services and are registered to provide supportive or health supervision services
- Boarding care homes
- Community mental health centers
- Congregate housing programs
- Day training and habilitation services for adults with developmental disabilities
- Housing with services establishments
- Licensed community residential mental health facilities
- Licensed residential treatment programs for children with severe emotional disturbance
- Nursing homes
- Supervised living facilities for persons with developmental disabilities

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

- Amounts received from retail sales of products subject to Sales Tax (such as vitamins, supplements, toothbrushes, pillows, etc.)
- Receipts from gift shops, parking lots and ramps, and cafeterias
- Refunds to patients or their insurers
- Rent paid to you
- Sales of medical supplies and equipment sold to someone you have not provided health care services to

## Exemptions

You must include exempt amounts in gross receipts. If an amount qualifies for multiple exemptions, claim the amount for only one exemption.

### Medicare

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

- Medicare for Medicare-covered services

# How to File Your Annual Return (continued)

- Medicare managed-care plans for Medicare-covered services

The exemption **includes**:

- Deductibles, coinsurance, and copayments required by Medicare for Medicare-covered services, whether paid by patients and/or supplemental insurance plans
- Settlement adjustment payments from Medicare

The exemption **does not include** payments from:

- Third-party insurers when Medicare is not the primary insurer
- Patients or their insurers for health care services not covered by Medicare

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

## Other Government Agencies

Of your total gross receipts, report the amount you received from government agencies in connection with a government program for health care services you provided. The exemption does not include amounts received from Medicare, Medical Assistance (MA), Medicaid, or MinnesotaCare.

The exemption **includes**, but is not limited to, payments from these government sources:

- Behavioral Health 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

## Medical Assistance Supplemental Payments

Certain Medical Assistance supplemental payments are exempt from Provider and Hospital Taxes. By law, only a few providers and hospitals qualify to receive these payments. (Refer to Minnesota Statutes 256B.196, 256B.197, and 256B.1973.)

The exemption includes these Medical Assistance supplemental payments:

- Ambulance Services
- Directed Payment Add-Ons
- Enhanced Hospital Payment (EHP)
- Inpatient Hospital Services
- Outpatient Hospital Services
- Physician and Other Practitioner Services

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

- City of St. Paul
- Government-Owned and Operated Ambulance Services. (**Note:** Only non-volunteer ambulance services are subject to Provider Tax.)
- Hennepin County Medical Center
- Nonstate government teaching hospitals with high Medical Assistance utilization and a level one trauma center
- Regions Hospital
- University of Minnesota
- University of Minnesota Physicians

## How to Claim the Exemption

If this is the first time you are claiming this exemption, contact us at 651-282-5533 or [MinnesotaCare.tax@state.mn.us](mailto: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, report the amount you received as Medical Assistance supplemental payments during the year.

**For EHP payments**, enter the total amount received during the year, reduced by any amounts recouped during the year by the Minnesota Department of Human Services through managed care organizations.

If you did not receive an EHP 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 more information on the Medical Assistance Supplemental Payments Exemption, go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and enter **Supplemental Payments** in the Search box.

# How to File Your Annual Return (continued)

---

- Minnesota Department of Veterans Affairs (**Note:** Payments received from this state agency are exempt; however, payments 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

The exemption also **includes** payments from these entities or programs, if funded entirely by federal, state, or local government agencies:

- Adult detention centers
- Crime victims reparation programs
- Gambling treatment programs
- Home schools
- Juvenile detention centers

The exemption **does not include** payments 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 FEHBA or TRICARE, refer to the FEHBA and TRICARE information on this page.)
- Medical Assistance (MA) or Medicaid
- Minnesota Comprehensive Health Association (MCHA)
- MinnesotaCare
- Prepaid Medical Assistance Programs (PMAP)
- U.S. Department of Veterans Affairs (**Note:** Payments received from this federal agency are taxable; however, payments received from the Minnesota Department of Veterans Affairs are exempt.)
- Workers Compensation

## Federal Employees Health Benefits Act (FEHBA) and TRICARE

Of your total gross receipts, report the amount you received from FEHBA and TRICARE.

Enrollee deductibles, coinsurance, and copayments are taxable.

The exemption **does not include** payments from these sources:

- CHAMP VA
- FEDVIP
- Project Hero

For more information on participating FEHBA and TRICARE insurance carriers, go to:

- FEHBA's website at [www.opm.gov/healthcare-insurance](http://www.opm.gov/healthcare-insurance)
- TRICARE's website at [www.tricare.mil](http://www.tricare.mil)

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

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

- Other health care providers, hospitals, and surgical centers responsible for paying Provider, Hospital, or Surgical Center Tax on health care services you provided
- Other entities, including those not subject to tax, that were reimbursed for health care services you provided by any of these sources:
  - Medicare, including Medicare deductibles, coinsurance, and/or copayments
  - Behavioral Health Fund
  - Federal, state, or local government agencies in connection with a government program, not including Medical Assistance (MA) and MinnesotaCare
  - FEHBA or TRICARE, not including enrollee deductibles, coinsurance, and/or copayments

## Payments from Sponsors of Health Care Research

Of your total gross receipts, report the amount you received from sponsors of health care research and other entities (such as medical device manufacturers) for providing patient services through a formal health care research program. Research must be conducted in conformity with federal regulations governing research on human subjects.

# How to File Your Annual Return (continued)

The exemption **does not include** payments from patients or their insurers for services you provided as part of the research.

## Charitable Donations or Home Health Care Services

**Charitable Donations.** Of your total gross receipts, report the amount you received as charitable donations that were used for health care services not designated for a specific individual or group. Charitable donations that are designated for a specific individual or group are taxable.

Private grants in the nature of a charitable donation qualify for this exemption. Government grants do not qualify for this exemption. However, grants from government agencies that are not funded by Medical Assistance (MA) may be exempt as a government payment (refer to *Other Government Agencies* on Page 10).

**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 home care nursing service that is eligible to participate in the Medical Assistance (MA) program, or home care providers required to be licensed by the Minnesota Department of Health.

Of your total gross receipts, report the amount you received from patients or their insurers for home health care services you provided in patients' residences.

The exemption **includes** payments from the retail sale of health care supplies and equipment, including drugs, used as part of licensed home health care services you provided in patients' residences.

## Legend Drugs

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

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

To claim the exemption, legend drugs or gases must be:

- Classified by the U.S. Food and Drug Administration (FDA) as a drug and not a device. Devices, equipment, and/or supplies are not legend drugs.
- Purchased from a wholesale drug distributor who is subject to MinnesotaCare Wholesale Drug Distributor Tax. To determine if a wholesaler is subject to tax, check your purchase invoice for a MinnesotaCare tax expense charge or contact the wholesaler for verification.

Nutritional products, blood, and blood components (e.g., plasma, platelets, red blood cells, and white blood cells) are not legend drugs and cannot be used to claim the exemption.

Biological products, including blood derivatives, are legend drugs. However, two biological products – blood and blood components – are not. They are excluded from the statutory definition of legend drug.

**Calculating the Exemption.** There are two methods you can use to calculate the exemption. If you cannot use Method 1, you must use Method 2.

**Method 1:** You may claim the actual amount you paid for the legend drugs, less 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 for legend drug reimbursements. You must also have records verifying the actual drug costs and exempt reimbursement amounts.

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

**Method 2:** If you cannot determine the actual drug costs and exempt reimbursement amounts, you must use the calculation below to determine your 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 your allowable exemption.

1	<b>Legend Drug Purchases.</b> Enter the total amount you paid during the year for legend drugs or gases .....	_____
2	<b>Gross Receipts.</b> Enter the total gross receipts you received during the year (that you are reporting on your annual return) .....	_____
3	<b>Total Exemptions.</b> Enter the total of all other exemptions for the 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	<b>Allowable Legend Drug Exemption.</b> Multiply Step 1 by Step 5 .....	_____

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

# How to File Your Annual Return (continued)

A Legend Drug Exemption Calculator is 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](http://www.revenue.state.mn.us) and enter **Legend Drug Calculator** in the Search box.

## Determining Your Tax

When you file your return online through e-Services, your total exemptions, taxable receipts, and tax will be calculated for you based on the information you enter. The tax rate for 2025 is 1.8%.

## Estimated Tax Payments

Any estimated tax payments you made for 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 Penalty

We will assess late payment penalty on any tax that is not paid by March 16. The penalty is 5% of the unpaid tax for every 30-day period (or part of a 30-day period) that your tax is not paid in full, up to 15%.

### Late Filing Penalty

We will assess late filing penalty for filing your return after March 16. The penalty is 5% of any unpaid tax.

### Extended Delinquency Penalty

If the department sends a written demand to file a tax return and the return is not filed within 30 days, we will assess an extended delinquency penalty. The penalty is 5% of any unpaid tax or \$100, whichever is greater.

This penalty is in addition to any late filing penalty. It applies to all unfiled returns, even if you paid the correct amount of tax on time or if you do not have a tax liability.

### Payment Method Penalty

If you are required to make your tax payments electronically and do not, we will assess a 5% penalty on any non-electronic payments (such as paper checks or money orders).

## Interest

We charge interest on unpaid tax and penalties from the date the tax is past due until it is paid in full. The interest rate is determined each year.

The interest rate for 2025 is 8% and the interest rate for 2026 is 7%.

## Paying the Balance Due

If you owe additional tax, you can use e-Services to pay at the same time you file your return. You will need your bank routing and account numbers.

If you pay through e-Services, you can view a record of your payments online once they have processed.

If you want to pay electronically another way or if you pay by check, refer to the additional payment options on Page 4.

### Research Credit

Health care providers and hospitals may be eligible for a credit against their Provider Tax or Hospital Tax 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 subject to review.

The health care receipts used to fund the research must be reported on your annual return and subject to tax. Receipts that are exempt from tax cannot be used to calculate the credit.

The credit is equal to 0.5% percentage of expenditures used to fund the qualifying research and is limited to the amount of your Provider Tax or Hospital Tax for the year.

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](http://www.revenue.state.mn.us) and enter **MinnesotaCare Research Credit** in the Search box.

# How to Amend Your Return

---

To adjust your return, you must file an amended return electronically using our e-Services 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. All documentation should be made available on request for the department to review. All amended returns are subject to audit.

## Filing Instructions

To amend a return, follow these steps:

1. Go to our website at **www.revenue.state.mn.us** and log in to e-Services.
2. Select **Returns and Periods** for your Provider, Hospital, or Surgical Center Tax account.
3. Select **View or Change Return** for the return you want to amend.
4. Select **Change** on the return screen.
5. Enter your corrected amounts, contact information, and the reason you are amending the return.
6. Follow the remaining prompts and select **Submit**.

You will receive a confirmation number if your amended return is filed successfully. If you need help or have questions about amending a return, please contact us.

## Manage Your Profile in e-Services

---

Our e-Services system lets you:

- Update your 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

### Access Types

There are two access types to choose from in e-Services:

- **e-Services Masters** can view, file returns, and/or make payments for one or more accounts. They can add, delete, and change security levels for all users.
- **Account Managers** can view, file returns, and/or make payments for one or more accounts depending on the access level an e-Services Master has set up for the user.

### Access Levels

e-Services access level options include:

- **All Access** - allows user to view all information, file returns, make payments, and update account information
- **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

## Two-Step Verification

Two-step verification adds a second layer of security to prevent unauthorized access to your account. You must enter a username, password, and a verification code we send you to log in to your account.

## Third-Party Access

Third-party access provides a secure and convenient way for users to manage accounts, file returns, and/or make payments for other businesses.

Both parties must work together to establish this access. First, a user must request third-party access from a customer in e-Services. Second, the customer must approve or deny the access request in e-Services.

For more information, go to our website at **www.revenue.state.mn.us** and enter **Third-Party Access** in the Search box.