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

**West Virginia Broad Based Health Care Tax (Form WV/HCP-3A)**

(W. Va. Code §11-27)

During the 2001 legislative session, changes to the West Virginia Broad Base Health Care Taxes were enacted. These changes provide for a gradual phase out of certain tax rates as they apply to designated health care providers within the state by reducing the applicable tax rate beginning July 1, 2001 and each succeeding July 1 until total elimination in the year 2010.

The following is a list of services that remain taxable and the applicable rate of tax from July 1, 2011 through June 30, 2012.

- Ambulatory Surgical Centers ................................................................. 0.0175
- Independent Laboratory or X-ray services ........................................... 0.05
- Inpatient Hospital Services ................................................................. 0.025
- Intermediate Care Facility for the Mentally Retarded ........................... 0.055
- Nursing Homes ................................................................................. 0.055
- Outpatient Hospitals Services ......................................................... 0.025

NOTE: Pursuant to WV Code §11-27-35(j) the tax imposed on the following services were eliminated as of July 1, 2010. Taxpayers previously reporting revenue derived from these services will no longer report or pay such tax for any month ending after June 30, 2010.

- Chiropractic Services
- Dental Services
- Emergency Ambulance Services
- Nursing Services
- Opticians Services
- Optometry Services
- Physicians Services (including Psychiatrists)
- Podiatry Services
- Psychological Services
- Therapists Services

**West Virginia Severance and Business Privilege Tax (Form WV/SEV-401H)**

(W. Va. Code §11-13A)

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

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

**GROSS RECEIPTS**

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

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

Receipts from grants and charitable donations are not included in the taxable base.
**DEDUCTIONS FROM GROSS RECEIPTS**

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

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

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

**METHOD OF ACCOUNTING AND TAXABLE YEAR**

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

**CREDIT FOR OVERPAYMENT OF HEALTH CARE TAX**

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

Assistance may be obtained by calling
West Virginia State Tax Department
Compliance and Taxpayer Services Division
P.O. Box 3784
Charleston, West Virginia 25337-3784
Telephone: (304) 558-3333 or Toll free 1-800-WVA-TAXS (1-800-982-8297)
TDD Service for the hearing impaired: 1-800-2TAXTDD (1-800-282-9833)
or visit our website [http://www.wvtax.gov](http://www.wvtax.gov)

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