

Special Notice

Intended audience: Health care providers

Jan. 8, 2021

New B&O tax exemption for services covered by a Qualified Washington Health Benefit Exchange health plan

Starting Jan. 1, 2021, health care providers are exempt from business and occupation (B&O) tax on services performed for patients covered by a qualified health plan offered by a health carrier who contracts with the Washington Health Care Authority.

What is exempt?

Amounts received by a health care provider for services covered by a qualified health plan offered under [RCW 41.05.410](#) are exempt from B&O tax. This includes:

- Reimbursements received from the qualified health plan.
- Any amounts collected from the patient as part of the patient's cost-sharing obligation.

How do I claim the B&O tax exemption?

You must report amounts received under the appropriate B&O tax classification. These may include, but are not limited to, the following:

- Service and Other Activities.
- Service and Other Activities (\$1 million or greater in prior year).
- Public or Nonprofit Hospitals ([RCW 82.04.260](#)).
- For Profit Hospitals ([WAC 458-20-168](#)).

You must then claim a deduction under **Qualified Washington Health Benefit Exchange Plans** equal to the amount covered by a qualified health plan.

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For tax assistance or to request this document in an alternate format, visit [dor.wa.gov](#) or call 360-705-6705. Teletype (TTY) users may use the Washington Relay Service by calling 711.

More information

- Visit the [Washington Health Benefit Exchange](#) website for information regarding qualified health plans.
- This exemption expires Jan. 1, 2032, pursuant to the automatic expiration date established in [RCW 82.32.805](#).
- An annual tax performance report under [RCW 82.32.808](#) is not required for this exemption.
- [Engrossed Substitute Senate Bill \(ESSB\) 5526](#), Chapter 364, Laws of 2019
- [RCW 82.04.321](#)

Questions?

Please visit dor.wa.gov or call 360-705-6705