



# Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

MAY 13, 2010

## For Profit Hospitals Reporting Change

### Temporary B&O tax increase

The temporary B&O tax increase under Second Engrossed Substitute Senate Bill (2ESSB) 6143, passed during the 2010 1st Special Session, **does not apply** to income normally reported under the service and other activities B&O tax classification by For Profit Hospitals.

The B&O tax rate for these businesses will remain at 1.5%.

### Increased small business B&O tax credit

The new law also doubles the small business B&O tax credit for qualifying businesses that report under certain service B&O tax classifications.

This increase in the small business tax credit applies to For Profit Hospitals. It is a permanent change and takes effect on May 1, 2010.

### How do I report these changes on my return?

When completing the Excise Tax Return, For Profit Hospital service income should now be reported under the following B&O tax classifications:

For Profit Hospitals; Scientific R&D                      Line code 135 Rate .015

The small business credit is reported under "credits" section VI of the tax return. With the May 2010 Excise Tax Return you will receive a worksheet to assist you in calculating the small business tax credit. Keep a copy of the credit table/worksheet in your records for future use. The small business tax credit is automatically calculated for e-filers. Information on filing your return electronically is available on the Department's website at <http://.dor.wa.gov>.

### Active non-reporting threshold increase

Businesses eligible for the increased B&O tax credit, as explained above, are also eligible for an increased threshold for being placed on the active non-reporting (ANR) status. Such businesses can be placed on ANR status if their taxable income is less than \$46,667 per year and if they are not required to collect sales tax or owe any other tax to the Department. Other businesses have a threshold of \$28,000 to be eligible for ANR status.

### For more information

Send an email to [communications@dor.wa.gov](mailto:communications@dor.wa.gov) or contact the Department's Telephone Information Center at 1-800-647-7706.

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