



STATE OF WASHINGTON  
DEPARTMENT OF REVENUE

August 21, 2008

Dear Hospital Administrator:

Recently, the Court of Appeals Division II issued a published opinion reversing the trial court's summary judgment for the Department in the Whidbey General case. The court ruled that members of the military are not "employees" for purposes of RCW 82.04.4297 and that CHAMPUS is more akin to Medicare and Medicaid (entitlement programs) than to civilian employee benefit plans and, therefore, is not a "benefit plan."

As a result of this decision, municipal hospitals, non-profit hospitals, and clinics that are health or social welfare organizations, as defined in RCW 82.04.431, and that have paid the business and occupation (B&O) tax on amounts received from CHAMPUS or TRICARE, may be entitled to a tax refund. The refund period is from January 1, 2004, through the most recent tax period.

Please use the refund request form on the reverse side of this letter if you have paid tax on amounts received from CHAMPUS/TRICARE.

**Future reporting periods**

As explained in WAC 458-20-169, a B&O tax deduction is allowed to health or social welfare organizations for amounts received from the United States, any instrumentality of the United States, the state of Washington, or any municipal corporation or political subdivision of the state of Washington as compensation for health or social welfare services. These deductible amounts should be included in the gross income reported on the return, and then deducted on the return when determining the amount of the organization's taxable income. The deduction should be taken as an "other" deduction and explained as CHAMPUS/TRICARE income.

Thank you,

Taxpayer Services  
WASHINGTON STATE DEPARTMENT OF REVENUE  
1-800-647-7706

Mail to:



State of Washington  
Department of Revenue  
Taxpayer Account Administration  
PO Box 47476  
Olympia, WA 98504-7476

# Refund Request for Business & Occupation Tax Paid on Civilian Health and Medical Program of the Uniformed Services/TRICARE Income

EXC/REF

To request a refund of Business & Occupation (B&O) Tax paid on Civilian Health and Medical Program of the Uniformed Services (CHAMPUS)/TRICARE income, complete and send this form to the Department of Revenue at the address noted above. Incomplete forms may delay your refund request. If you have questions, please call 1-800-647-7706.

Date \_\_\_\_\_

Company Name \_\_\_\_\_ Tax Registration Number \_\_\_\_\_

Mailing Address \_\_\_\_\_ Contact Person/Title \_\_\_\_\_

City, State, Zip \_\_\_\_\_ Telephone Number \_\_\_\_\_

**Directions:** This spreadsheet may be used to request a refund of B&O Tax paid on income received from CHAMPUS/TRICARE. In the table below, list the amount of CHAMPUS/TRICARE income on which you paid B&O Tax, each calendar year.

Tax Periods	Total Amount of CHAMPUS/TRICARE Income on Which B&O Tax was Paid	Tax Rate	Amount to be Refunded
Calendar Year 2004	\$	.015	\$
Calendar Year 2005	\$	.015	\$
Calendar Year 2006	\$	.015	\$
Calendar Year 2007	\$	.015	\$
January 2008 - July 2008	\$	.015	\$
<b>Grand Total</b>			<b>\$</b>

**Statute Period:** As defined in the Revised Code of Washington (RCW) 82.32.060, and Washington Administrative Code (WAC) 458-20-229, the statutory period for the refund is four years before the beginning of the calendar year in which a refund application is made or examination of records by the department is completed.

**Future reporting periods:** As explained in WAC 458-20-169, a B&O tax deduction is allowed to health or social welfare organizations for amounts received from the United States, any instrumentality of the United States, the state of Washington, or any Municipal Corporation or political subdivision of the state of Washington as compensation for health or social welfare services. These deductible amounts should be included in the gross income reported on the return, and then deducted on the return when determining the amount of the organization's taxable income. The deduction should be taken as a "other" deduction, and explained as CHAMPUS/TRICARE income.

For tax assistance, visit [dor.wa.gov](http://dor.wa.gov) or call 1-800-647-7706. To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users may call 1-800-451-7985.