



# Special Notice

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## New Sales Tax on Medi-Cal Managed Care Plans

Effective July 1, 2013 through June 30, 2016, a sales tax is imposed upon the retail sale of Medi-Cal health care services sold at retail in California. The Board of Equalization (BOE) will administer this program. Sellers who actively engage in selling these plans must register for a seller's permit, report gross receipts, and remit the sales tax. An application is enclosed with this notice. Please complete the enclosed application by September 10, 2013, and return it to the following address:

Board of Equalization  
Compliance Policy Unit, MIC 40  
PO Box 942879  
Sacramento, CA 94279-0040

### Who Does This Apply To?

Any person or entity, other than an insurer as defined by Revenue and Taxation Code (RTC) section 12003 or dental managed care plan, which enters into a contract with the State Department of Health Care Services (DHCS) to provide health care services, is regarded as a seller and must register with us. Our information indicates this new law applies to your business. Online registration is not available so please complete the enclosed application to register with us.

### What Amount is Subject to Tax?

The amount subject to tax (gross receipts) is the total amount received by a seller of Medi-Cal managed care plans in premium or capitation payments for the coverage or provisions of all health care services, including, but not limited to Medi-Cal services. The amount subject to tax excludes amounts received pursuant to a subcontract with a Medi-Cal managed care plan to provide health care services to Medi-Cal beneficiaries.

### What is the Tax Rate?

The sales tax rate is 3.9375 percent of total gross receipts. The new law does not permit a county, city, or district to impose or add any additional sales or use tax on the gross receipts defined above.

### How Do I Report the Tax?

You must file returns quarterly by October 31, January 31, April 30 and July 31. Tax return forms and prepayment forms will be provided by BOE as appropriate. If your taxable gross receipts average \$17,000 or more per month, two prepayments must be made within each quarter (except for the quarterly period July 1, 2013 through September 30, 2013). When you register with us, the BOE will notify you of your filing basis and whether it is necessary to file prepayments.

### How Do I Obtain More Information?

If you have any questions regarding this notice, please visit our website at [www.boe.ca.gov](http://www.boe.ca.gov) or call our Compliance Policy Unit at 1-916-445-5167. Representatives are available to assist you weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.