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To: Texas Workers' Compensation System Participants

From: Joseph McElrath, Deputy Commissioner for Business Process

Date: October 26, 2022

RE: Designated Doctor Exams - Comptroller Notification of Sales Tax Applicability

On October 20, 2022, the Texas Comptroller of Public Accounts (Comptroller) issued Private Letter Ruling No. PLR20220516113922. The ruling states that charges for designated doctor exams performed under Texas Labor Code Section 408.0041 are subject to Texas sales and use tax under Texas Tax Code Sections 151.010, 151.0101(a)(9), and 151.051; and 34 Texas Administrative Code Section 3.355(b).

The Comptroller concluded that designated doctor exams ordered by the Texas Department of Insurance, Division of Workers' Compensation (DWC) are taxable insurance services. Insurance carriers pay for designated doctor exams. DWC or the injured employee do not pay for any portion of the designated doctor exam. Designated doctors are responsible for collecting and remitting sales and use tax on charges to workers' compensation insurance carriers for designated doctor exams.

Designated doctors may accept an exemption certificate instead of collecting tax on exams for exempt governmental entities described by Tax Code Section 151.309, such as self-insured political subdivisions or religious, educational, and public service organizations described by Tax Code Section 151.310.

A copy of the ruling is available at [www.tdi.texas.gov/wc/dd/index.html](http://www.tdi.texas.gov/wc/dd/index.html).

If you have questions about the ruling, email the Comptroller through their website at [comptroller.texas.gov/web-forms/tax-help/](http://comptroller.texas.gov/web-forms/tax-help/) and reference Private Letter Ruling No. PLR20220516113922.

For questions or other information, contact CompConnection for health care providers at [CompConnection@tdi.texas.gov](mailto:CompConnection@tdi.texas.gov).