

DRAFT FORM — NOT FOR FILING

This draft form has been updated to include the most recent changes effective for Tax Year 2025 Virginia returns. If legislative changes or issues arise, we will post a new version of this draft form.

Please continue to monitor tax.virginia.gov/early-release-forms for future drafts of this form. Once forms are final, we will post them on our website at tax.virginia.gov/forms.

2025 Virginia
Form 500HS

Home Service Contract Provider
Minimum Tax Computation



☐ CHECK HERE if filing a FISCAL or SHORT YEAR RETURN. Enter begin date _____, 2025, and end date _____.

Short year filers, enter the calendar year during which provider fees were collected: _____.

Name (as shown on Virginia return)	FEIN
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Part I – Adjusted Corporate Income Tax Computation

1. Corporate income tax liability (from Form 500, Line 9)	1.	.00
2. Tax credits		
(A) Neighborhood Assistance Act Tax Credit.....	(A)	.00
(B) Enterprise Zone Act Tax Credit (Carryover credits only. See Schedule 500CR Instructions)	(B)	.00
(C) Conservation Tillage Equipment Tax Credit (carryover credits only)	(C)	.00
(D) Biodiesel and Green Diesel Fuels Tax Credit.....	(D)	.00
(E) Precision Fertilizer and Pesticide Application Equipment Tax Credit (carryover credits only)...	(E)	.00
(F) Recyclable Materials Processing Equipment Tax Credit	(F)	.00
(G) Reserved for Future Use	(G)	
(H) Vehicle Emissions Testing Equipment Tax Credit.....	(H)	.00
(I) Major Business Facility Job Tax Credit.....	(I)	.00
(J) Reserved for Future Use	(J)	
(K) Historic Rehabilitation Tax Credit.....	(K)	.00
(L) Reserved for Future Use	(L)	
(M) Waste Motor Oil Burning Equipment Tax Credit.....	(M)	.00
(N) Riparian Waterway Buffer Tax Credit.....	(N)	.00
(O) Land Preservation Tax Credit	(O)	.00
(P) Virginia Coal Employment and Production Incentive Tax Credit (carryover credits only)	(P)	.00
(Q) Communities of Opportunity Tax Credit.....	(Q)	.00
(R) Green and Alternative Energy Job Creation Tax Credit (carryover credits only)	(R)	.00
(S) Farm Wineries and Vineyards Tax Credit	(S)	.00
(T) International Trade Facility Tax Credit (carryover credits only)	(T)	.00
(U) Port Volume Increase Tax Credit (carryover credits only)	(U)	.00
(V) Barge and Rail Usage Tax Credit (carryover credits only)	(V)	.00
(W) Livable Home Tax Credit	(W)	.00
(X) Reserved for future use	(X)	
(Y) Education Improvement Scholarships Tax Credit.....	(Y)	.00
(Z) Major Research and Development Expenses Tax Credit (carryover credits only)	(Z)	.00
(AA) Food Donation Tax Credit.....	(AA)	.00
(BB) Worker Training Tax Credit	(BB)	.00
(CC) Virginia Housing Opportunity Tax Credit	(CC)	.00
(DD) Reserved for Future Use	(DD)	
(EE) Motion Picture Production Tax Credit	(EE)	.00
(FF) Reserved for Future Use	(FF)	
(GG) Agricultural Best Management Practices Tax Credit	(GG)	.00
(HH) Conservation Tillage and Precision Agriculture Equipment Tax Credit.....	(HH)	.00
2. Total tax credits. Add Lines (A) through (F), (H), (I), (K), (M) through (W), (Y) through (CC), (EE), and (GG) through (HH)	2.	.00
3. Adjusted corporate income tax. Subtract Line 2 from Line 1.....	3.	.00



Name (as shown on Virginia return)	FEIN
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Part II – Minimum Tax Computation

4. Collected provider's fees for the taxable period 4.00

5. Minimum tax. Multiply Line 4 by 2.25% (0.0225). 5.00

Part III – Corporate Tax Computation

Separate Return Filers

6. Adjusted corporate income tax. Enter the amount from Part I, Line 3..... 6.00

Consolidated / Combined Return Filers

7. Affiliated corporation adjusted corporate income tax. See instructions. 7.00

8. Separately computed adjusted corporate income tax of home service contract provider. Enter the amount from the home service contract provider's Form 500HS, Part 1, Line 3. 8.00

9. Adjusted corporate tax liability. Enter the lesser of Line 7 or 8. 9.00

Part IV – Tax Liability

10. (a) Separate return filers – Enter the larger of Line 5 or Line 6.

(b) Consolidated / combined filers – Enter the larger of Line 5 or Line 9.

(c) Noncorporate home service contract providers – If Line 5 is greater than Line 6, subtract Line 6 from Line 5. If Line 5 is less than Line 6, enter -0-.

Enter the result here and then transfer this amount to **Form 500, Page 1** in the HSCP section. 10.00

Instructions for 2025 Virginia Form 500HS

Home Service Contract Provider Minimum Tax Computation

General Information

A home service contract provider is exempt from the insurance premiums license tax and instead will be subject to the Virginia corporation income tax. Providers must pay a minimum tax instead of the 6% corporate income tax (less any applicable tax credits), if the minimum tax liability exceeds the corporate income tax. The minimum tax on home service contract providers is **2.25%** of collected provider fees.

Who Must File

All home service contract providers, as defined below, are subject to the minimum tax.

How to Prepare the Return

Corporations, partnerships, and all other types of home service contract providers must complete both a Form 500HS and a Virginia Corporation Income Tax Return, Form 500.

A noncorporate home service contract provider must complete Form 502, Pass-Through Entity Return of Income and Return of Nonresident Withholding Tax in addition to the Form 500 and Form 500HS. Noncorporate home service contract providers must calculate an income tax liability as if it were a corporation, using a pro forma Form 500 to determine a corporate income tax liability to compare to the minimum tax.

Partnerships and all other noncorporate home service contract providers must write along the top margin of Form 500 "RETURN BY NONCORPORATE HOME SERVICE CONTRACT PROVIDER."

Noncorporate companies are required to submit a schedule that lists the name, address, tax identification number, and proportionate share of the home service contract provider's income and credit taxable to each entity, partner, or other person.

When to File

Form 500 and Form 500HS are due by the 15th day of the 4th month after the close of the home service contract provider's taxable year.

Estimated Payments of Tax

A home service contract provider must file and pay installments of estimated tax regardless of whether the provider will be subject to the minimum tax or the corporate income tax. For information on how to file estimated payments, including a payment schedule, see Form 500ES, Corporation Estimated Income Tax Payment Vouchers.

To determine whether a provider has paid enough estimated tax, see Form 500C, Underpayment of Estimated Tax by Corporations. For purposes of determining the applicability

of any exceptions under which the addition to the tax for the underpayment of any installment of estimated taxes is not imposed, it is irrelevant whether the tax shown on the return for the preceding taxable year is the corporate income tax or the minimum tax.

How to File

Corporations and pass-through entities must make tax payments and file their annual income tax returns electronically. Home service contract providers must include the Form 500HS with the electronically-filed Form 500 and Form 502, if applicable. Information on filing and paying electronically is available on the Department's website, www.tax.virginia.gov.

If you are unable to file and pay electronically, you must request a waiver in writing using the Corporation Income Tax Electronic Filing Waiver Request Form. Waiver forms are available on the Department's website, www.tax.virginia.gov or by calling (804) 367-8037.

Definitions

Collected provider fees – provider fees collected on home service contracts issued to a resident of the Commonwealth.

Home service contract – a contract or agreement for a separately stated consideration for any duration to perform the service, repair, replacement, or maintenance of property or to indemnify for the costs of service, repair, replacement, or maintenance, for the operational failure of any property due to a defect in materials, workmanship, inherent defect, or normal wear and tear, with or without additional provisions for incidental payment of indemnity under limited circumstances. Home service contracts may provide for the service, repair, replacement, or maintenance of property for damage resulting from power surges or interruption and for accidental damage from handling. Home service contracts may provide roof leak coverage.

Provider – a person that is contractually obligated to the purchaser under the terms of the home service contract.

Provider fee – the consideration paid for a home service contract issued to a resident of the Commonwealth.

Short Taxable Periods

For tax returns that cover a period less than 12 months, the minimum tax is based on the provider fees that were collected during the calendar year which ends during the taxable period. If none, the minimum tax is based on provider fees that were collected during the most recent calendar year that ended before the taxable period. Prorate the minimum tax by multiplying the minimum tax by the number of months in the short taxable year and divide by 12. Indicate this on the Form 500HS by checking the box at the top of the return and entering the year during which the provider fees were collected.

Additional Information

Visit www.tax.virginia.gov to access forms and other tax information. You may also call (804) 367-8037 or write to:

Virginia Department of Taxation
P.O. Box 1115
Richmond, VA 23218-1115

Additional information regarding home service contract providers can be found on the Virginia Department of Agriculture and Consumer Services (VDACS) website at www.vdacs.virginia.gov.

Line Instructions

Before completing the Form 500HS, you must compute the corporate income tax on Form 500, Lines 1-9. See the instructions for Form 500 for information on completing the return.

Part I – Adjusted Corporate Income Tax Liability

- Line 1:** Enter the corporate income tax liability computed on the home service contract provider's Form 500, Line 9.
- Line 2:** Report refundable and nonrefundable corporate income tax credit amounts on Lines (A) through (F), (H), (I), (K), (M) through (W), (Y) through (CC), (EE), and (GG) through (HH) and enter the total.
- Line 3:** Subtract the total amount of tax credits on Line 2 from the corporate income tax liability reported on Line 1 to calculate the home service contract provider's adjusted corporate income tax.

Part II – Minimum Tax Computation

- Line 4:** Enter the total collected provider fees. If the return is based on a period of less than 12 months, see the above section *Short Taxable Periods*.
- Line 5:** Calculate the minimum tax liability by multiplying the amount on Line 4 by 2.25% (0.0225).

Part III – Corporate Tax Computation

Separate Return Filers

- Line 6:** Enter the adjusted corporate income tax amount from Part I, Line 3.

Consolidated/Combined Filers

Providers who are included in a consolidated/combined corporate income tax return must determine the portion of the adjusted corporate income tax liability that is attributable to the provider as follows:

- Line 7:** Enter the adjusted corporate income tax from the group's Form 500, less any corporate income tax credits that may be used to offset the tax. Refer to Form 500, Lines 9, 10, and 14.
- Line 8:** Separately compute the home service contract provider's adjusted corporate tax liability as if filing a separate return.
- Line 9:** Compare the adjusted corporate income tax of the group (Line 7) to that of the home service contract provider (Line 8). Enter the lesser amount. This is the provider's adjusted corporate income tax liability that will be compared to the minimum tax.

Part IV – Tax Liability

- Line 10: (a) Separate return filers:** compare the amount on Line 5 to the amount on Line 6 and enter the greater of the two.
- (b) Consolidated/combined filers:** compare Line 5 to Line 9 and enter the greater of the two.
- (c) Noncorporate home service contract providers:** compare the minimum tax on Line 5 to the adjusted corporate tax on Line 6. If the minimum tax is greater than the corporate income tax, subtract Line 6 from Line 5. If the corporate tax on Line 5 is greater than the minimum tax, enter -0-. You do not owe the minimum tax.

All home service contract providers must enter the amount from Line 10 in the Home Service Contract Provider section on Form 500, Page 1. Noncorporate home service contract providers must also check the box in this section of Form 500.

In addition, if the amount on Line 10 is equal to minimum tax, enter this amount on Line 11 of Form 500 and enter \$0 on Line 10 of Form 500.