



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

OCTOBER 2, 2008

Prescription Drugs - Lower Tax Rate for Warehousing and Reselling

The Department of Revenue has reconsidered its position on whether a business with no warehousing activity within Washington is eligible for the lower business and occupation (B&O) tax rate available to persons that warehouse and resell prescription drugs. The Department has determined that these businesses are eligible to report under the lower B&O rate. This Special Notice describes what business activities qualify for the lower rate and when a business may request a refund for past periods.

Who may report under the lower B&O tax rate?

Businesses engaged in warehousing and reselling drugs for human use requiring a prescription may be eligible for the lower B&O tax rate (0.138%).

In order to qualify for the lower B&O tax rate, the business **must meet all of the following conditions:**

- buy prescription drugs for human use from a manufacturer or another wholesaler and warehouse these prescription drugs
- resell these drugs to persons selling at retail or to hospitals, clinics, health care providers, or other health care service providers
- be a wholesaler or retailer registered with the Federal Drug Enforcement Administration and licensed by the State Board of Pharmacy

The terms "prescription" and "drug" have the same meaning provided in RCW § 82.08.0281. "Warehouse" means a structure where facilities are offered for the storage of tangible personal property as provided in WAC 458-20-182.

Do I need to have a warehouse facility physically located within Washington State?

No. The Department has determined that it is not necessary for a business to conduct warehousing activities through a facility located within Washington State in order to qualify for the lower B&O tax rate. However, regardless of location, the business must be engaged in both the warehousing and reselling of prescription drugs consistent with RCW § 82.04.272 (as discussed above).

May I apply for a refund for prior periods during which I reported at a higher B&O tax rate?

Yes. If you paid tax at a higher B&O tax rate and you qualify for the lower B&O tax rate for past periods, you are eligible to claim a refund for those past periods. The refund, if granted, would be equal to the difference between the tax rate paid and the lower B&O tax rate imposed.

How do I claim a refund?

The Department of Revenue will grant refunds for past periods pending verification that you meet all of the conditions detailed above. Refunds granted will be subject to potential audit and in accordance with all other provisions of WAC 458-20-229. Refund requests filed in calendar year 2008 may include taxes overpaid from January 1, 2004 forward. All refund requests must be filed within the period of time legally allowed for claiming refunds.

P.O. BOX 47478 | OLYMPIA, WASHINGTON 98504-7478 | 1-800-647-7706 | [HTTP://DOR.WA.GOV](http://DOR.WA.GOV)

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users please call 1-800-451-7985.



Refund Request for Business & Occupation Tax Paid on Warehousing and Reselling Prescription Drugs

To request a refund of Business & Occupation (B&O) Tax paid on Warehousing and Reselling Prescription Drugs, 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.

Company Name _____ Tax Registration Number _____ Date _____

Mailing Address _____ City, State, Zip _____ Contact Person/Title _____

Warehouse Address _____ City, State, Zip _____ Telephone Number _____

► **Directions:** In the table below, list the amount of Warehousing and Reselling Prescription Drug income on which you paid B&O Tax each calendar year and multiply it by the tax rate difference to get the amount to be refunded.

Tax Periods	Total Amount of Warehouse and Reselling Prescription Drugs Income on Which WHOLESALING B&O Tax (.00484) was Paid	Tax Rate Difference (i.e. the tax rate you paid (.00484) minus the tax rate you should have paid (.00138)).	Amount to be Refunded
Calendar Year 2004	\$	.00346	\$
Calendar Year 2005	\$	.00346	\$
Calendar Year 2006	\$	.00346	\$
Calendar Year 2007	\$	.00346	\$
January 2008 - Current	\$	.00346	\$
Total			\$

Tax Periods	Total Amount of Warehouse and Reselling Prescription Drugs Income on Which RETAILING B&O Tax (.00471) was Paid	Tax Rate Difference (i.e. the tax rate you paid (.00471) minus the tax rate you should have paid (.00138)).	Amount to be Refunded
Calendar Year 2004	\$	.00333	\$
Calendar Year 2005	\$	.00333	\$
Calendar Year 2006	\$	.00333	\$
Calendar Year 2007	\$	.00333	\$
January 2008 - Current	\$	.00333	\$
Total			\$
Grand Total			\$

State Board of Pharmacy License Number _____

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.

For tax assistance, visit 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.

Washington Department of Revenue
Taxpayer Services Division
PO Box 47478
Olympia, WA 98504-7478

PRSRSTD
US Postage Paid
WA State Dept
of Printing 98501

**Important Information on
Prescription Drugs - Lower Tax Rate
for Warehousing and Reselling
Enclosed**



Washington State Department of Revenue