

# Excise Tax Advisory

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## **Business and Occupation Tax on Sale of or Granting a License to Use Intangibles**

How are receipts from patents and other intangible rights taxed?

When the owner of a copyright, patent, license, franchise, trademark, tradename, or similar intangible (not including mineral rights) makes an outright sale of the copyright, patent, license, franchise, trademark, tradename, or similar intangible, the income is subject to the business and occupation (B&O) tax under the service and other activities classification. However, if the sale is a casual or isolated sale, then no B&O tax will apply. See WAC 458-20-106.

When the owner of a patent, copyright, or other intangible (not including mineral rights) grants a license to use the copyright, patent, license, franchise, trademark, tradename, or similar intangible, the income is subject to the B&O tax under the royalties classification. See RCW 82.04.2907.

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