

# Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

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## **Amounts Collected by a Mortgagee to Cover Insurance Premiums and Real Estate Taxes Owed by a Mortgagor**

Is money collected by mortgagees from mortgagors and deposited in reserve accounts until paid out for insurance premiums and real estate taxes taxable income to the mortgagee?

Because mortgagees merely collect insurance premiums and real estate taxes and hold them in trust, pay them out for the benefit of the mortgagor, without the performance of any business service, such amounts do not constitute taxable income and the business and occupation tax is not applicable to them.

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