

# Staffing Industry Tax Guide



# Introduction

The staffing industry provides workers who perform a variety of business activities, including services rendered with respect to construction, customer software design and implementation, manufacturing and light industrial activities, other skilled and unskilled labor, clerical, and other professional services.

The gross income received by a staffing business for each of these activities is subject to the business and occupation (B&O) tax. The nature of the activity determines the appropriate classification and tax rate. In addition, staffing businesses must collect retail sales tax and remit the collected tax to the state on all income subject to the retailing classification of the B&O tax unless a specific statutory exemption applies.

This publication will assist the staffing industry in determining how to report their gross income and when to collect state and local retail sales tax. For general discussions of the business and occupation tax, sales tax, use tax and public utility tax, please refer to the appendices referenced in the Table of Contents.

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# The Staffing Industry - Overview

## Taxable Income

The tax owed by a staffing business is based on the gross income received for the work performed and the services provided. Generally, no deduction is allowed from gross income for payroll or any other expenses incurred by the business.

## B&O Tax Classification & Retail Sales Tax

A staffing business is subject to tax based on the services provided to customers through their workers. This means the gross income received by the staffing business is subject to the classification of the business and occupation tax that applies to that activity.

When a worker performs an activity defined as a retail sale, the staffing business must collect sales tax from its customer. If a retail-type service is performed for a person that resells that service, such as construction work performed for a general contractor, sales tax is not collected. Instead, the staffing business is required to obtain a completed resale certificate from the contractor and report such charges for the worker under the Wholesaling B&O tax classification (RCW 82.04.050).

## Identifying the Proper B&O Tax Classification

A staffing business is responsible for determining the applicable B&O tax classification for the activity to be performed by the worker. This determination should be made prior to dispatching the worker to the customer. It is important for the staffing business to know whether retail sales tax should be collected from the customer, or if an exemption certificate or other documentation should be obtained from the customer as evidence of a sales tax exemption.

**Note:** The staffing business should not assume that the income it receives through the activities of its workers is subject to tax under the same classification that the customer reports under.

The activity or service performed by the worker may be classified differently for tax purposes from the classification reported by the customer. For example, a person operating an insurance agency is taxable under the Insurance Agents B&O tax classification. If a temporary staffing business provides a receptionist for the insurance agency, the gross income received for the worker's services is subject to B&O tax under the Service and Other Activities classification. This is because the receptionist is not providing services under the authority of an insurance agent's license.

If the staffing business provides a worker who is licensed as an insurance agent to an insurance agency, and the worker performs services under the authority of that license, the related income is taxable under Insurance Agents B&O tax classification. In all cases, the staffing business must look to the activity engaged in by the worker, regardless of the nature of the customer's business.

## Examples for Classifying Income

Below are descriptions of the major B&O tax classifications and examples of the activities that fall within those classifications.

### Retailing

Retailing B&O tax applies to gross income received for repairing, altering, or improving real or personal property for the property owner, even in those cases where only labor is provided. In addition, retail sales tax must be collected from the customer. Examples of retail services include:

Commercial construction	Residential construction
Sheet metal installation	Electrical work
Roofing	Excavation work
Concrete work	Painting

Paper hanging	Carpentry
Plastering/Drywall installation	Repairs of computer hardware
Water/Sewer/Utility line installation	Installation of canned software
Demolition	Site cleanup
Moving earth	Clearing land
Landscape maintenance	Installation of personal property

**Retail Sales Tax Exemptions  
(Documentation Required)**

All retail sales are subject to sales tax unless the customer provides documentation to establish its exemption from the retail sales tax. With documentation, certain retail sales and services are exempt from the retail sales tax. Examples include repair and/or maintenance of certain manufacturing machinery and equipment, and repair and/or maintenance of carrier property used substantially in interstate commerce.

In all cases where the customer claims exemption from retail sales tax, the client must provide the staffing business with a properly completed exemption certificate. The Buyers' Retail Sales Tax Exemption Certificate (REV 27 0032) is used to document retail sales tax exemptions. This form can be downloaded from the Department of Revenue's web site at <http://dor.wa.gov/content/forms>.

**Wholesaling**

Wholesaling B&O tax applies to income received for repairing, altering, or improving real or personal property for someone other than the property owner, even in those cases where only labor is provided. The gross income billed to the customer for wholesaling activities must be reported under the Wholesaling classification of the B&O tax. Retail sales tax is not collected. Examples include construction services performed for a prime contractor or

subcontractor and repair work performed for a repair shop. In both of these examples, the labor is used by the customer to produce something for resale.

*Specific Documentation Required:* The customer must provide the staffing business with a properly completed Resale Certificate (REV 27 0020e). This form can be found on the Department of Revenue's web site at <http://dor.wa.gov/content/forms>.

**Manufacturing**

The Manufacturing classification applies to all activities of a commercial or industrial nature where labor or skill is applied, by hand or machinery, to materials so that as a result a new, different or useful substance or article of tangible personal property is produced for sale or for commercial or industrial use. The tax is applied against the value of articles, substances, or commodities manufactured in Washington for sale to others as tangible personal property or for the manufacturer's own use.

**Processing for Hire**

Processing for Hire B&O tax applies to income received for applying labor and mechanical services upon property belonging to others so that as a result a new, different, or useful article of tangible personal property is produced for sale or for commercial or industrial use. Thus, a processor for hire is any person who would be a manufacturer if that person were performing the labor and mechanical services upon his or her own materials. Examples include producing a fully or partially completed item from raw materials provided by the customer; assembling parts provided by the customer to produce a fully or partially completed item; performing a function on an assembly line that alters tangible personal property; and operating machinery on an assembly line that alters tangible personal property.

### Service and Other Activities

The Service and Other Activities classification may be considered a “catch-all” classification of the B&O tax. It applies to any business activity for which a specific rate is not provided under the law, or which is not specifically exempt from excise taxes by statute. In general, it includes personal and professional services. Examples include:

Accounting services	Housekeeping
Architectural design	Inspecting
Beauty shop services	Janitorial services
Bookkeeping and payroll services	Laboratory work
Call center staffing	Legal services
Computer consulting services	Licensed Massage Therapy
Computer programming	Property appraisal
Consultants	Secretarial/clerical services
Detective services	Software designing
Engineering services	Stenography services
Hair cutting and styling	Surveying
Health care services	Teaching
Housecleaning services	Web design services

The Service and Other Activities classification includes merely inspecting, sorting, counting, moving, packing, loading, or unloading or operating machinery that performs these tasks even when they are performed at a manufacturing facility.

### Special B&O Tax Rates – Specific Licenses Required

Some activities may require the worker to have a special license or certification through the Department of Licensing. Generally, whether the worker has a license does not affect the application of tax. For example, income received from the activities of a health care worker is subject to the Service and Other Activities classification whether the activity requires a licensed physician or requires no license at all.

However, certain licensed professions have a special classification of the B&O tax classification that is lower than the Service and Other Activities classification. In order to take advantage of the lower B&O tax classification, the worker provided by the staffing business must hold the appropriate valid license and perform services under authority of the license. An example of this is seen in the Insurance Agents classification.

### Public Utility Tax – Motor or Urban Transportation

The public utility tax is a tax on gross receipts, similar to the B&O tax. It applies to most utility services, such as water, power, and gas distribution, and sewerage collection. It also applies to providing transportation of persons or property for hire within five miles of the city limits (Urban Transportation classification) and beyond (Motor Transportation classification). These classifications apply whether or not the person performing the work owns the vehicle with which the activity is being performed.

Examples include taxi cab service, limousine service, and hauling goods belonging to others (hauling for hire). See WAC 458-20-180.

# Engaging in More Than One Activity

A worker provided by a staffing business may be required to engage in several different activities while on the same job that by themselves are subject to tax under different B&O tax classifications. Generally, the Department of Revenue will allow the income to be reported based on the predominant activity. “Predominant activity” will be considered to apply where for any given charge, more than 50 percent of the time is spent working in one tax classified activity, and the billing is not segregated with respect to the minor activity.

In the absence of segregated charges for each activity, where there are more than two different B&O tax classifications that may apply to the activities performed, the classification that will apply for reporting purposes will be the one applicable to the activity the worker spends the greatest amount of time doing.

Please note that when two or more workers, engaged in different activities, are provided to one customer, the income from each worker is reported based on their predominant activity.

## Examples

**Example 1:** A staffing business provides a housekeeper whose primary job is to clean an apartment (subject to the Service and Other Activities classification). The job also calls for the housekeeper to prepare one meal per day (subject to Retailing B&O tax and retail sales tax). The majority (over half) of the charge is associated with the housekeeping service (apartment cleaning). No segregated charge is made for the preparation

of the meal. In this case, the predominant activity is cleaning the apartment. Therefore, the gross income received by the staffing business is reportable under the Service and Other Activities classification. Retail sales tax will not apply.

**Example 2:** A staffing business provides a construction worker to a developer/property owner to perform construction-related services (subject to the Retailing B&O tax and retail sales tax). The worker has a commercial driver’s license and is only occasionally required to drive the developer’s truck within the city to pick up a load of gravel (an activity subject to the Urban Transportation public utility tax). The worker also spends about one hour per day helping in the office. The predominant activity is performing construction work for a property owner since the greatest amount of time is spent performing retailing activities, and there is no segregated charge for the other lesser activities. In this case, the staffing business is subject to the Retailing B&O tax on the gross amount charged to the developer. Retail sales tax also must be collected by the staffing business on the gross charge to the customer.

**Example 3:** Same facts as Example 2, except that the staffing business also provides a receptionist to the developer/property owner. In this case, the staffing business is subject to the Retailing B&O tax on the gross amount charged to the developer for work done by the construction worker. Retail sales tax must also be collected on this charge. The staffing business is subject to Service and Other Activities B&O tax on the gross amount charged to the developer for work done by the receptionist.

# B&O Tax and Public Utility Tax Exemptions and Deductions

There are limited deductions from the B&O tax and public utility tax. There are no deductions for amounts paid to the worker, amounts deducted for payroll taxes, or any other expenses whatsoever paid or accrued. (For a full listing of exemptions and deductions, refer to [http://dor.wa.gov/content/statistics/2004/tax\\_exemptions\\_2004/default.aspx](http://dor.wa.gov/content/statistics/2004/tax_exemptions_2004/default.aspx).)

Income received for work performed outside the state may be deducted from gross income. Similarly, an interstate haul is exempt from the public utility tax. Bad debts on which tax has been paid and which may be written off for federal tax purposes may be deducted.

**Note:** *Exemptions and deductions that may apply to the customer do not automatically also apply*

*to the staffing business.* For example, certain nonprofit hospitals may qualify for a deduction for income received through Medicare. Non-profit and public hospitals are taxable on gross income at a special rate. However, the income received by a staffing business for providing physicians, nurses, or other healthcare workers to the hospital is fully taxable under the Service and Other Activities classification because the staffing business does not meet the criteria for the special nonprofit hospital classification, or for the deduction.

Similarly, income received by licensed Adult Family Homes is exempt from tax. However, the gross income received by a staffing business for providing a health care worker or other worker to the Adult Family Home is fully taxable under the Service and Other Activities classification.

## Documentation

The burden to establish the proper B&O tax classification rests with the staffing business. Because the classification depends upon the services provided by the worker, the staffing company must obtain sufficient information from the customer to classify the income correctly.

### Documenting the Services Provided

The staffing business must keep documentation to show what services their workers perform. All available information should be recorded concurrently with the assignment of the worker and the charge for the service. It is important that the customer's labor and skill requirements are detailed upfront as much as possible prior to dispatch. This is particularly important for purposes of billing retail sales tax.

Documentation may be in the form of a copy of a customer order or other documented request by a

customer for a worker. The documentation must state the specific work to be performed, and/or the worker skills requested by the customer. If the customer's request comes in by telephone, the staffing business should ask exactly what type of services are required and write them down on an order form, or as a memo to the customer file. Also, the worker can provide a written explanation of the services actually performed.

*Detailed description:* Documentation to support the B&O tax classification must be sufficiently detailed to support the classification reported.

The classification of primary interest to the customer is Retailing. Only under Retailing is the seller of the service required to collect retail sales tax from the end user. Any other classification which does not directly impact the customer may be of less interest to the customer. Nevertheless, because the rates usually vary between

classifications, it is in the staffing business' best interest to gather enough information to classify all services correctly.

*Default to higher rate:* When the nature of the activity performed by the worker is not documented in such a way to clearly establish the proper classification, upon audit examination the Department may find it necessary to default to the highest classification rate. This classification may be either the Retailing classification (retail sales tax also applies in this case), or the Service and Other Activities classification.

For example, if it is clear that work is performed for a customer in the construction industry, but it is not clear from the sales documentation that the customer is making a purchase of staffing services for resale, the Department will consider the sale to be retail in nature. Retail sales tax must be collected from the customer. In this case, it must be demonstrated that the customer is not a speculative builder (that is, not the consumer of the services provided). A sale to a speculative builder is a retail sale, subject to the Retailing B&O tax, and retail sales tax is to be collected from the customer.

### **Incorrectly Classified Income – Amended Returns**

If, subsequent to filing a return, it is later determined by the staffing business that income has been incorrectly classified, **amended returns** should be submitted to the Department to make the appropriate adjustment. Information on amended returns can be found at <http://dor.wa.gov/content/doingbusiness>.

Information leading to a change in classification may occur when visiting or inspecting a new customer's operation. It may be determined by the staffing business that another B&O tax classification applies during a subsequent request for labor, at which time more details of the work assignment are revealed. At such time as it is clear that a different B&O tax classification should

apply from the classification reported, a correction should be made on amended returns.

The requirement for filing amended returns is limited to the past four calendar years, plus all returns filed during the current year.

### **Reliance on the Best information Available**

Staffing businesses are expected to use all information reasonably available for purposes of reporting under the proper tax classification. In all cases, upon review or examination by the Department, all facts and information will be used to verify the classification(s) reported. Please see page 9, "The Audit Process."

### **Customer's Responsibility to Keep Records**

The customer has a responsibility to keep sufficient records to document the nature of the goods or services purchased by them. The Department requires the buyer of services to keep sufficient records in order to determine their true tax liability. This includes any liability for retail sales tax, or use tax, due on purchases of goods or retail services. Failure of the customer to retain such records may cause the retail sales tax to be imposed directly on them.

### **Re-billing for Retail Sales Tax**

The customer is obligated to cooperate with the staffing business when documenting any claimed exemption from retail sales tax. Lacking evidence to establish an exemption, the staffing business may re-bill the customer for previously uncollected sales tax.

Re-billing may occur in those cases where additional information is obtained by the staffing business that indicates retail sales tax should have applied to the original billing. It may occur because the work performed by the worker is not as described, or understood, when the worker is dispatched. Until paid either to the Department or to the staffing business, the customer remains legally obligated to pay the sales tax.

# Specific B&O Tax Applications

Following is a discussion of specific applications of the B&O tax for a variety of industries. Please also refer to the web site information contained in these discussions. In addition, you may refer to Appendix B for “decision trees” that may be helpful in identifying the correct reporting classification for various industries.

## Construction

Construction laborers will be presumed to be engaged in retail activities unless otherwise documented. Construction laborers typically perform cleanup, manual hauling of materials at construction sites and perform other skilled and/or unskilled labor. If the construction laborers are engaged by a custom contractor, a resale certificate may be accepted by the staffing business. In this instance, sales tax would not be collected on the income. Instead, the charges would be subject to the Wholesaling B&O tax. For a detailed discussion of the taxability of construction services, please refer to the Construction Tax Guide at <http://dor.wa.gov>. Click on “Taxes,” and go to “Industry Specific Information.”

## Processing for Hire

Workers dispatched to a manufacturer at a manufacturing site, who engage in impressing logos/labels/stickers onto packing or products or otherwise engaged in altering or improving the manufactured product are performing a manufacturing activity. The income received by the staffing business is reportable under the Processing for Hire B&O tax classification. In this case, the staffing business should document the nature of these activities and report the income from these workers under the Processing for Hire classification of the B&O tax.

Processing for hire does not include merely inspecting, sorting, counting, moving, packing,

loading, or unloading or operating machinery that performs these tasks even when they are performed at a manufacturing facility.

**Note:** Processing for hire applies only when producing tangible personal property. It does not apply to construction services.

## PROCESSING FOR HIRE – SPECIAL APPLICATION FOR STAFFING

**BUSINESSES:** Due to the difficulties in determining the extent to which workers are merely altering tangible personal property rather than creating something new, different, or useful, staffing businesses may elect to report under Wholesaling all income derived from providing temporary workers to manufacturing customers whose labor directly alters such property. This is in lieu of reporting some income under Wholesaling and some income under Processing for Hire. If the staffing business chooses to make inquiry with its client to determine the worker’s labor rises to the level of processing for hire, it may separately account for the processing for hire income and report accordingly.

## Warehousing Activities

RCW 82.04.280(4) provides a tax rate of .00484 for businesses engaged in operating a cold storage warehouse or storage warehouse. A “storage warehouse” means a building or structure, or any part thereof, in which goods, wares, or merchandise are received for storage for compensation.

The gross income received by a staffing business for workers dispatched to a warehousing business are not classified under the Warehousing B&O tax classification because the staffing business does not operate the warehouse. The Warehousing classification applies only to persons operating a cold storage warehouse or storage warehouse.

Instead, the Service and Other Activities classification applies to income derived by providing workers to a warehousing operation. This is true even though the workers may operate forklifts or otherwise move merchandise at a storage facility.

### **Insurance Agent Activities**

If a staffing business provides a licensed insurance agent to an insurance broker to perform services under the authority of the insurance agent's license, the income received by the staffing business is subject to the Insurance Agents and Brokers B&O tax.

If a staffing business provides a receptionist, or other unlicensed worker to perform office services within an insurance broker's office, the associated charges are subject to the Service and Other Activities B&O tax classification.

### **Travel Agent Activities**

If a staffing business provides a person who arranges travel, the income received for these services is subject to B&O tax under the Travel Agents Tour Operators B&O tax classification.

If a staffing business provides a receptionist or other worker to perform office services for a travel agency, the income received for this service is subject to the Service and Other Activities B&O tax.

### **Landscape/Lawn Maintenance Activities**

If a staffing business provides a worker to a landscape maintenance business, the income received for such staffing would be subject to Wholesaling B&O tax *provided* the customer presents the staffing company with a valid resale certificate. The Retailing B&O tax and retail sales tax apply to such charges if the customer does not provide a resale certificate or other evidence that the worker's services are being resold by the customer (see page 2, "Wholesaling").

### **Janitorial Services**

If a staffing business provides a worker to perform routine janitorial services to a janitorial business, or any other person, such charges are subject to the Service and Other Activities B&O tax. Routine janitorial services include washing interior and exterior window surfaces; cleaning and waxing floors; cleaning interior walls and woodwork; cleaning in place of rugs, drapes and upholstery; dusting; disposing trash; and cleaning and sanitizing bathroom fixtures.

The term "janitorial services" does not include, among others, cleaning exterior walls of buildings; cleaning septic tanks; special clean up jobs required by construction, fires, floods, etc.; painting; papering; repairing; furnace or chimney cleaning; removing snow; sandblasting; or cleaning plant or industrial machinery or fixtures.

## Computer Software Services

Income received for providing a worker to repair or alter computer hardware is taxable as a retail sale when the services are provided for the owner of the equipment. Retailing B&O tax applies and retail sales tax must be collected from the customer. Income received for services provided to the person who will resell the service to others is taxable under the Wholesaling tax (see page 2, “Wholesaling”).

Income received from customers or for providing a worker to install prewritten software (also referred to as “standard” and “canned” software – software created for sale to more than one person) is taxable as a retail sale. Retailing B&O tax applies and retail sales tax must be collected. Wholesaling tax applies if workers are provided to customers who will resell the service (see page 2, “Wholesaling”).

Income received for providing a worker to create custom software (software created for a single customer) or to “customize” prewritten software is taxable as a professional service, subject to the Service and Other Activities B&O tax. Retail sales tax does not apply to such charges. To “customize”

prewritten software means any alteration, modification or development of applications using or incorporating prewritten computer software for a specific person. It also includes individualized configuration of software to work with other software and computer hardware, but does not include routine installation of prewritten software.

## Stevedoring

Income received from engaging in stevedoring and associated activities is subject to business tax at the rate .0033. Stevedoring and associated activities means all activities of a labor, service, or transportation nature where cargo is loaded/unloaded from vessels involved in waterborne interstate or foreign commerce.

Specific activities taxable under the stevedoring classification are: wharfage, handling, loading, unloading, moving of cargo to a convenient place, documentation services, imported automobile handling, terminal stevedoring, and incidental vessel services. Providing workers to engage in these activities is subject to B&O tax under the Stevedoring tax classification.

# The Audit Process

The Department of Revenue (DOR) routinely audits businesses to determine whether state excise taxes were reported and paid correctly. Audits are a learning opportunity for correct excise tax reporting.

## When and Where the Audit will be performed

An auditor will contact you to schedule an appointment. It will be at a mutually agreed upon date and time. The audit may be performed at:

- your business or home.
- one of the Department’s local offices.

- your accountant’s, attorney’s, or other representative’s office.

We are committed to working with you in a professional and cooperative manner.

## What is Reviewed During an Audit

The audit period is usually for the four preceding calendar years, plus the current year through the end of the last completed calendar quarter. The auditor will ask to review any documents that relate to the taxability of the activities performed by staffing workers for customers. The audit will cover three major areas:

**1. Income** — verification of proper amounts, classifications, and documentation.

**2. Deductions and exemptions** — verification of proper amounts, classifications, and documentation.

**3. Purchases** — verification of retail sales or use tax paid on capital assets, supplies, or articles manufactured for your own use.

Typically the auditor will review the following records:

- Customer Order Form
- Client Purchase Orders
- Customer Contract
- Billing Invoice
- Sales Journal
- General Ledger
- Check Register
- Chart of Accounts
- Financial Statements
- Resale Certificates
- Depreciation Schedules
- Purchase Invoice
- Federal Income Tax Returns and work papers

Other records relating to your business activities may also be requested. Any of the above records maintained in an electronic format should be available upon request. Depending on the software used, it may be as easy as giving the auditor a backup copy. For taxpayers with more complex systems, the auditor may request one of the Department's computer specialists to work with your Information Technology (IT) department to download the requested information. For more information on the computer assisted audit program, go to <http://dor.wa.gov/Docs/Pubs/ExciseTax/AuditCollection/CAAP.pdf>.

## Preparing for an Audit

The auditor will describe the records that will be reviewed. You should gather them before meeting with the auditor. The records requested usually include the following:

- Washington State excise tax returns and workpapers
- federal income tax returns for the business
- summary accounting records and source journals such as check registers, the general ledger, sales journal, general journal, cash receipts journals, and any other records you use to record income and expenses
- sales invoices
- purchase invoices (i.e., accounts payable, receipts)
- depreciation schedule and purchase invoices for assets acquired during the audit period
- resale certificates for any wholesale sales made
- supporting documentation for all deductions and exemptions

Although most audits can be completed with the above records, additional documents may be requested during the audit.

### Electronic Records

The use of electronic records, when available, can greatly reduce the time required to complete the audit. You can provide electronic records on floppy disk, cd, or via e-mail.

## What Happens During an Audit

The auditor may take a plant tour and/or observe your business operations. This will help their understanding of your business activities and accounting records.

The auditor will review your accounting records and provide you with valuable information and instructions for future use.

You may experience the following during the audit process:

### Electronic Data Processing (EDP) review

The auditor will test your internal controls to ensure that the information contained in the computer selection menu accurately reflects the correct tax classification. The auditor will also review information flow from the time the client's order is taken to final billing and payment.

## **Sampling**

Depending on the amount of documentation to review the auditor will discuss the use of sampling. Sampling causes less disruption in the day-to-day business activities and is a more efficient use of time for both the auditor and the taxpayer. There are a number of different sampling techniques and the auditor will discuss which method would be the most practical based on the amount and type of documents to be reviewed.

## **Communicating results**

The auditor will provide you with a list of any exceptions, or potential audit adjustments identified during the review. This will give you an opportunity to ask questions or to provide additional information that you believe may be relevant to these exceptions or adjustments.

## **Resale certificate review**

The auditor will examine resale certificates to verify the reporting of wholesale income. During this review, the auditor may require a copy of a resale certificate(s) and listing of wholesale income from the client(s) providing the certificate(s). Should the Department choose to discuss the use of a resale certificate with the customer, the Department will notify you in writing of its intent to disclose the certificate. RCW 82.32.330 explains your right to object to such disclosure.

## **Retail sales tax collected**

The auditor will reconcile the retail sales tax accrual account to ensure that all the retail sales tax has been reported. The auditor will generally use your general ledger and other financial reports to perform this reconciliation.

## **Use tax review**

The auditor will also review your purchases to ensure retail sales or use tax was paid. As a general rule, the auditor will review all capital asset purchases on an actual basis. In many cases, the auditor will work with you to identify

a sampling method for purposes of reviewing supply (commonly referred to as “consumable”) purchases.

## **Confidentiality**

All information you provide will be maintained in strict confidence and is not available to the public. However, you should be aware that the Department has information-sharing agreements with the Internal Revenue Service and other state agencies.

## **After the audit**

You will be notified of the audit findings. The auditor will explain any adjustment to you or your representative before finalizing the audit. If you have information we have not considered or you believe we made a mistake, please contact the auditor promptly.

### **If you agree with the adjustments:**

The auditor will ask if you want to make an audit prepayment for additional taxes owed. Full payment will include the tax, assessment penalty, and estimated interest. You would save money by making the payment since interest accrues until the taxes are paid in full.

The audit will be processed and the assessment package will be mailed to you. This will take approximately four to six weeks.

If you have not prepaid the assessment, you have 30 days from the date it was mailed to pay in full. If you prepaid the assessment, a balance due may still exist because of the estimated interest calculation.

Additional interest and late payment penalties may be added if payment is not received by the due date.

Please contact the audit manager if payment cannot be made promptly.

If you have overpaid your taxes, you will receive a credit notice to apply against future

returns. However, you may request a refund check.

**If you disagree with the adjustments:**

You may request a conference with the auditor’s manager and review disputed issues.

If agreement cannot be reached, you have 30 days from the date the audit report is mailed to appeal to the Department's Appeals Division.

If you file an appeal prior to the assessment's due date, you should pay the unprotested

amounts. Payment is not required for the protested amounts and will remain due pending the appeal. However, interest continues to accrue until taxes are paid in full.

If you file an appeal more than 30 days after the audit report is mailed, you must pay the total amount due and petition for refund.

For more information on the audit process, please consult our brochure located on our web site at <http://dor.wa.gov/Docs/Pubs/ExciseTax/AuditCollection/AuditProc.pdf>.

## Appendix A - State Tax Overview

### Major Taxes in Washington

Most businesses are subject to four major Washington taxes:

1. Business and Occupation tax
2. Retail Sales Tax
3. Use Tax
4. Public Utility Tax

### Business and Occupation (B&O) Tax

The state B&O tax is a gross receipts tax imposed on the business. It is measured on the value of products, gross proceeds of sale, or gross income of the business. There are no deductions from the B&O tax for labor, materials, taxes, or other costs of doing business. Depending on the type of sale or service provided, one or more of various B&O tax classifications may apply. The tax rates vary depending on the specific classification that applies to the activity. The major B&O tax classifications and their rates are as follows:

Retailing	0.471%
Wholesaling	0.484%
Manufacturing/Processing for Hire	0.484%
Service & Other Activities	1.5%

The **Retailing** classification applies to sales of goods (including leases and rentals) and certain services to persons who will not resell the goods

and services to others. Retailing generally includes those services performed on tangible personal or real property, including decorating, cleaning, repair, construction, and landscape maintenance.

The **Wholesaling** classification applies to sales of goods (including rentals and leases) and certain services to persons who *will resell* them to others. If you are a wholesaler, you must receive and retain a signed resale certificate from each buyer.

The **Manufacturing** classification applies when creating something new, different or useful from “raw materials.” The tax is applied against the value of articles, substances, or commodities manufactured in Washington for the manufacturer’s own use, or for sale to others as tangible personal property. The **Processing for Hire** classification applies when this activity is performed on property belonging to another.

The **Service and Other Activities** classification is a “catch-all” classification. It applies to business income derived from activities that are not specifically taxed under any other classification. This classification applies to a variety of services, including services of lawyers, doctors and other medical services, accountants/bookkeepers, beauticians, janitors, and others not specifically classified elsewhere for tax reporting purposes.

For more information on common business activities, go to the Department's web site at <http://dor.wa.gov>. Select "Doing Business" at the top of the page, then click on the link "Common Business Activities Table." This will provide a list of common classifications reported for a variety of business activities. It will also provide you with a link to relevant rules and laws related to the classification.

## Retail Sales Tax

Retail sales tax is imposed on the consumer of retail goods and services and must be collected by the seller. It is composed of a state portion, which is 6.5 percent, and a local government portion, which varies according to the local tax jurisdiction that imposes the tax. It applies to all sales subject to the Retailing classification of the B&O tax unless there is a specific statutory retail sales tax exemption. It is the buyer's burden to establish with the seller their entitlement to any claimed exemption.

Retail sales tax is based on the total selling price, which includes all charges for labor, materials, freight, handling, and any other amounts billed. This is true even when the charges are separately stated.

## Itemizing Sales Tax

All documents of sale must separately state retail sales tax. The tax cannot be included in a lump sum price. When sales tax is not separately stated it will be presumed that the tax was not collected by the seller or paid by the buyer.

In that case, the seller may be held personally liable for the tax. In all cases, the law holds the buyer responsible to the seller and to the state for the amount of the unpaid tax.

## Local Sales Tax Rates

*Retail Services:* When retail services are provided, the local sales tax rate is determined by the location at which the retail services are

provided. Persons not sure which local retail sales tax rate applies to a particular location can use the Geographic Information System to look up the tax rate by address, or by using a map feature. (See <http://dor.wa.gov/content/gis>.) Also, for more discussion on retail sales tax, go to <http://dor.wa.gov> and select "Taxes," then click on "Retail Sales."

## Use Tax

In general terms, use tax is a tax on the use of goods and certain services in Washington when sales tax has not been paid. Goods used in this state are subject to either the sales or use tax, but not both. Thus, the use tax compensates when sales tax has not been paid.

Use tax is based on the value of the article or service, which includes the charges for labor, materials, freight, handling, and any other amounts paid or accrued even when separately stated. Sales tax paid to another tax jurisdiction outside Washington may be used to offset the amount of use tax due in this state.

The rates within each taxing jurisdiction are the same as the sales tax rates. The correct local rate for use tax is determined by the location at which the goods are first put to use in the state.

For more information on use tax, please refer to the Department's web site at <http://dor.wa.gov>. Go to "Taxes" and click on "Use Tax."

## Public Utility Tax

The public utility tax applies to gross income derived from operation of public and privately owned utilities, including the general categories of transportation, communications and the supply of energy and water. Income from utility operations is taxed under the public utility tax and is in lieu of the B&O tax; other income of the utility firm (e.g. retail sales of tangible personal property) is subject to B&O tax. Unlike the B&O tax which pyramids

(i.e. different firms may be taxable on income derived from the same product), the public utility tax applies only on sales to consumers.

**Examples of exemptions and credits**

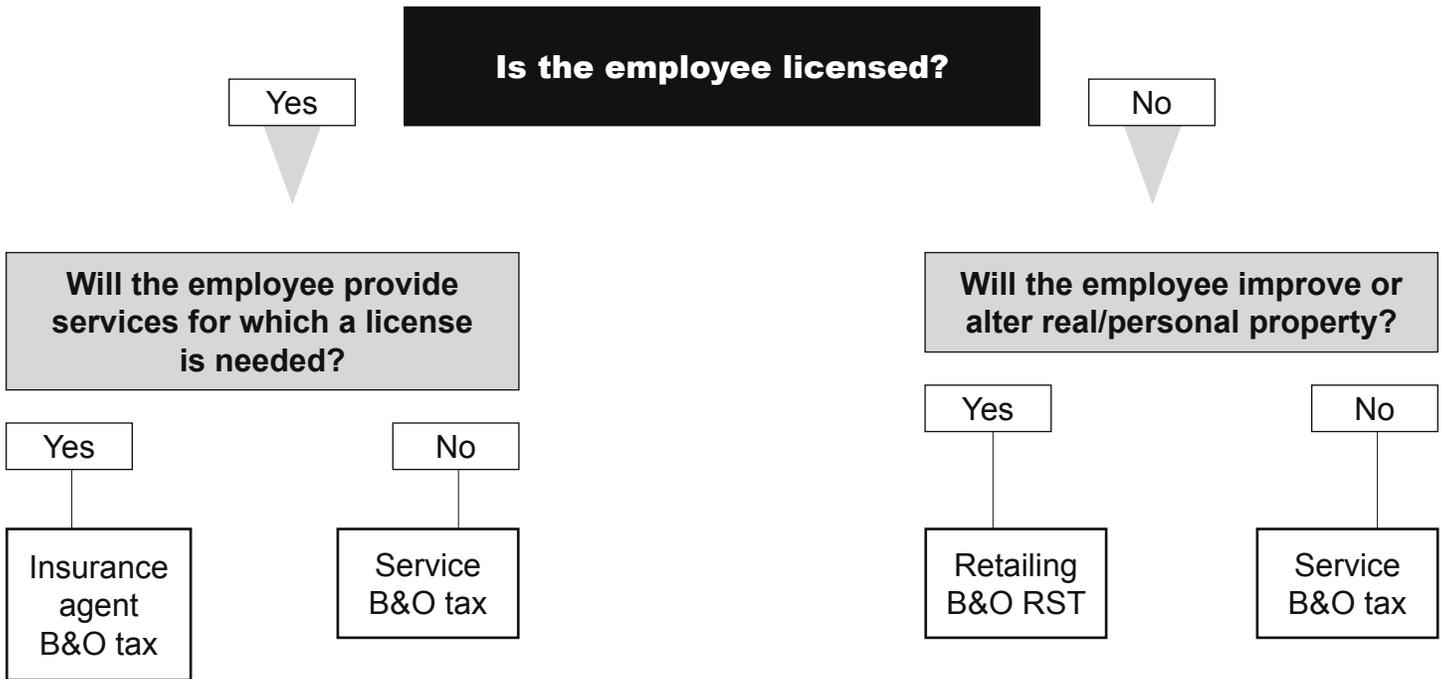
- Income less than \$500 per month;
- Providing ride-sharing for commuters and transportation of elderly and handicapped persons

**Examples of deductions**

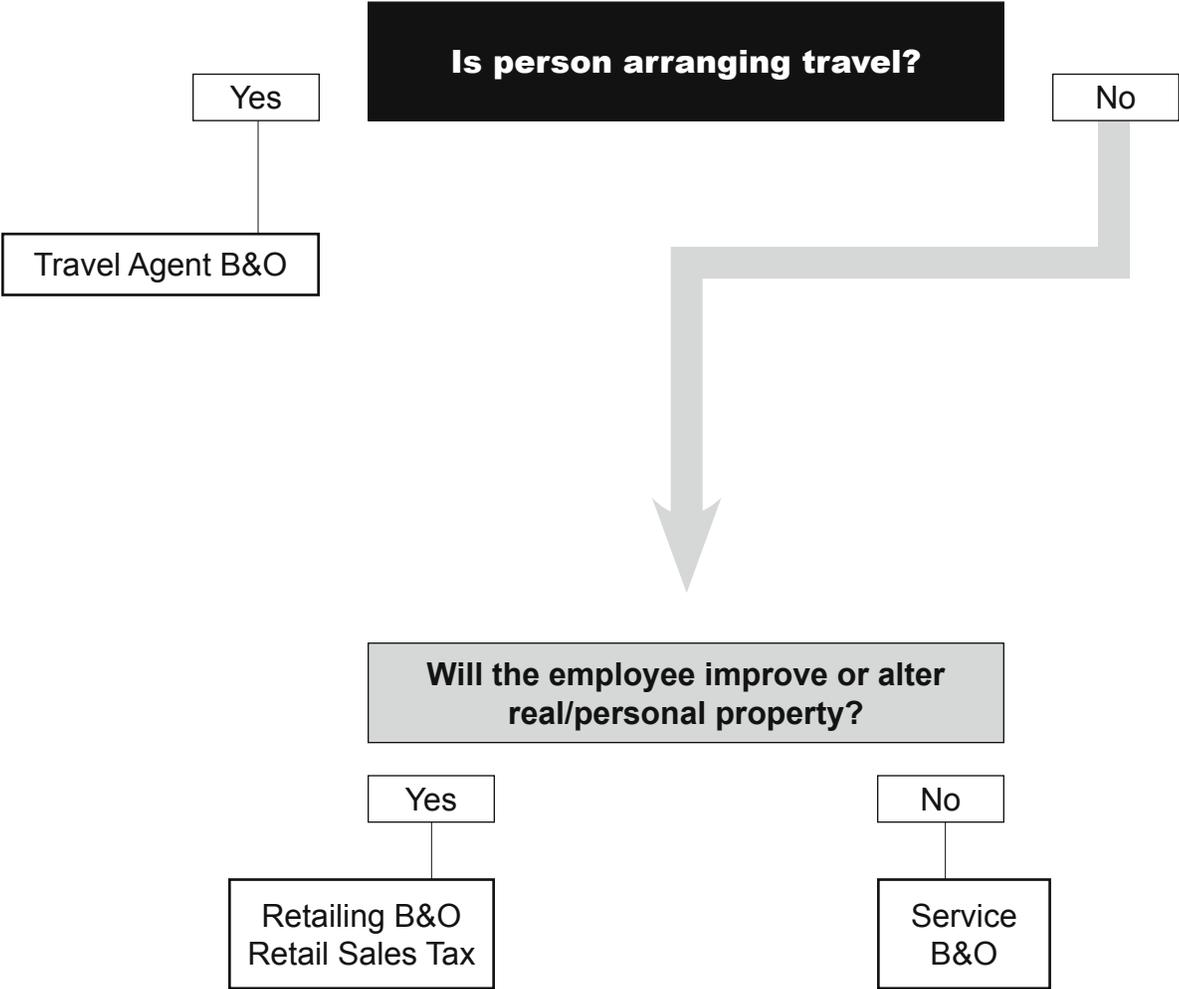
- Purchases for resale, cash discounts and credit losses
- Income from interstate transportation of persons or property
- Payments by one utility to another for jointly providing the same service to customers
- Interstate transportation via “through freight billing” and shipments to ports for export

# Appendix B – Decision Trees

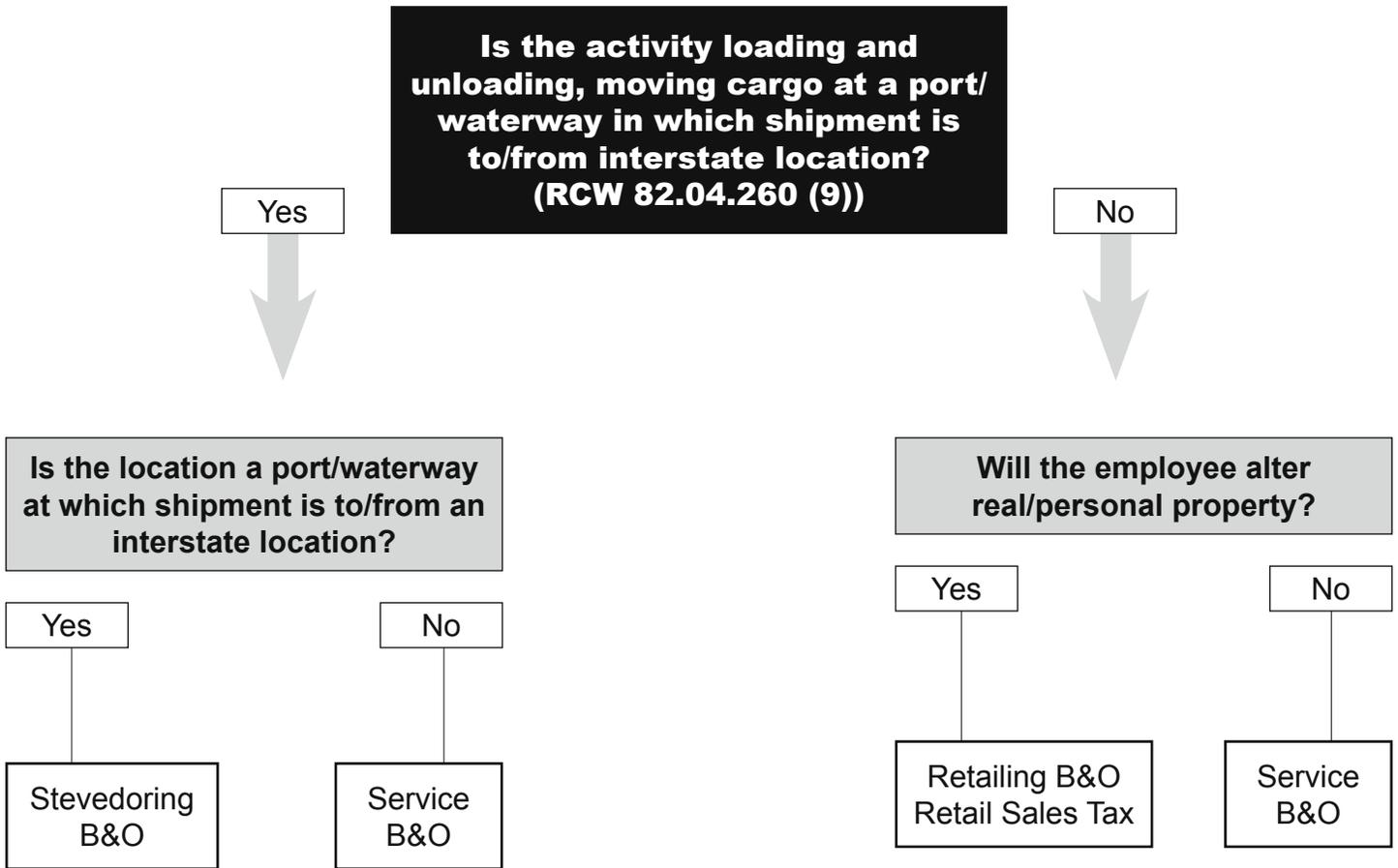
## 1. Insurance Agency Client



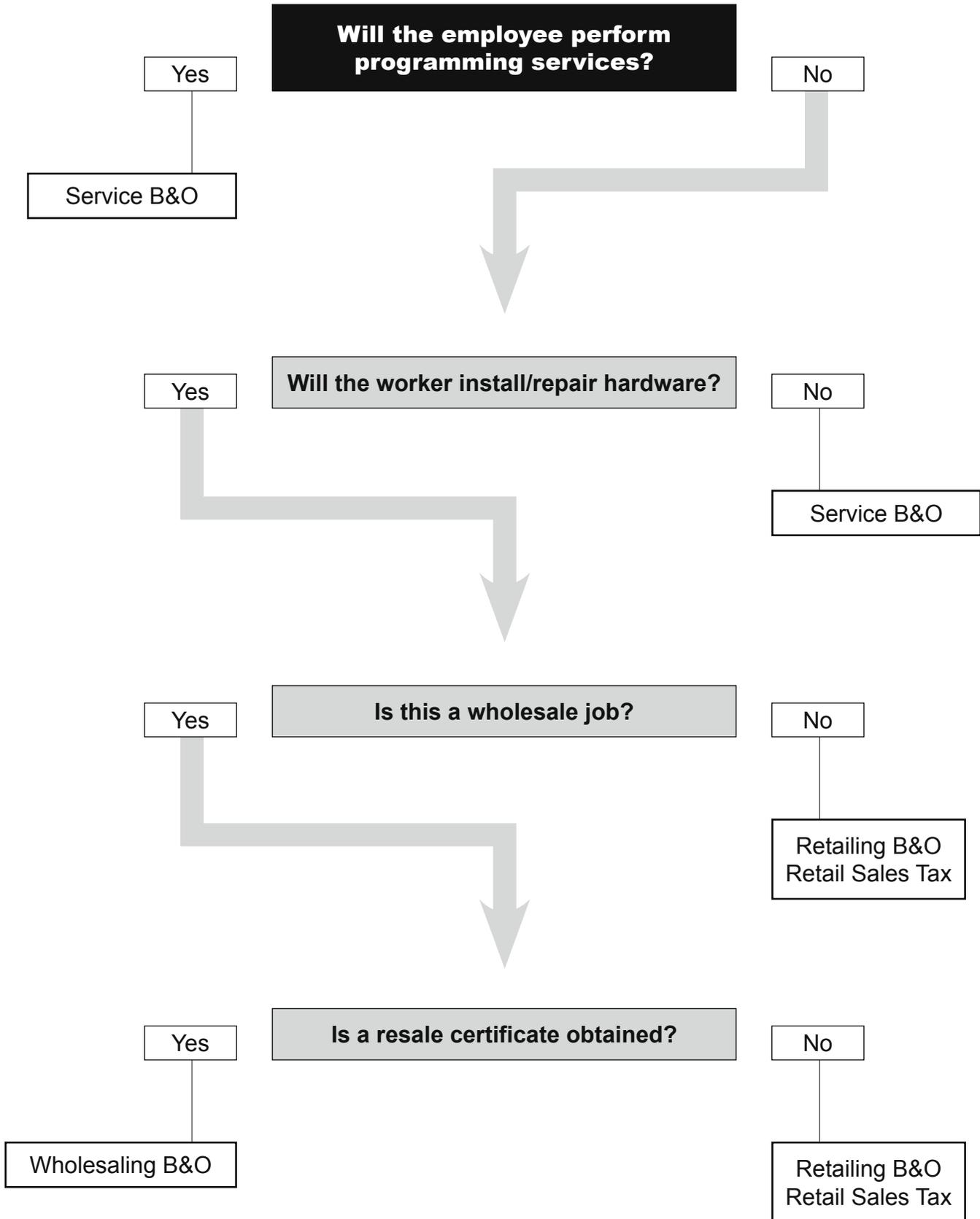
**2. Travel Agent Client**



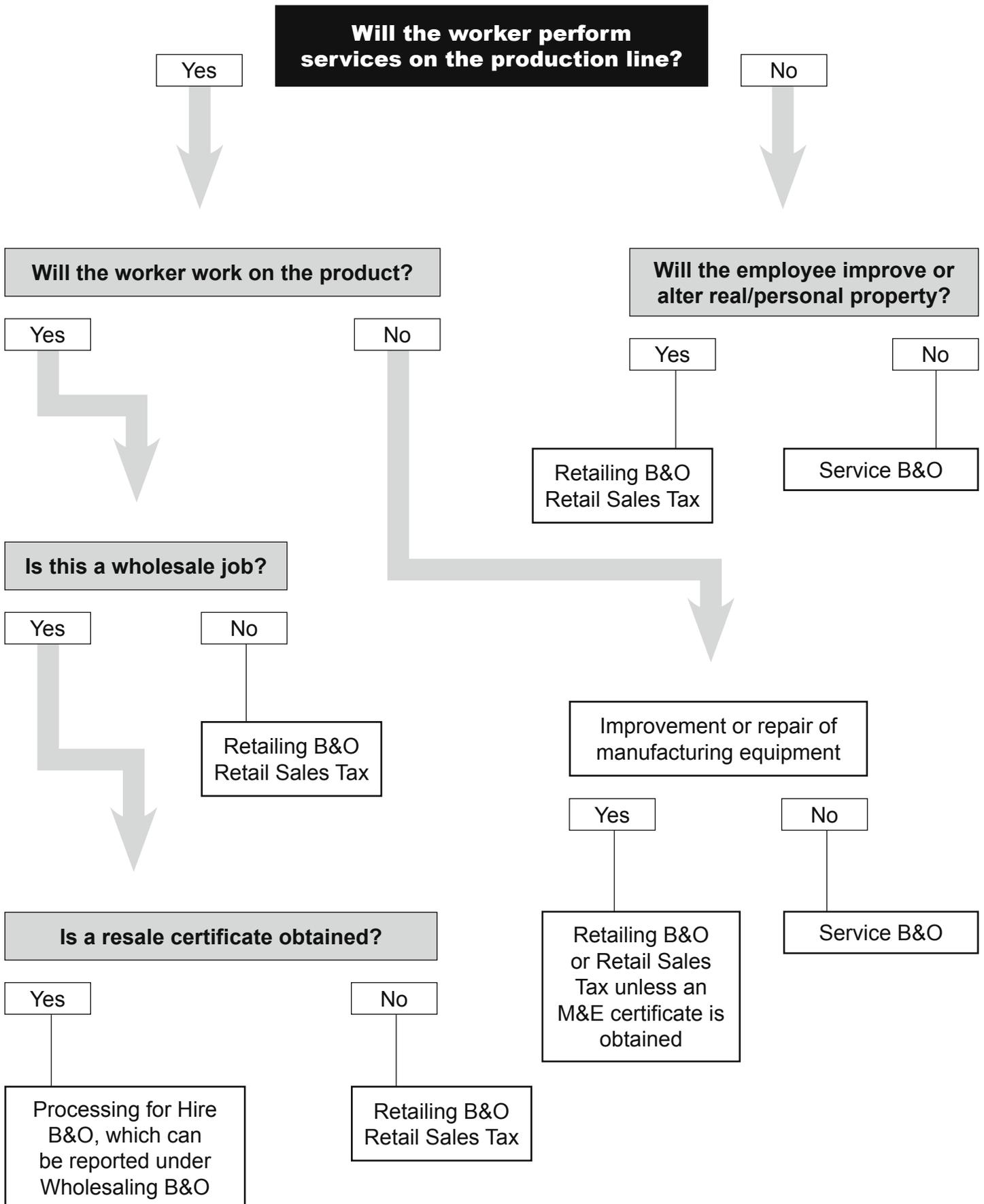
### 3. Waterborne Shipping Company Client



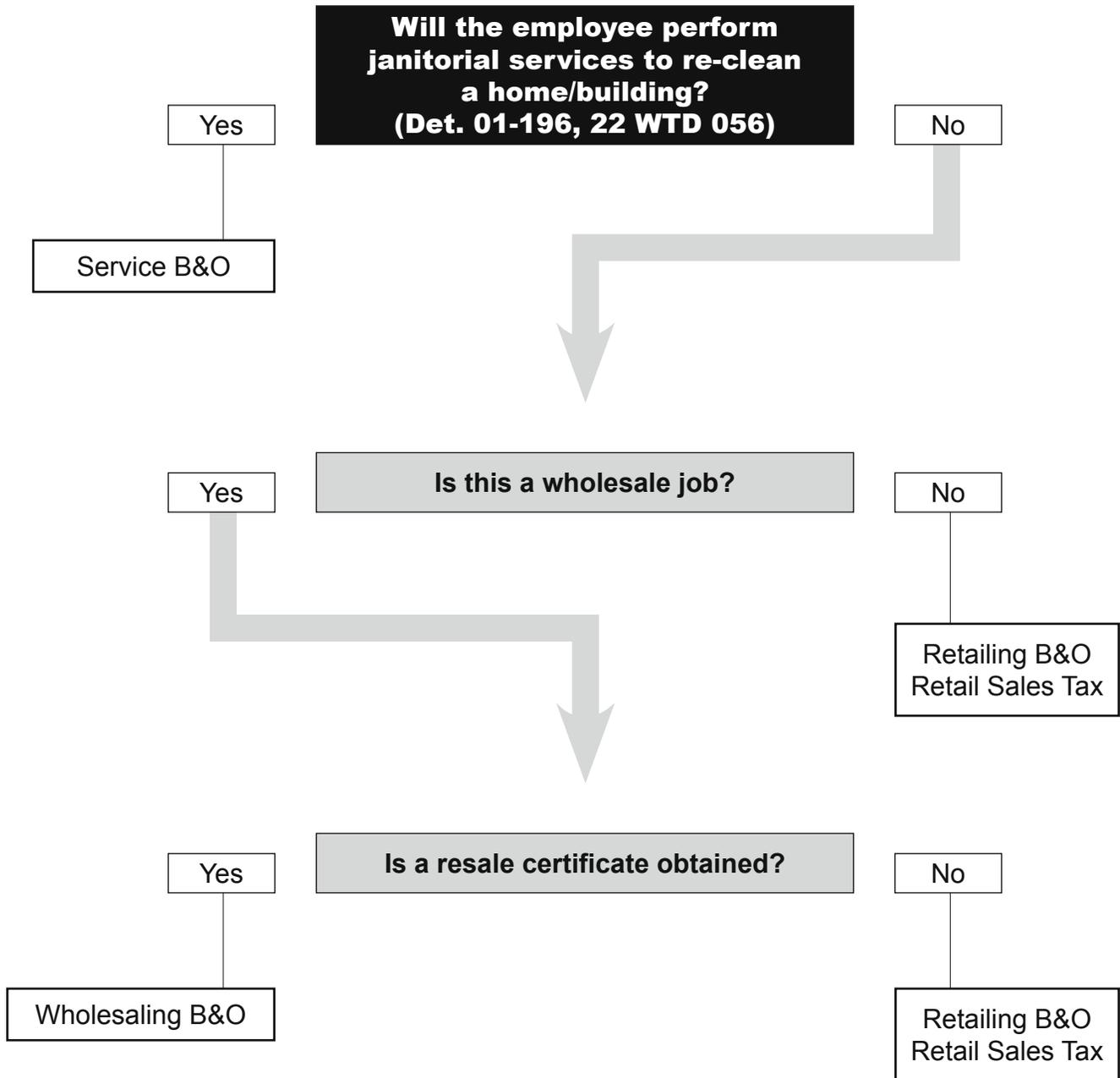
## 4. Computer/Technology Services



## 5. Manufacturer Client



## 6. Contractor Client



# Appendix C – Laws, Rules, & Other Guidance for the Staffing Industry

Law	Rates	DISHB Guidance	Worker category	Comments
<p><b>RCW 42.04.028: Business and occupation tax imposed</b></p> <p>There is levied and shall be collected from every person other than the state or persons of negligible taxable value, such tax to be determined by the application of rates against value of products, gross proceeds of sales, original income of the business, or the value of the</p>		<p>ERL 201901110 Temporary Staffing Companies</p>		<p>Staffing businesses provide temporary workers. Workers are employees of the staffing business other than the client. A staffing business is registered in the state subject to those provisions by the employees they provide.</p> <p>This application table has standardized is determined by the nature of the activities performed by the employee and the statutory requirements of the specific standardization.</p>
<p><b>RCW 42.04.030: Gross proceeds of sales</b></p> <p>"Gross proceeds of sales" means the value (excluding or including from the sale of tangible personal property and/or franchise interest), without any deduction or account of the cost of property sold, the cost of materials used, labor costs, interest, discount paid, delivery costs, taxes, or any other expense whatsoever paid or incurred and without any deduction or account of taxes.</p>	<p>MSWC 48020-030 (Subrules and amendments)</p>	<p>City of Tacoma, Inc. Milliam Rogers Co., 1407 W. 24 St., 98402-2479 (2018) ERL 201901110 Temporary Staffing Companies</p>		<p>Staffing businesses that have any liability to the extent for payment may not include amounts received for payroll expenses (wages, taxes, benefits, etc.) from the business of the</p>
<p><b>RCW 42.04.031: Gross income of the business</b></p> <p>"Gross income of the business" means the value (excluding or including from the sale of the real estate of the business registered in and including gross proceeds of sales, compensation for the rendition of services, gain realized from trading in stocks, bonds, or other interests of individuals, interest, discount, sales, royalties, fees, commissions, dividends, and other instruments however designated, after deduct any deduction on account of the cost of tangible personal property sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes, or any other expense whatsoever paid or incurred and without any deduction or account of taxes.</p>	<p>MSWC 48020-031 (Subrules and amendments)</p>	<p>City of Tacoma, Inc. Milliam Rogers Co., 1407 W. 24 St., 98402-2479 (2018) ERL 201901110 Temporary Staffing Companies</p>		<p>Staffing businesses that have any liability to the extent for payment may not include amounts received for payroll expenses (wages, taxes, benefits, etc.) from the business of the</p>



(1) Any person engaged in the business of maintaining for the building, repairing or replacing of driveway, stairs, road, highway, sewer line, right of way, state public transportation terminal or parking facility, bridge, tunnel, or tunnel which is owned by a municipal corporation or political subdivision of the state of Washington or by the United States and which is used or to be used primarily for the or vehicles traffic including state transportation vehicles of any kind as defined in RCW 46A.020, is engaged in tangible personal property when such person incorporated with property as an ingredient or component of such publicly owned street, plaza, road, highway, sewer line, right of way, state public transportation terminal or parking facility, bridge, tunnel, or tunnel by installing, placing or expanding the property or to repair the right of way of such street, plaza, road, highway, sewer line, bridge, tunnel, or tunnel as well as upon the site of such state public transportation terminal or parking facility.

(2) Any person who is an owner, lessee or has the right of possession in or an interest in real property which is being constructed, repaired, drained, improved, or otherwise altered by a person engaged in business, including any (a) municipal corporation or political subdivision of the state in respect to their land within such street or public real property which is used or held for public road purposes, and (b) the United States, instrumentality thereof, and county and city having authority created pursuant to chapter 43.07 RCW is engaged in such and services involved in their real property. Nothing contained in this or any other subsection of this subdivision shall be construed to modify any other definition of "business".

(3) Any person who is an owner, lessee, or has the right of possession in personal property which is being constructed, repaired, improved, drained, improved, or otherwise altered by a person engaged in business:

(a) Any person engaged in the business of manufacturing, repairing, dismantling, or repairing any or existing, building, or other structure, machine, rig, or other real property of or for the United States, any instrumentality thereof, or a county or city having authority created pursuant to chapter 43.07 RCW, including the installing or attaching of any article of tangible personal property-business or otherwise, whether or not such personal property becomes a part of the entity by way of installation, use, any person engaged in the business of cleaning, land and surveying work of or for the United States, any instrumentality thereof, or a county or city having authority created pursuant to chapter 43.07 RCW. Any such person shall be a contractor within the meaning of this subsection in respect to tangible personal property incorporated into installed in, or attached to such building or other structure by such person, except that contractor does not include any person engaged in the business of manufacturing, repairing, dismantling, or repairing any or existing building or other structure, machine, rig, or other real property of or for the United States, or any instrumentality thereof, if the stated work project would qualify for sales and use tax or federal motor chapter 43.07 RCW if undertaken by a private entity.

Laws	Notes	Other Guidance	Worker Category	Comments
<p><b>RCW 82.04.020 (Continued)</b></p> <p>(1) Any gross rate is subject to machinery and equipment - the amount of which is exempt from the tax imposed by RCW 82.04.020 under RCW 82.04.0203, with respect to the sale of a tangible movable personal property acquired in respect to repairing the machinery and equipment, if the tangible personal property has a useful life of less than one year. Nothing contained herein or any other provisions of this code shall be construed to modify any other definition of "machinery" and equipment.</p> <p>(2) Any gross exempt in the total limit of exempt up for the United States, or its possessions, territories, and other dependencies of weapons production and nuclear research and development.</p>				

**RCW 82.04.020: Tax on retailers**

<p><b>Exempt July 1, 2006:</b></p> <p>(1) Upon every gross except persons taxable under RCW 82.04.0203, 82.04.025, or rate reduced by (c)(1) of this section exempting within this state taxable business of making sales at retail, at its retail premises, the amount of tax with respect to such business shall be equal to the gross proceeds of sales of the business, multiplied by the rate of 0.471 percent.</p> <p>(2) Upon every gross exempting within this rate in the total limit of making sales at retail that are exempt from the tax imposed under chapter 82.04 RCW by sections of RCW 82.04.0204, 82.04.0252, or 82.04.0203 except as provided in subsection (1) of this section, at its retail premises, the amount of tax with respect to such business shall be equal to the gross proceeds of sales of the business, multiplied by the rate of 0.468 percent.</p> <p>(3) Upon every gross exempting within this rate in the total limit of making sales at retail that are exempt from the tax imposed under chapter 82.04 RCW by sections of RCW 82.04.0204, 82.04.0252, or 82.04.0203, that is modified by the federal aviation administration as a FAA part 135 certified repair station with airplane and instrument flight and related airlog the associated the testing, study, Class 3 Assembly and specialized services, at its retail premises, the amount of tax with respect to such business shall be equal to the gross proceeds of sales of the business, multiplied by the rate of 0.75 percent.</p>				<p>Exempt July 1, 2006:</p> <p>Staffing fees means that provide employed to perform activities defined as retail sales are subject to the retailing 0.471 tax.</p> <p>Staffing fees means that provide contract to retailers are taxable under services and other activities classification other than the retailing classification. The staffing business is not making retail sales because the temporary staffing business does not have ownership of, title to, or possession of the property being sold. See RCW 82.04.020</p>
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1. Professional testing, rate the certain activities conducted by FAA part 135 and that in this section expires July 1, 2006.

**ECW 02.04.05C: Sale at retail, retail sale**

(1) "Sale at retail" or "retail sale" means any sale of tangible personal property (including vehicles, personal, furnished, or improved) to all persons, irrespective of the status of their business and including, among others, without limiting the scope thereof, persons who normally repair, clean, alter, improve, construct, or decorate motor personal property of or for pleasure or other than resale in a person who provides similar activities under RCW 02.01.070 and 070.

(a) Purchase for the purpose of resale as tangible personal property is the regular course of business without advertising or by such person, but a purchase for the purpose of resale by a representative with authority under RCW 02.02.060 is not resale for resale; or

(b) furnish, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers, if such tangible personal property furnished is incidental or component of real or personal property without advertising, use by subcontractor, or

(c) Purchase for the purpose of consuming the property purchased in packaging furnished as one article of tangible personal property or substance, of which such property becomes an ingredient or component and a substantial part in processing, when the primary purpose of such chemical is to create a chemical emulsion directly through contact with an ingredient of a new article to be produced therefrom; or

(d) Purchase for the purpose of consuming the property purchased in packaging furnished which is subsequently used in producing agricultural products, if the primary purpose of such property is to create a chemical emulsion directly through contact with an ingredient of ferrous alloys; or

(e) Purchase for the purpose of providing the property to consumers as part of competitive telephone service, as defined in RCW 02.01.002. The term shall include every sale of tangible personal property which is used or consumed or to be used or consumed in the performance of any activity classified as a "sale at retail" or "retail sale" in Washington and property is used or utilized as provided in (a), (b), (c), (d), or (e) of this subsection following such use. The term also means every sale of tangible personal property to persons engaged in any business which is taxable under RCW 02.01.200 (2) (a)(i), 02.01.200, and 02.01.200.

- Technician specialized associated with servicing, altering, repairing, or otherwise improving machinery and equipment
- Contractor worker - skilled
- Contractor worker - unskilled
- Contractor clean-up
- Landscaper worker
- Domestic
- Installation of tangible personal property
- Assembly for personal other than manufactured items

A staffing business that provides its employees to perform activities defined in retail sales is subject to the retailing classification standards.

The Department processes that change for activities defined in retail sales for such-to-consumers sales. The sales revenue is split and divided for other taxes. Refer to RCW 02.01.070.

Excludes purchases for resale when buyer provides resale or utilization. (Use RCW 02.01.002 "Sale of electronic," "vehicle sale.")



(d) The rate of and charge made for the furnishing of bedding and all other services by a hotel, boarding house, tourist camp, resort, trailer camp, and the feeding of any similar houses or care and property or discharge of the water, or feeding of said property, and it shall be provided that the occupancy of real property for a continuous period of one month or more constitutes a rental in case of real property and not a mere license in non-convey situations. For the purpose of this subsection, it shall be presumed that the rate of and charge made for the furnishing of bedding for a continuous period of one month or more in a public place is a rental in case of real property and not a mere license to enjoy the same.

(e) The rate of or charge made for tangible personal property, labor and services in person (to wit: material), (B), (C), (D), (E), and (F) of this subsection in the case of charges for the property, labor and services which are not so classified in a public place, shall be made in the performance of any activity defined as a "sale at retail" or "retail sale" in the foregoing property; labor and services may be established with one or more charges. Nothing contained in this subsection shall be construed to modify subsection (1) of this section and nothing contained in subsection (1) of this section shall be construed to modify this subsection.

(f) The term "sale at retail" or "retail sale" shall include the sale of or charge made for personal, business, or professional services including amounts charged in interest, rent, fees, salaries, and other such in accordance herewith designated, measured by persons applying to the following business activities:

(1) Assessment and maintenance services including but not limited to golf, pool, billiards, skating, fishing, all bills and fees, charge for right-of-way purposes, and others, when provided to consumers;

(2) Amusements, entertainments, and recreation services;

(3) Credit transactions;

(4) Automobile parking, motorcycle parking services;

(5) Landscaping maintenance and horticultural services for existing and horticultural services provided to farmers and

(6) printing, financing, repairing, remodeling, and renting of tires and health care electrical services or electrical for home or equipment, if performed by or at the direction of an electric utility;

W.U.C. §§ 20-20-106  
(Hotels, resorts, boarding houses, rooming houses, resorts, tourist camps, trailer camps, etc.)

W.U.C. §§ 20-20-107  
(Assessment, recreation, and physical fitness services)

W.U.C. §§ 20-20-108  
(Automat, bill maintenance and money transactions)

W.U.C. §§ 20-20-109  
(Automobile parking)

W.U.C. §§ 20-20-110  
(Landscaping and horticultural services)



(f) This term shall not include the sale of or charge made for labor and services involved in respect to the building, repairing, or improving of any street, place, road, highway, sewer, light of any kind, public transportation terminal or parking facility, bridge, tunnel, or water utility is owned by a municipal corporation or political subdivision of the state of the United States and which is used or to be used primarily for that agricultural traffic including mass transportation vehicles of any kind

WAC 89A-20-174  
(Building, repairing or improving streets, places, roads, highways, sewers, light of any kind, public transportation terminal or parking facility, bridge, tunnel, or water utility is owned by a municipal corporation or political subdivision of the state or by the United States and which are used primarily for that agricultural traffic)

(g) This term shall also not include sales of agricultural inputs or supplies in process for the purpose of providing treatment of fish for the prevention of scale, fungus, mold, or disease, nor shall it include sales of feed, seed, seedlings, fishlings, spores for enhanced production including inserts such as ferns, and spay materials for fish farmers who participate in the federal cooperative extension program, the environmental quality incentive program, the technical assistance program, and the wildlife habitat incentive program, or their successors administered by the United States Department of Agriculture (7) farmers for the purpose of producing for sale any agricultural product, and (8) farmers selling such cooperative habitat development or access contracts with an organization exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3) or the Washington Department of fish and wildlife products or inputs or which habitat on land that the farmer never acquires.

WAC 89A-20-175  
(Sales of tangible personal property for farming - Sales of agricultural products to farmers)

(h) This term shall not include the sale of or charge made for labor and services involved in respect to the constructing, repairing, dredging, or improving of new or existing buildings or other structures, water, utility, or other real property of or for the United States, any governmental entity, or a county or city having authority vested pursuant to chapter 35.02 RCW, including the building, or siting of any such of tangible personal property items or items, whether or not such personal property forms a part of the entity by virtue of installation. This shall not include the sale of services or charges made for the clearing of land and the moving of earth of or for the United States, any governmental entity, or a county or city having authority. Also shall this term include the sale of real land or charges made for clearing up for the United States, or its governmental, collaborative state and other agencies of reforestation, production and water research and development.

WAC 89A-20-176  
(Building, repairing or improving streets, places, roads, etc., which are owned by a municipal corporation or political subdivision of the state or by the United States and which are used primarily for that agricultural traffic)

Law	Notes	Other substance	Writor Category	Comments
<p><b>RCW 62.04.040: Sale, casual or included sale, lease or rental</b></p>	<p><b>WAC 699-20-016</b> (Consumer included sales - Business incorporation)</p>			
<p>(1) "Sale" means any transfer of the ownership of, title to, or possession of property for a valuable consideration and includes any selling conducted as a "take it or leave it" or "retail sale" under RCW 62.04.060. It includes lease or rental, conditional sale and title, and any contract under which possession of the property is given to the purchaser but title is retained by the seller as security for the payment of the purchase price. It also includes the financing of food, drink, or meals that consumption whether consumed upon the premises or not.</p> <p>(2) "Casual or included sale" means a sale made by a person who is not engaged in the business of selling the type of property involved.</p> <p>(3)(a) "Lease or rental" means any transfer of possession or use of tangible personal property for a fixed or determinable term for consideration. A lease or rental may include future options to purchase or renew. "Lease or rental" includes agreements covering motor vehicles and trailers whether the amount of consideration is to be determined or determined by reference to the amount, notwithstanding the date of the property as defined under RCW, Sec. 70A.04(1), as amended or amended as of January 1, 2003. The definition includes subdivisions (b) about the vehicle sales and use tax payment regardless if a transaction is characterized as a lease or rental under generally accepted accounting principles, the Uniforms Internal Revenue code, Washington State's commercial code, or other provision of federal, state, or local law.</p> <p>(b) "Lease or rental" does not include:</p> <p>(i) A transfer of possession or control of property under a security agreement or defined payment plan that expires the number of days upon completion of the required payments;</p> <p>(ii) A transfer of possession or control of property under an agreement that requires the transfer of title upon completion of required payments and payment of an option price does not exceed the greater of one hundred dollars or one percent of the total required payments; or</p> <p>(iii) Providing tangible personal property along with an operator for a fixed or determinable period of time. A condition of that condition is that the operator is necessary for the tangible personal property to perform as designed. For the purpose of this subsection (b)(iii), an operator must disburse the material, input, or set up the tangible personal property;</p>				

**RCW 82.08.050: Tax imposed – Retail sales – Retail car rental**

<p>(1) There is a bond and there shall be collected a tax on each retail sale in this state upon taxis and five-wheeled motor vehicles, and on each retail sale of a motor vehicle in this state, other than retail car rental, other than a motor vehicle as defined in RCW 82.08.020, and off-road and utility motor vehicles as defined in RCW 82.08.020, and snowmobiles as defined in RCW 82.08.020.</p> <p>(2) The tax imposed under this chapter shall apply to immediate retail sales of the same property.</p> <p>(3) The rates provided in this section apply to taxes imposed under chapter 82.07 RCW as provided in RCW 82.02.020.</p>	<p>RCW 82.08.020-100 (Lexus) and (Mercedes)</p>	<p>Retail sales tax applies to retail sales unless specifically exempted. Depending on the location of sale, sales tax rates range from 3.0% to 6.5%.</p>
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**RCW 82.08.060: Buyer to pay, seller to collect tax – Statement of tax – Exception – Penalties – Contingent expiration of subsection**

<p>(1) The tax hereby imposed shall be paid by the buyer to the seller, and each seller shall collect from the buyer the full amount of the tax payable in respect to retail sales in accordance with the schedule of collection adopted by the department pursuant to the provisions of RCW 82.08.050.</p>		<p>When applied to retail sales tax receipts apply, the buyer is responsible for paying the retail sales tax to the seller and the seller is responsible for collecting and remitting the tax to the Department. If the seller has not collected the sales tax on properly maintained records substantiating transactions claimed, the Department will hold the seller liable for the tax.</p> <p>Documentation is necessary to verify sales transactions. The Buyer's Retail Sales Tax Receipts Certificate.</p>
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(d) Where a taxpayer has failed to pay to the extent the tax imposed by this chapter and the entire tax and paid the amount of the tax to the department, the department may, in its discretion, proceed directly against the taxpayer for collection of the tax, in which case a penalty of ten percent may be added to the amount of the tax for failure of the taxpayer to pay the same to the extent, regardless of when the same may be collected by the department, and all of the provisions of chapter 82.32 RCW, including those relating to interest and penalties, shall apply in addition and for the sole purpose of applying the various provisions of chapter 82.32 RCW, the twenty-fifth day of the month following the tax period in which the purchase was made shall be considered as the date of the tax.

(f) Mineral mining subdivisions (1) through (6) of this section, any person making sales is not obligated to collect the tax imposed by this chapter if:

(a) The product's activities in this state, whether conducted directly or through another person, are limited to:

- (i) Exploration, development, or display of advertising;
- (ii) The taking of orders; or
- (iii) The processing of payments; and

(b) The activities are conducted substantially via a website on a server or other computer equipment located in Washington that is not owned or operated by the person making sales in this state and viewed or operated by an individual person. "Web sales person" has the same meaning as provided in RCW 82.04.011.

(g) Sales tax (7) of this code also applies unless (a) The United States Congress grants individual states the authority to impose sales and use tax collection duties on manufacturers; or (b) it is determined by a court of competent jurisdiction, in a judgment not subject to review, that a state can impose sales and use tax collection duties on remote sellers.

**RCW 82.04.070: Remote certificate – Burden of proof – Tax liability – Ruben – Remote certificate as defined**

(1) Unless another law takes precedence, a remote certificate, the burden of proving that a sale of tangible personal property, or of services, was not a sale at retail shall be upon the person who made it.

(2) If a remote state will receive ultimate delivery at the time of the sale from a remote certificate no later at the time of the sale, or make a resale or return from the buyer within a reasonable time after the sale, the state shall remain liable for the tax, as provided in RCW 82.04.020, unless the seller can demonstrate facts and circumstances, according to rules adopted by the department of revenue that show the state tax properly shall without payment of sales tax.

(3) Remote certificates shall be valid for a period of two years from the date the certificate is provided to the seller.

WAC 800-20-010  
(Remote Certificate)



**RCW 92.04.055: Sale of intangibles, wholesale sale**

<p>"Sale of intangibles" or "wholesale sale" means:</p> <p>(1) Any sale of tangible personal property, any sale of services defined as a retail sale in RCW 92.04.020 by its, any sale of amusement or recreation services as defined in RCW 92.04.050(3)(a), any sale of leased vehicles, or any sale of telephone services as defined in RCW 92.04.060, which is not a sale of real estate;</p> <p>(2) Any charge made for labor and services rendered for personal use or not for resale, in respect to real or personal property, if such charge is expressly defined as a retail sale by RCW 92.04.020 or is law enforced to do for reasons: (b)(1)(B); That the term "real or personal property" as used in this subsection shall not include any natural products mined in RCW 92.04.040.</p>	<p>Goods are sold to manufacturers at a manufacturing site to allow for improvement in manufacturing process. Includes temporary facilities performing retail activities for a period other than the standard</p>	<p>State sales tax applies to intangibles</p>	<p>Wholesale sale is (b)(1) These activities are consistent with providing for the activities. To avoid determining whether a temporary worker is merely serving tangible personal property or creating a new, different, crucial article of tangible personal property temporary staffing businesses may report income from providing temporary services to manufacturing clients under the following conditions. A taxable certificate is necessary under these circumstances.</p> <p>Under RCW 92.04.040, requires a taxable certificate. Refer to RCW 92.04.070.</p>
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**RCW 92.04.070: Tax on wholesalers**

<p>Upon every price netting within this state in the business of making sales of intangibles, except prices taxable as intangibles under other provisions of this chapter, do to each person the amount of tax with respect to such tax net shall be equal to the gross proceeds of sales of such tax net multiplied by the rate of 0.063 percent.</p>	<p>State sales tax applies to intangibles</p>	<p>State sales tax applies to intangibles</p>	<p>See procedure for line deduction. RCW 92.04</p> <p>A retailing business that provides a service to a client who is not a consumer to perform activities that are defined as retail sales is not subject to the wholesale sales tax. To calculate the wholesale value of the transaction, the staffing business is required to be obtaining a retail certificate from the client.</p> <p>A retailing business that provides a temporary employee whose labor directly serves property while under manufacturing process (resulting in an article of tangible personal property that is new, different, or more useful) may also report under the wholesale classification. The manufacturer's taxable certificate is necessary for the staffing business to document the value of the activity.</p>
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Law	Notes	Other substance	Worker Category	Comments
<p><b>RCW 82.04.100: Extractor</b></p> <p>"Extractor" means every person who from the person's own land or from the land of another under a right or license granted by lease or contract, either directly or by contracting with others for the necessary labor or mechanical services, for sale or for consumption or individual use, quarries, takes or produces sand, oil, natural gas, ore, stone, coal, gravel, clay, shelled or other animal remains or products, or fish, oaks or cedar timbers, Christmas trees other than plantation-Chinese trees, or other natural products, or takes fish, shellfish, or other water-related water foods or products. "Extractor" does not include persons performing under contract the necessary labor or mechanical services for others, or persons sending the delivery of them under RCW 82.04.210.</p>	<p><b>WAC 800-20-110</b> (Extracting natural products)</p>			
<p><b>RCW 82.04.110: Manufacturer</b></p> <p>"Manufacturer" means every person who either directly or by contracting with others for the necessary labor or mechanical services, manufactures for sale or for consumption or individual use from his or her own materials or ingredients (a) articles, machines or instruments. "Manufacturer" means of equipment or facilities, families, or both for the common purpose or purposes, after a portion of the materials that become a part or parts of the manufactured article, the shipment of such portable replicable articles for determining tax liability (RCW 82.04.110). That a person who produces aluminum window sills is a processor for the entire chain manufacturer, regardless of the portion of the aluminum provided by that person's customer (RCW 82.04.110). That a manufacturer of this state who is the source of materials provided for a business in this state by a processor for the state and the demands for required in such processing work for it in this state (RCW 82.04.110). That the source of materials from which a machine for assembly is made for it by a processor for the state not to subject to tax under this chapter as a manufacturer of the final assembly.</p> <p>For the purposes of this section, "aluminum window sills" means an alloy registered with the Aluminum Association as a grade within one hundred alloy using the Aluminum National Standards Institute designating system H113.</p>	<p><b>WAC 800-20-110</b> (Manufacturing processing for tax liability)</p>			

## RCW 82.04.120: "To manufacture"

AS Amended July 7, 2011.

"To manufacture" includes all activities of a manufacturer or industrial nature where labor or skill is applied, by hand or machinery, to materials so that an article thereof is any different or useful substance or article of tangible personal property is produced for sale or consumption or industrial use, including: (1) The production or fabrication of printed matter or various made articles; (2) the printed line or fabrication of metal appliances, devices, mechanisms, substitutes, or other metal laboratory products by a metal laboratory or metal fabrication; (3) cutting, shearing, and sawing of metal cast, or metal stress; and (4) cementing and bonding of rock, sand, stone, glass, or clay.

"To manufacture" does not include: (1) Conditioning of land for use in planting, raising, hay or other activities which consist of raising, tending, or the gluing and/or which the fermentation, drying, or curing outside the state; (2) growing, harvesting, or producing of agricultural products; (3) packing of agricultural products, including sorting, washing, drying, packing, treating with fungicides, pest-killing, oiling, or plating in extended atmospheric storage; or (4) the production of computer software if the computer software is delivered from the state by electronic means by means other than tangible storage media, including the delivery by use of a tangible storage media where the tangible storage media is not physically transferred to the purchaser.

WAC 808-20-126  
(Manufacturing,  
processing the base,  
distilling)

## RCW 82.04.240: Tax on manufacturers

Continued expiration date.)

Upon every person engaging in this state in business as a manufacturer, except persons taxable as manufacturers under other provisions of this chapter, at month periods the amount of the tax with respect to such tax shall be added to the value of the products, including byproducts, manufactured, supplied by the state of this state.

The amount of tax on is the value of the products, including byproducts, as manufactured regardless of the place where or the time that deliveries may be made to points outside the state.

WAC 808-20-126  
(Manufacturing,  
processing the base,  
distilling)

Refer to processing the base, RCW  
82.04.240.  
Manufacturing (M.U.) rate of 0.6%.



<p>(d) Assisted fuel, reduced fuel, or reduced fuelstock, as those terms are defined in 26 CFR 1.204-1(b), at month percent the amount of tax with respect to the business shall be equal to the value of assisted fuel, reduced fuel, or reduced fuelstock manufactured, multiplied by the rate of 0.006 percent. This rate value (1) is applied to the amount of tax with respect to the business that, as those terms are defined in 26 CFR 1.204-1(b), at month percent the amount of tax with respect to the business shall be equal to the value of assisted fuel or reduced fuelstock manufactured, multiplied by the rate of 0.006 percent.</p> <p>(e) Upon every gross receipt within this rate is the tax less of splitting or processing (and joint) at month percent the amount of tax with respect to businesses that be equal to the value of the products processed, multiplied by the rate of 0.006 percent.</p> <p>(f) Upon every receipt, acquisition and separate acquisition (including activities such as research and development, as to such operations and activities), the amount of tax with respect to such activities shall be equal to the gross income derived from such activities multiplied by the rate of 0.006 percent.</p> <p>(g) Upon every gross receipt within this rate is the tax less of slaughtering, breeding and/or processing (and joint) products and/or selling (and/or) at wholesale only and not at retail as to such process the tax imposed shall be equal to the gross proceeds derived from such sales multiplied by the rate of 0.006 percent.</p> <p>(h) Upon every gross receipt within this rate is the tax less of making sales, at retail or wholesale, of another that are not manufactured by that person, at month percent the amount of tax with respect to such tax less shall be equal to the gross proceeds of sales of the activities, multiplied by the rate of 0.006 percent.</p> <p>(i) Upon every gross receipt within this rate is the tax less of manufacturing, at retail or wholesale, of another that are not manufactured by that person, at month percent the amount of tax with respect to such tax less shall be equal to the gross proceeds of sales of the products manufactured multiplied by the rate of 0.006 percent.</p> <p>(j) Upon every gross receipt within this rate is the tax less of selling at a farm agent or farm operator, at month percent the amount of tax with respect to such activities shall be equal to the gross income derived from such activities multiplied by the rate of 0.006 percent.</p> <p>(k) Upon every gross receipt within this rate is the tax less of mineral leasehold (including Agent, international mineral lease holder, mineral lease (right) holder), mineral lease (right) holder in foreign countries, and/or into (and/or) an agent, at month percent the amount of the tax with respect to such activities shall be equal to the gross income derived from such activities multiplied by the rate of 0.006 percent.</p>	<p>Travel agents who actually bank travel for others</p>	<p>Travel agent (B&amp;O rate is 0.005).</p>
<p>(k) Upon every gross receipt within this rate is the tax less of mineral leasehold (including Agent, international mineral lease holder, mineral lease (right) holder) in foreign countries, and/or into (and/or) an agent, at month percent the amount of the tax with respect to such activities shall be equal to the gross income derived from such activities multiplied by the rate of 0.006 percent.</p>	<p>Travel agents who actually bank travel for others</p>	<p>Travel agent (B&amp;O rate is 0.005).</p>
<p>(l) Upon every gross receipt within this rate is the tax less of mineral leasehold (including Agent, international mineral lease holder, mineral lease (right) holder) in foreign countries, and/or into (and/or) an agent, at month percent the amount of the tax with respect to such activities shall be equal to the gross income derived from such activities multiplied by the rate of 0.006 percent.</p>	<p>Travel agents who actually bank travel for others</p>	<p>Travel agent (B&amp;O rate is 0.005).</p>

Law	Risks	Other substance	Worker category	Comments
<p>Article 101b: Tax on manufacturers and processors of natural foods and by-products – Research and development organizations – Nuclear fuel assemblies – Freight agents – Certain international activities – The recycling and associated activities – Insurance agents, brokers, and solicitors – Freight – Repatriation of substantial (comments)</p>	<p>(9) Upon every price engaging within this state in the business of dressing and associated activities pertain to the movement of goods and commodities in waterborne interstate or foreign commerce; at least one percent of the net proceeds of such business shall be equal to the gross proceeds derived from such activities multiplied by the rate of 0.25 percent. Provisions apply to certain motor vehicle activities shall be exempt from payment of taxes imposed by chapter 62, 63 RCW for that portion of their business which constitutes motor vehicle activities. Dressing and associated activities pertain to the conduct of goods and commodities in waterborne interstate or foreign commerce as defined in all activities of a like or similar nature or transportation and already cargo ship be loaded or unloaded in or from vessels or barge, pond, piling, pier, wharf, or other place, or in other structure; cargo may be moved in a warehouse or similar building or storage yard or similar work. Further movement in import or export or any other mode to a destination might still be and handled, stored, or otherwise separated or otherwise engaged or engaged for delivery or loaded on any mode of transportation or delivery to its consignee. Specific activities included in this definition are: Wharves, loading, unloading, stacking, moving of cargo to a terminal place of delivery to the consignee in a commercial place for further movement to export mode, communication services in connection with the receipt, delivery, clearing, care, custody and control of cargo receipt in the transfer of cargo, imported materials handling port to delivery consignees, terminal unloading and associated vessel service, including but not limited to piloting and engineering refrigerated service to destinations, trunks, and other refrigerated cargo containers, and loading ship-stacks cargo.</p>		<ul style="list-style-type: none"> <li>Insurance agents</li> </ul>	<p>Specifying on the products.</p>
<p>(10) Upon every price engaging within this state in the business of disposing of low-level waste, as defined in RCW 65.04.003, at least one percent of the net proceeds of such business shall be equal to the gross income of the business, including any five percent under chapter 63.04 RCW, multiplied by the rate of 0.25 percent.</p> <p>(11) The gross income of a taxpayer is attributable to activities both within and without this state, the gross income attributable to this state shall be determined in accordance with the method of apportionment required under RCW 62.04.060.</p>	<p>WAC 650-20-64 (Insurance agents, brokers and solicitors)</p>		<ul style="list-style-type: none"> <li>Insurance agents, brokers, solicitors</li> </ul>	<p>Insurance agents (RCW on state of 6504)</p>
<p>(12) Upon every price engaging within this state in an insurance agent, insurance broker, or insurance broker's licensed under chapter 68.17 RCW, as to such person, the amount of the net proceeds of such business shall be equal to the gross income of such business multiplied by the rate of 0.25 percent.</p>				

<p>(12) Upon every period expiring within this state in business as a hospital, as defined in chapter 70A, RCW, that is operated as an integral component of the state or any of its political subdivisions, as to such periods, the amount of tax which expires from such activities shall be equal to the gross income of the business multiplied by the rate of 0.75 percent during June 30, 1985, and 1.5 percent thereafter. The amounts collected under this subsection shall be deposited in the health services account created under RCW 43.12.005.</p>	<p>Staffing expenses are not taxable. Medication expenses directly associated with patient care, treatment, or diagnostic efforts RCW 82A.020. Services and other activities.</p>
<p>(13) Beginning October 1, 2005, upon every period expiring within this state in the business of manufacturing commercial airplanes, or components of such airplanes, as to such periods the amount of tax shall equal to such tax less staff, in the case of manufacturers, the report to the value of the period manufactured, or in the case of processors for sale, the report to the gross income of the business, multiplied by the rate of</p>	<p>Almost identical directly associated with the assembly of commercial aircraft and component parts</p>
<p>(a) 0.125 percent from October 1, 2005, through the date of June 30, 2007, or the day providing the date that majority of a governmental airplane begins in Washington state, as determined under RCW 82.32.050; and</p> <p>(b) Beginning October 1, 2005, upon every period expiring within this state in the business of making sales, at retail or wholesale, of commercial airplanes, or components of such airplanes, manufactured by that person, as to such periods the amount of tax shall equal to such income that is report to the gross proceeds of sales of the airplanes or components manufactured by the rate of</p> <p>(i) 0.125 percent from October 1, 2005, through the date of June 30, 2007, or the day providing the date that majority of a governmental airplane begins in Washington state, as determined under RCW 82.32.050; and</p> <p>(ii) For the purposes of this subsection (13), "commercial airplane," "component," and "that majority of a governmental airplane" have the meanings given in RCW 82.32.050.</p> <p>(c) In addition to all other requirements under this title, a person eligible for the tax rate under this subsection (13) must report as required under RCW 82.32.050.</p> <p>(d) This subsection (13) does not apply after the earlier of July 1, 2024, or December 31, 2027, if majority of a governmental airplane starts and begins by December 31, 2027, as determined under RCW 82.32.050.</p>	<p>Special studies: "Aircraft parts factory" Manufacturers "Aircraft" January 18, 2001</p>

Laws	Risks	Other substance	Worker category	Comments
<p><b>RCW 82.04.060:</b> Tax on printers, publishers, highway contractors, extracting or processing for lime, cold storage warehouse or storage warehouse operation, insurance general agents, radio and television broadcasting, government contractors -- Cold storage warehouse defined -- Storage warehouse defined -- Periodical or magazine defined</p> <p><i>(Outdated regulation date:)</i></p> <p>Upon every person engaging within this state in the business of</p> <p>(1) Printing, setting or printing newspapers, periodicals, or magazines;</p> <p>(2) Printing, repairing or improving any street, place, road, highway, sidewalk, right of way, mass public transportation terminal or parking facility, bridge, tunnel, or levee which is owned by a municipal corporation or political subdivision of the state or by the United States, territory or to be used primarily for that territory or within including maintenance activities of any kind and including any improvement, reconstruction or extension of the facilities of any public works or unoperatively owned utility or subject in the course of such building, repairing or improving, the cost of which maintenance, reconstruction, or extension, is the responsibility of the public authority whose street, place, road, highway, sidewalk, right of way, mass public works project or terminal or parking facility, bridge, tunnel, or levee is being built, repaired or improved.</p> <p>(3) Extracting for lime or processing for lime, except process suitable as process for the lime under section 82.04.060 of this chapter;</p>	<p>WAC 800-20-140 (Political or magazine defined)</p> <p>WAC 800-20-171 (Building, repairing or improving or sidewalk, etc., which are owned by a municipal corporation or political subdivision of the state or by the United States and which are used primarily for that or related utility)</p> <p>WAC 800-20-186 (Manufacturing, processing for lime, extracting)</p>		<p>Workers Department of manufacturing, labor and impact for product to be used that is not different, or world item is produced</p>	<p>Processing for lime rate (MILB). Refer to RCW 82.04.060.</p> <p>Processing for lime activities do not include inspecting, grading, grading, hauling or unloading or spreading cementary and replacement to perform these tasks. Refer to RCW 82.04.060.</p>

<p>(d) operating a cold storage warehouse (warehouse, but not including the rental of cold storage facilities)</p>	<p>WAL 688-20-102 (Warehouse businesses)</p>	<p>(i) expending and performing services for fire or security insurance computed as an independent market managing general agent licensed under the provisions of RCW 48.02.010.</p> <p>(ii) retail and services (hauling, unloading, storage, offload and repack, including computed as a standard deduction based on the national average thereof as annually reported by the International Brotherhood of Teamsters, or in a form approved by the International Brotherhood of Teamsters, and including that portion of revenue reported by the national average computed as a ratio to the national total volume of sales and by the 100 miles full direct straight and delivery by rail, if any)</p> <p>(f) engaging in activities which bring a person within the definition of "common carrier" as defined in RCW 48.02.010. In no event, however, the amount of tax on such business shall be equal to the gross income of the business multiplied by the rate of 0.884 percent.</p> <p>As used in this section, "cold storage warehouse" means a storage warehouse used to store fresh and/or frozen perishable fruits or vegetables, meat, seafood, dairy products, or food, or any combination thereof, at a below temperature to maintain the quality of the product for ordinary marketing.</p> <p>As used in this section, "storage warehouse" means a building or structure, or any part thereof, or facility, room, or merchandise, that is used for the storage of commodities, except that warehouses, that warehouses, that packing plants, warehouses, bonded motor carriers, RCW 48.02.010, public storage storage, automobiles, aircraft flight clubs, clubs and taverns, and "off-storage" or "non storage" facilities, whether or not used, have direct access to individual storage areas by separate entrances. "Storage warehouse" does not include a building or structure, or that part of such building or structure, in which an activity under RCW 48.02.010 is conducted.</p>
<p>(g) operating a cold storage warehouse (warehouse, but not including the rental of cold storage facilities)</p>	<p>WAL 688-20-102 (Warehouse businesses)</p>	<p>(i) expending and performing services for fire or security insurance computed as an independent market managing general agent licensed under the provisions of RCW 48.02.010.</p> <p>(ii) retail and services (hauling, unloading, storage, offload and repack, including computed as a standard deduction based on the national average thereof as annually reported by the International Brotherhood of Teamsters, or in a form approved by the International Brotherhood of Teamsters, and including that portion of revenue reported by the national average computed as a ratio to the national total volume of sales and by the 100 miles full direct straight and delivery by rail, if any)</p> <p>(f) engaging in activities which bring a person within the definition of "common carrier" as defined in RCW 48.02.010. In no event, however, the amount of tax on such business shall be equal to the gross income of the business multiplied by the rate of 0.884 percent.</p> <p>As used in this section, "cold storage warehouse" means a storage warehouse used to store fresh and/or frozen perishable fruits or vegetables, meat, seafood, dairy products, or food, or any combination thereof, at a below temperature to maintain the quality of the product for ordinary marketing.</p> <p>As used in this section, "storage warehouse" means a building or structure, or any part thereof, or facility, room, or merchandise, that is used for the storage of commodities, except that warehouses, that warehouses, that packing plants, warehouses, bonded motor carriers, RCW 48.02.010, public storage storage, automobiles, aircraft flight clubs, clubs and taverns, and "off-storage" or "non storage" facilities, whether or not used, have direct access to individual storage areas by separate entrances. "Storage warehouse" does not include a building or structure, or that part of such building or structure, in which an activity under RCW 48.02.010 is conducted.</p>
<p>(h) operating a cold storage warehouse (warehouse, but not including the rental of cold storage facilities)</p>	<p>WAL 688-20-102 (Warehouse businesses)</p>	<p>(i) expending and performing services for fire or security insurance computed as an independent market managing general agent licensed under the provisions of RCW 48.02.010.</p> <p>(ii) retail and services (hauling, unloading, storage, offload and repack, including computed as a standard deduction based on the national average thereof as annually reported by the International Brotherhood of Teamsters, or in a form approved by the International Brotherhood of Teamsters, and including that portion of revenue reported by the national average computed as a ratio to the national total volume of sales and by the 100 miles full direct straight and delivery by rail, if any)</p> <p>(f) engaging in activities which bring a person within the definition of "common carrier" as defined in RCW 48.02.010. In no event, however, the amount of tax on such business shall be equal to the gross income of the business multiplied by the rate of 0.884 percent.</p> <p>As used in this section, "cold storage warehouse" means a storage warehouse used to store fresh and/or frozen perishable fruits or vegetables, meat, seafood, dairy products, or food, or any combination thereof, at a below temperature to maintain the quality of the product for ordinary marketing.</p> <p>As used in this section, "storage warehouse" means a building or structure, or any part thereof, or facility, room, or merchandise, that is used for the storage of commodities, except that warehouses, that warehouses, that packing plants, warehouses, bonded motor carriers, RCW 48.02.010, public storage storage, automobiles, aircraft flight clubs, clubs and taverns, and "off-storage" or "non storage" facilities, whether or not used, have direct access to individual storage areas by separate entrances. "Storage warehouse" does not include a building or structure, or that part of such building or structure, in which an activity under RCW 48.02.010 is conducted.</p>
<p>(i) operating a cold storage warehouse (warehouse, but not including the rental of cold storage facilities)</p>	<p>WAL 688-20-102 (Warehouse businesses)</p>	<p>(i) expending and performing services for fire or security insurance computed as an independent market managing general agent licensed under the provisions of RCW 48.02.010.</p> <p>(ii) retail and services (hauling, unloading, storage, offload and repack, including computed as a standard deduction based on the national average thereof as annually reported by the International Brotherhood of Teamsters, or in a form approved by the International Brotherhood of Teamsters, and including that portion of revenue reported by the national average computed as a ratio to the national total volume of sales and by the 100 miles full direct straight and delivery by rail, if any)</p> <p>(f) engaging in activities which bring a person within the definition of "common carrier" as defined in RCW 48.02.010. In no event, however, the amount of tax on such business shall be equal to the gross income of the business multiplied by the rate of 0.884 percent.</p> <p>As used in this section, "cold storage warehouse" means a storage warehouse used to store fresh and/or frozen perishable fruits or vegetables, meat, seafood, dairy products, or food, or any combination thereof, at a below temperature to maintain the quality of the product for ordinary marketing.</p> <p>As used in this section, "storage warehouse" means a building or structure, or any part thereof, or facility, room, or merchandise, that is used for the storage of commodities, except that warehouses, that warehouses, that packing plants, warehouses, bonded motor carriers, RCW 48.02.010, public storage storage, automobiles, aircraft flight clubs, clubs and taverns, and "off-storage" or "non storage" facilities, whether or not used, have direct access to individual storage areas by separate entrances. "Storage warehouse" does not include a building or structure, or that part of such building or structure, in which an activity under RCW 48.02.010 is conducted.</p>

Law	Notes	Other substance	Worker category	Comments
<p>total liability tax on prizes, pensions, highway contractors, consulting or processing firms, cold storage warehouses or storage warehouse operators, insurance general agents, radio and television broadcasting, government contractors – Cold storage warehouse defined – Storage warehouse defined – Period of or negative defined (continued)</p>	<p>As used in this section, "principal or equities" means a paid publication, other than an envelope, issued regularly at stated intervals at least once every three months, including any supplemental or special editions of the publication.</p>	<p>EMC 480-20-110 (Portions of employees, magazines, periodicals)</p>		
<p><b>RCW 82.04.290 Tax on international investment management services or other business or service activities</b></p>				
<p><b>Change in 2004 (See 2004-04-01)</b></p> <p>(1) Upon every profits enjoyed within this state by the business of providing international investment management services, as that term is defined, the amount of tax shall be equal to such business's net taxable gross income (gross proceeds of sales of the business multiplied by a rate of 1.5% per cent.</p> <p>(2) Upon every profits enjoyed within this state by the business activity other than a real estate business that is conducted in RCW 82.04.290, 82.04.291, 82.04.292, 82.04.293, 82.04.294, 82.04.295, 82.04.296, 82.04.297, 82.04.298, 82.04.299, 82.04.300, 82.04.301, 82.04.302, 82.04.303, and 82.04.304, as that term is defined, the amount of tax on account of such activities shall be equal to the gross income of the business multiplied by the rate of 1.5 percent.</p> <p>This section includes, among others, and without limiting the scope thereof, a business or act that is conducted in the performance of such business, profits to be derived by investment, production or other than by outright sale, profits enjoyed in the business of rendering any type of service which does not constitute a "sale at retail" or a "sale at wholesale." The nature of advertising, dissemination, and production supplies and materials furnished to an agent by the principal or supplier to be used for international, national and provincial purposes shall not be considered a part of the agent's remuneration or commission and shall not be subject to taxation under this section.</p>			<ul style="list-style-type: none"> <li>• Charitable, clerical and representatives</li> <li>• Adult day care</li> <li>• Credit card operations</li> <li>• Independent contractors involving care of dental patients</li> <li>• Medical non-operatives directly associated with the actual care, treatment, or diagnosis of patients</li> <li>• Taxicabs</li> <li>• Non-operatives directly associated with the actual care, treatment, or diagnosis of patients</li> <li>• Charitable, clerical and representatives</li> <li>• Accounting/bookkeeping operations</li> </ul>	<p>Service and other activities tax rate 1.5%</p>

- Electrical and building operations
- Human resource specialists
- Logisticians
- Data processing service
- Computer programming
- Social sciences
- Hospital administration
- Facility operations
- Warehouse workers
- Material handling
- Shipping and receiving clerks
- Machine operators
- Order processing
- Workers provided in a manufacturing plant
- Manufacturing facility workers: tool, crane, jack, hoist or related, or operate machinery and equipment to perform these tasks
- Industrial worker
- Call center supervisor and agents
- Production planning specialists
- Computer programming, development, design, and installation
- Marketing manager
- Manufacturing

Does not include occupations where the physical property is altered, repaired, cleaned, replaced, or improved.

Does not include occupations where the software is installed on computer hardware or installed, repaired, cleaned, serviced, etc.

Law	Notes	Other substance	Worker category	Comments
RCW 49.04.010: Tax on interest and investment management services or other business or service activities (continued)			<ul style="list-style-type: none"> <li>• Marketing, sampling, promotional, testing, and focus marketing</li> <li>• Movers</li> <li>• Automobile and boat drivers</li> <li>• Adult day care workers</li> <li>• Government staffing</li> </ul>	

**RCW 49.04.020: Tax on providing day care**

Unless every person employing within this state is the business of providing child care for periods of less than twenty-four hours, as to each person the amount of tax with respect to such business shall be equal to the gross proceeds derived from such sales multiplied by the rate of twelve percent.

Provision shall apply limited to those who provide day care to children. Provisions shall provide that day care tax subject to child care under the statute and other activities rate of 1.2%

**RCW 49.16.020: Public utility tax imposed -- Additional tax imposed -- Deposit of moneys**

(1) There is levied and there shall be collected from every person a tax for the net or percentage of netting within this state in any case or cases of the business herein mentioned. The tax shall be equal to the gross income of the business, multiplied by the rate set out after the business, as follows:

- (a) Gas, gas, sewerage collection, and telephone businesses: Three and six-tenths percent.
- (b) Light and power business: Three and six-tenths percent.
- (c) Gas distribution business: Three and six-tenths percent.

RCW 49.16.020 (1)(c)  
(Public Utility tax)

• Tax, business, collection rate

Utility transportation public utility tax rate 0.0002  
Does not include taxes and franchise fees. See RCW 49.16.020.



Laws	Notes	Other Guidance	Worker Category	Comments
<p><b>California, Electric Definitions (revised)</b></p> <p>(4) "Light and power business" means the business of operating a plant or system for the generation, production or distribution of electrical energy for sale or use and/or for the rendering of electricity to others.</p> <p>(5) "Telegraph business" means the business of affording telegraphic communication for hire.</p> <p>(7) "Gas distribution business" means the business of operating a plant or system for the production or distribution for sale or use of gas, whether manufactured or natural.</p> <p>(8) "Motor transportation business" means the business or any part thereof (including the business of operating any motor propelled vehicle by which persons or property of others are conveyed for hire, and including, but is not limited to, the operation of any motor propelled vehicle as an auto transportation company) (except within transportation business's, common carrier or contract carrier as defined by 8 C.F.R. § 101.101) and includes: (A) "Motor transportation business" shall not mean an interstate total position of logs or other forest products exclusively upon private roads or private highways.</p> <p>(9) "Urban transportation business" means the business of operating any vehicle for public use in the conveyance of persons or property for hire, include in its operating entity within the corporate limits of any city or town, or within the limits of the corporate limits thereof, or (B) operating entirely within and between cities and towns whose corporate limits are not more than five miles apart or within five miles of the corporate limits of either thereof. Included therein, but without limiting the scope thereof, is the business of operating passenger vehicles of any type including the business of operating cabs, taxis, or delivery services, including an enterprise that the collection and distribution of property having focus is defined to a point within or without the state, whether or not such collection or distribution is made by the person performing a local or interstate line-haul of such property.</p> <p>(10) "Public utility business" means any of the businesses defined in subdivisions (1), (2), (3), (4), (5), (6), (7), (8), and (9) or any business subject to control by the state, or having the power of eminent domain and for which national treaties or any business benefits declared by the Legislature to be of a public character, except telephone business as defined in 8 C.F.R. § 101.103 and low-level radioactive materials operating companies as defined in 8 C.F.R. § 101.104. It includes, among others, without limiting the scope thereof, telephone and post office, mail, telegraph, pipe line, rail bridge, rail logging, coal, water transportation and other businesses.</p>				

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(11) "Original business" means the business of operating, repairing, maintaining, refueling, or similar services in the loading or unloading of vessels, barges or calls for hire.

(12) "Direct income" means the value proceeding or accruing from the performance of the particular public service or transportation business involved, including operations incidental thereto, but without any deduction or amount off the cost of the commodity furnished or sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes, or any other separate statements paid or accrued and without any deductions or amount off taxes.

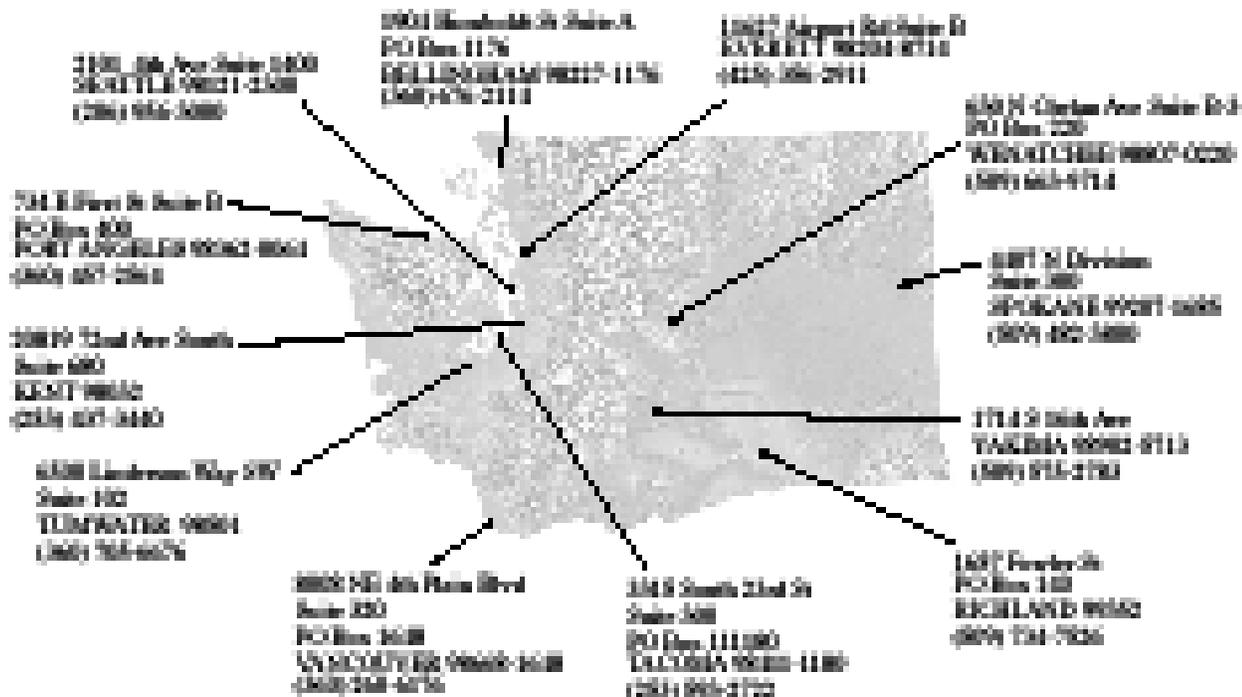
(13) The meaning attributed, in chapter 82.01 RCW, to the terms "tax", "price", "value proceeding or accruing", "business", "negotiable business", "in this state", "unlimited state", "taxes discount" and "business" shall apply equally to the provisions of this chapter.

# Department of Revenue Taxpayer Assistance



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