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B&O Tax and Out-of-State Printers

Purpose

This Excise Tax Advisory (ETA) explains the Department's position regarding the business and occupation (B&O) tax on out-of-state printers who sell the printed materials in Washington. Publishing activities and advertising income are not the focus of this ETA. For more information on publishing activities, refer to WAC 458-20-143 (Rule 143). For more information on the taxability of advertising income, refer to RCW 82.04.460, RCW 82.04.462, WAC 458-20-19401, and WAC 458-20-19402.

Taxability of printing and sales activities

Per RCW 82.04.280, a person engaged in the business of printing materials is taxable under the printing and publishing classification of the B&O tax upon the gross income of the business. This tax classification merges the production and selling activities so that when a person performs both activities with respect to the products, only the production activity is subject to B&O tax.

The measure of the tax for the production activity is based on the selling price. Thus:

- In-state printers, which are those printers that print products within Washington:
 - are subject to the printing and publishing B&O tax classification on the printing activity, even if the printed products are sold to out-of-state customers.
 - are not additionally subject to the retailing/wholesaling B&O tax classification on the sale of printed materials to instate customers.
- Out-of-state printers, which are those printers with substantial nexus in Washington that print products outside Washington:
 - are not subject to the printing and publishing B&O tax classification on the printing activity because the printing activity takes place outside of the state.
 - are not subject to the retailing or wholesaling B&O tax classification on the sales to instate customers.

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Printers (whether in-state printers or out-of-state printers with substantial nexus) making retail sales into Washington must collect and remit retail sales tax, even if they are not subject to B&O tax.

Please keep in mind that the foregoing treatment only applies to persons who both print materials and sell the printed materials.

Example

ABC Printers is an out-of-state printing company with substantial nexus in Washington. ABC prints posters and sells those posters to Washington customers at retail and wholesale. Although the printed materials are delivered into the state, the B&O tax does not apply to the printing activity. ABC also does not owe retailing or wholesaling B&O tax on its sales to Washington customers, but ABC must collect retail sales tax on those posters sold at retail.

If ABC Printers had been an in-state printer, the income from the printing activity would be subject to B&O tax under the printing and publishing classification, regardless of whether the magazines were sold to in-state or out-of-state customers. In addition, retail sales tax would apply to the retail sales of posters to Washington customers.
