

# TaxFacts

Washington State Department of Revenue

December 2012

This publication provides information and summarizes changes about tax laws administered by the Department of Revenue.

## Find articles of interest

You can scroll through the pages, or you can click on the title in the Table of Contents to move directly to an article of interest. To return to the contents page, click the Revenue icon in the top left corner. Links within the articles will take you to our [website](#) where you will find more information.

## Keep a copy for your files

Print the whole document or just print the pages with information related to your business. If you are going paperless, download this document to your computer.

## Stay informed

Tax Facts is published each July and December. [Back issues of Tax Facts](#) are available on our website.

## Contents

### Filing your return

Tax return tips .....	2
Completing and filing your return online .....	2
Completing and filing a paper return .....	2
Filing due dates .....	2
Local sales/use tax rate changes .....	2
Calculate the litter tax .....	3
Year-end tax filing questions? We can help! .....	3

### Tax news

Notice to auto repair facilities .....	4
British Columbia reinstates a provincial sales tax .....	4
Taxability of paper bag fees .....	4
Taxability of vending machine sales for car washes, vacuums, air and water .....	4
Prepaid phone cards are subject to sales tax .....	4
Stay up to date on spirits sales in Washington State ..	5
I-502 Licensing and regulation of marijuana .....	5
I-1240 Creation of up to 40 public charter schools .....	5
Look up a tax rate on the go! .....	6
Industry specific guides .....	6

### New laws, rules and notices

Rule making .....	7
Special notices .....	8
Washington Tax Decisions .....	8

### Tools and resources

Update your business information .....	9
Stay informed. Join our listserv .....	9
Free tax workshops .....	9



# Filing your return

**File early.  
Beat the rush.**

## Tax return tips

If you have been assigned a monthly, quarterly or annual reporting frequency, you must file a tax return even if you had no business activity and owe no taxes.

If you are an active non-reporting business and had business activity grossing over \$28K or were required to collect sales tax, you must file a return.

### Completing and filing your return online

Monthly and quarterly filers are required to file tax returns using E-file, the Department's online filing tool. E-file includes tutorials on the most commonly used pages, providing you with a step-by-step guide on how to complete the return. There's also a tutorial that shows you how to customize your online return to show only the fields you need.

E-file provides automatic error checking and immediate delivery with a confirmation number. E-file also automatically calculates the Small Business B&O Tax Credit.

To use E-file, go to our website at [dor.wa.gov](http://dor.wa.gov) and click *File my taxes online*.

### Completing and filing a paper return

While many annual filers choose to E-file, you may file a paper return. Use the return we mailed you or download a return from our website. Your return and your payment must be received by the Department by the return due date or penalties and interest may apply.

Don't forget to check if you qualify for the [Small Business B&O Tax Credit](#). Instructions and a chart to calculate the credit are included with your tax return.

### Filing due dates

**November 2012** return due **December 26, 2012**

**December 2012** return due **January 25, 2013**

**Quarter 4, 2012** return due **January 31, 2013**

**Annual 2012** return due **January 31, 2013**

A complete list of [filing due dates](#) can be found on our website.

If you had no business activity, you must still file a return. Choose one of these options:

- Logon to My account and select *Report no business*
- Tele-file a *no business* return using our automated telephone service at 1-800-647-7706 (available 24/7)
- If you are paper filer, file a *no business* paper return by checking the *no business activity* box on the return

### Local sales/use tax rate changes

To find a location code and tax rate, see the [Local Sales and Use Tax Rates and Changes Flyer](#) available on our website or included with your paper tax return. Select [Find taxes and rates](#) from our home page, then select [List of sales and use tax rates](#).

You can also find the correct tax rate and location code using our online [Tax rate lookup tool](#) or download our free [mobile app](#).



# Filing your return

## Calculate the litter tax

Retailers, wholesalers, and manufacturers of certain products owe litter tax on the value of the product or the gross proceeds from the sales of these products. ([WAC 458-20-243](#))

Products requiring litter tax include:

- Food for human or pet consumption
- Groceries
- Cigarettes and tobacco products
- Soft drinks and carbonated waters
- Beer and other malt beverages
- Wine
- Newspapers and magazines
- Household paper and paper products
- Glass containers
- Metal containers
- Plastic or fiber containers made of synthetic material
- Cleaning agents
- Toiletries
- Nondrug drugstore sundry products

## Year-end tax filing questions? We can help!

### Internet services: [dor.wa.gov](http://dor.wa.gov)

Use our website to find all the resources you'll need to complete and file your excise tax return. You can also update or change your business information or close your business online. Simply click on the *Doing business*, then find the service you need under the *My account* heading.

### Automated telephone services: 1-800-647-7706

Our toll-free automated service provides many options that allow you to:

- Order forms and publications
- Change address information
- Close your business account
- Make other changes to your account

### Telephone information center: 1-800-647-7706

In January, the phone lines get very busy. To avoid a long wait, call early in the month. The telephone information center is available 8 a.m. to 5 p.m. Monday through Friday.

Other helpful tips include:

- Have your UBI/tax registration number available. This nine-digit number is printed on your tax return, above the name and address label, or on other correspondence from the Department.
- If you are a paper filer, know the type of return you've received – Combined Excise Tax Return, Business and Occupation Activities Tax Return, or Retailing and Other Activities Tax Return.
- Have your gross income figures (not including any sales tax collected) available to complete the return.
- Stay on the line and be patient – we answer every call in the order received.



# Tax news

## Notice to auto repair facilities

As required by RCW 46.71.090, the Department of Revenue reminds all automotive repair facilities that they must create and post a sign that lists customer rights and meets all of the requirements under RCW 46.71.031.

Effective January 1, 2013, Substitute Senate Bill 6005 exempts auto repair facilities from providing written repair estimates for vehicles that:

- Qualify for a horseless carriage license plate under RCW 46.04.199 or collector vehicle license plate under RCW 46.04.1261.
- Are considered a street rod vehicle under RCW 46.04.572, custom vehicle under RCW 46.04.161 or parts car under RCW 46.71.025(4).

For more information, see our Tax Topics article on [auto repair facilities](#).

## British Columbia reinstates a provincial sales tax

*Effective April 1, 2013, British Columbia will reinstate a Provincial Sales Tax (PST).*

This change has no effect on the nonresident retail sales tax exemption for goods purchased in Washington. Effective July 1, 2011, [RCW 82.08.0273](#) explicitly disallowed nonresidents from claiming the exemption if they reside in a jurisdiction that imposes a value added tax, gross receipts tax on retailing activities, or similar generally applicable tax, and the rate of the tax is 3 percent or more.

## The taxability of paper bag fees

Various Washington cities have passed ordinances that require retail establishments to charge customers a fee for certain carry-out bags. The Department has determined that the charge to customers for carry-out bags is a retail sale, subject to retail sales tax and the retailing B&O tax.

For more information see our Tax Topics article on [paper bag fees](#).

## The taxability of vending machine sales for car washes, vacuums, air and water

Persons operating vending machines that provide car washes, allow the operation of vacuum equipment, and dispense air or water are making retail sales and must report retailing B&O tax and collect retail sales tax.

For more information see our Tax Topics article on these [vending machines](#).

## Prepaid phone cards are subject to sales tax

The Department of Revenue reminds retailers that sales of prepaid phone cards are subject to sales tax. The cards represent a sale of telephone services. Telephone services are specifically defined as retail sales in RCW 82.04.050(5).

For more information see our Excise Tax Advisory 3093.2009, titled [Prepaid Telephone Debt Cards](#).



# Tax news

## Stay up to date on spirits sales in Washington State

Businesses and consumers will find up to date information on the spirits taxes web page at [dor.wa.gov/spirits](http://dor.wa.gov/spirits). The web page has a variety of tools including fact sheets, a spirits tax calculator and convenient links to the [Liquor Control Board's website](#).

If you are interested in how spirits sales have fared since privatization, we have posted a [Spirits Tax Collections and Sales](#) report on our website. The report details the collection of spirits taxes and the spirits sales activity, will be updated monthly.

The report shows the:

- Spirits tax dollars collected during each collection period (the 11th of one month to the 10th of the next month)
- Dollar amount and volume of sales to consumers by spirits retailers (by month)
- Dollar amount and volume of sales to on-premises licensees by spirits distributors (by month)

## Initiative 502

### Licensing and regulation of marijuana

I-502 provides for the licensing and regulation of marijuana production, distribution, and possession for persons who are 21 years of age or older. It removes criminal and civil penalties for activities authorized by the initiative. The initiative establishes an excise tax on licensed producers, processors, and retailers, which is administered by the Liquor Control Board (LCB). Questions about proper licensing and the new marijuana taxes need to be directed to the LCB. See LCB's I-502 [Fact Sheet](#).

Businesses selling marijuana and/or marijuana-infused products are subject to the business and occupation (B&O) tax. Retail sales tax applies to retail sales of such products unless a statutory exemption applies. The Department of Revenue will provide additional information on how B&O and retail sales taxes apply to the activities authorized by the initiative. Check our [website](#) for information.

For information on [medical cannabis](#) see our Tax Topics article.

## Initiative 1240

### Creation of up to 40 public charter schools

I-1240 allows up to 40 public charter schools to be created in Washington over a five-year period. The Department is currently analyzing how existing tax laws may apply to these activities. Information will be available on our [website](#).



# Tax news

## Look up a tax rate on the go!

Do you do work or provide services for customers at their sites? Washington's free tax rate lookup app will help you find the correct sales tax rate for any Washington location—right from your phone. Use GPS or key in an address and instantly have the rate, location code, and a confirmation code. Save the information to your list or forward it to another phone or email address. You can even use the app to automatically calculate the total due from your customer. Did we mention it's free? Learn more by visiting [dor.wa.gov/TaxRateMobile](http://dor.wa.gov/TaxRateMobile)

## Industry specific guides

To help you understand the tax obligations for specific industries, we've created the following [online guides](#).

These guides provide general information and do not replace or substitute Washington rules or laws. For more information or to get answers to specific questions, please [contact us](#).

Agriculture	Personal Home Rentals (pdf)
Auto Dealer	Physical Fitness Services
Bail Bond Agency	Pilates (pdf)
Beauty	Yoga (pdf)
Child Care	Podiatric Physicians
Commercial Fishing	Restaurants and Retailers of Prepared Food
Construction	School Districts
Convenience Stores	Self-Service Storage Businesses
Denturists	Solid Waste Collection/Disposal and Recycling Businesses
Direct Sellers/Multilevel Organizations	Staffing Industry
Fishing Charters	Tavern
Horse Industry	Taxicabs (and Limousines)
Hospital	Trucking
Indian Guide	Vessel Brokers and Dealers
Insurance Industry	Veterinarian
Interior Decorators, Designers, and Consultants	Wine Industry
Lodging	
Manufacturing Industry	
Mortgage Brokers	
Nonprofit Organizations	
Online Sales of Goods	
Out-of-state Businesses	



# New laws, rules and notices

## Rule making

Below is a listing of the Department of Revenue's recent tax rule adoptions and repeals. For specific information on the rule changes, to obtain a copy of a newly adopted rule, or for more information regarding how these rules may affect you, go to [dor.wa.gov](http://dor.wa.gov) and click on *Find a rule or law*, then under *Rule making* click *Adoptions and repeals*.

### Excise tax rules (WACs) adopted or amended:

#### Effective September 2012

WAC 458-20-19402	Single factor receipts apportionment-Generally
WAC 458-20-19403	Apportionable royalty receipts attribution
WAC 458-20-19404	Financial institutions-Income apportionment

#### Effective July 2012

WAC 458-20-273	Renewable Energy System Cost Recovery
----------------	---------------------------------------

### Changes to interpretive/policy statements

We issue interpretive and policy statements, such as Excise Tax Advisories (ETAs), to explain how tax applies to a specific set of facts or to address specific issues. These statements are issued or cancelled periodically based primarily on changes in the tax law. Statements that are cancelled can no longer be relied upon for tax application.

### Excise tax advisories (ETAs) issued:

ETA 3172.2012	Contests of Chance <i>October 24, 2012</i>
ETA 3133.2012	Withdrawal of published determinations <i>September 28, 2012</i>

### Property tax advisories (PTAs) cancelled:

PTA 1.1.2009	Specific Questions Related to Administration of Property Taxes under I-695 <i>October 24, 2012</i>
--------------	---



# New laws, rules and notices

## Special notices

The following Special Notices were issued in the last few months. These notices discuss current issues as well as changes resulting from legislation. They are available online at [dor.wa.gov](http://dor.wa.gov) under [Get a form or publication](#). You may also call 1-800-647-7706 to have a copy sent to you.

### **Taxability of third party discount vouchers**

This Special Notice clarifies how sellers should report sales of products and services when third party discount vouchers are redeemed by their customers. *Issued August 23, 2012*

### **Oil spill response tax re-imposed**

The one-cent per barrel oil spill response tax is re-imposed beginning January 1, 2013. The tax is re-imposed because the balance of the oil spill response account is less than \$8 million and will remain in effect until the account balance exceeds \$9 million.

There are two components to the oil spill tax, which is reported monthly on the Oil Spill Tax Return:

- **Oil spill response tax** – one cent per barrel (re-imposed effective January 1, 2013)
- **Oil spill administration tax** – four cents per barrel

The re-imposition of the oil spill response tax component increases the total tax rate from four cents to five cents per barrel. *Issued October 11, 2012*

### **Federal excise tax on medical devices**

As part of the Health Care and Education Reconciliation Act of 2010, the federal government implemented a Medical Device Excise Tax that is imposed on the sale of certain medical devices by the manufacturer, producer or importer of the device. This Special Notice explains how the new federal tax impacts Washington State taxes. *Issued November 6, 2012*

## Washington Tax Decisions

For specific information on recently issued Washington Tax Decisions (WTDs), or for more information regarding how these decisions may affect you, go to [dor.wa.gov](http://dor.wa.gov), click on *Find a rule or law*, then click on a link under the heading Washington Tax Decisions (WTDs).



# Tools and resources

## Update your business information

The Department tries to notify you when legislative updates or law changes occur that may affect your business. Too often, we find that the contact information we have for you is outdated.

Please update your contact information with the Department by taking one of these steps:

- Logon to My account, select *Manage business account* and choose *Update business information*.
- Call 1-800-647-7706 and ask to update your contact information.

## Stay informed. Join our listserv

If you have an interest in a particular issue, chances are there is a listserv available that will help you stay informed. Listservs are email distribution lists that will provide you with the most recent updates. You can join a listserv that will provide you with filing reminders, changes to excise tax rates, news releases or many other topics. Just choose the information or service you're interested in and join the list.

To sign up for one of our listservs, go to our website at [dor.wa.gov/Listserv](http://dor.wa.gov/Listserv).

## Free tax workshops

We offer tax workshops free of charge throughout the state. To view the schedule or for more information, visit our website at [dor.wa.gov](http://dor.wa.gov), click on *Workshops and education* on the left. Register online or call us to sign up.

The following New Business Workshops are schedule for January 2013:

January 15	Port Angeles Bellingham
January 17	Vancouver Bellevue

More workshops will be added each month. Check our website regularly for a workshop near you.

## Contact

<b>Bellingham</b>	<b>(360) 594-4840</b>	<b>Spokane</b>	<b>(509) 327-0200</b>
<b>Bothell</b>	<b>(425) 984-6400</b>	<b>Tacoma</b>	<b>(253) 382-2000</b>
<b>Kent</b>	<b>(425) 656-5100</b>	<b>Tumwater</b>	<b>(360) 705-6705</b>
<b>Port Angeles</b>	<b>(360) 417-9900</b>	<b>Vancouver</b>	<b>(360) 256-2060</b>
<b>Richland</b>	<b>(509) 987-1201</b>	<b>Wenatchee</b>	<b>(509) 663-9714</b>
<b>Seattle</b>	<b>(206) 727-5300</b>	<b>Yakima</b>	<b>(509) 454-5160</b>

**Telephone Information Center (800) 647-7706**