

# Tax Facts

Washington State Department of Revenue (DOR)

## In this Issue

Deductions Anyone? .....	1
About Unclaimed Property .....	1
April 30 Property Tax Reminder .....	2
Notice to Auto Repair Facilities .....	2
New Special Notices .....	2
Q&A .....	3
Rule Changes .....	3
Business Information Workshops .....	3
On the Web .....	4
Need Assistance? .....	4

## Deductions Anyone?

Are you taking all the tax deductions available to you? The following list identifies some of the most common deductions. Before taking a deduction, please refer to the rule to determine entitlement to the deduction. A detailed list of deductions is available in the Department's publication, *Business Tax Guide*. A copy is available on the Department's web page at <http://dor.wa.gov/publications/bustxgud.pdf>.

**Returns and Allowances:** Available under most B&O tax classifications, public utility and retail sales tax. A deduction is allowed for amounts received for returned goods when the selling price is refunded or credited to the customer. Refer to WAC 458-20-108, *Returned goods, allowances, cash discounts*.

**Freight:** Available under the manufacturing B&O tax classification. Manufacturers that incur freight and delivery costs may deduct those costs. Refer to WAC 458-20-112, *Value of products*.

*continued on page 2 . . .*

## About Unclaimed Property



### Are you holding Unclaimed Property?

The Uniform Unclaimed Property Act protects unclaimed property until it is returned to its rightful owner and allows for a central location in each state where people can search for their unclaimed funds. Washington State law requires businesses and other organizations to review their records each year to determine if they hold any unclaimed property. If a business has unclaimed property, the business must file an annual report and deliver the property to the state. The most common types of unclaimed property held by businesses include:

- ◆ Abandoned bank accounts and uncashed checks.
- ◆ Gift certificates and utility/phone company deposits.
- ◆ Safe deposit box contents, insurance proceeds, stocks, bonds and mutual funds.

The Department is offering several Unclaimed Property Reporting Workshops in Olympia and Spokane for 2002. The workshops are designed to educate businesses about their reporting requirements and are tailored to fit three different types of audiences: government agencies, financial institutions and general businesses. For the workshop schedule and registration information, please see page three.

### Does the state owe you money?

Check out the Department's web site to find out if the state is holding your money. Search the Department's Unclaimed Property database, <http://dor.wa.gov/unclaim/search.asp?noframes>, by business name or last name. The online database includes information on property received since 1983. For information regarding property received prior to 1983, please call 1-800-435-2429.



**Bad Debt:** Available under B&O, public utility and retail sales tax. This deduction may be taken when amounts previously reported on a Combined Excise Tax Return have been determined to be uncollectible. To take the deduction, the debts must be written off as worthless for federal tax purposes. Refer to WAC 458-20-196, *Credit losses, bad debts, recoveries.*

**Interstate & Foreign Sales:** Available under most B&O tax classifications and retail sales tax. The deduction applies to sales of goods delivered outside the state. Refer to WAC 458-20-193, *Inbound and outbound interstate sales of tangible personal property.*



### Excise Tax Advisories (ETA)

The Department issued the following ETA on January 28, 2002:

2007.04.190 Taxability of federal instrumentalities and federally-created corporate entities.

### April 30 Property Tax Reminder

Don't forget, April 30, 2002, is the due date for real and personal property tax payments. This is also the due date for filing personal property affidavits.

If you have questions about payment of property taxes, contact your county treasurer's office. If you have questions about the valuation of property or filing the personal property affidavit, contact your county assessor's office. Telephone numbers for both offices are listed in the county government sections of the phone book. ▲

## Notice to Auto Repair Facilities

Under Washington's Auto Repair Law, Chapter 46.71 RCW, customers are entitled to:

1. A written estimate for repairs that will cost more than \$100, unless waived or absent face-to-face contact (see item 4).
2. Return or inspection of all replaced parts, if requested at the time of repair authorization.
3. Authorize orally or in writing any repairs that exceed the estimated total pre-sales tax cost by more than 10 percent.
4. Authorize any repairs orally or in writing if the customer's vehicle is left with the facility without face-to-face contact between the customer and the repair facility personnel.
5. A copy of the invoice that clearly and accurately lists all work performed and parts supplied.



A repair facility that fails to comply with these requirements may not file a possessory or chattel lien for the amount of unauthorized parts or labor upon the motor vehicle or component. This general summary is not intended to cover all legal implications of the law. It is provided annually by the Department of Revenue, as required by RCW 46.71.090.



### New Special Notices

The Department issued the following Special Notices. You may request a copy using the Department's automated services - see page four.

- ◆ **Cigarette Tax and Tobacco Products Tax Increase** explains increases to Washington's cigarette tax and tobacco products tax due to the passage of Initiative 773. *Issued November 21, 2001.*
- ◆ **Changes for Reporting Oil Spill Taxes** advises that the tax rate paid by persons filing Oil Spill Tax Returns was reduced, effective January 1, 2002. The Oil Spill Tax Return was simplified as of January 2002, as well. *Issued November 30, 2001.*
- ◆ **Sales and Use Tax Exemption for Light and Power Businesses** explains the sales and use tax exemption for air pollution control facilities as a result of Engrossed House Bill 2247. *Issued February 11, 2002.*
- ◆ **Tax Exemptions on Sales of Goods and Services to Indians and Indian Tribes Taking Place in Indian Country** explains the tax exemptions available to businesses making sales to or providing services to Indians or Indian tribes in Indian country. It also clarifies the tax exemptions provided to Indians or Indian tribes in Indian country. *Issued February, 2002.*

# Q&A

**Q.** I did not have income from my business this quarter. Do I still need to file an excise tax return?

**A.** Yes, as a registered business you must complete an excise tax return even if you did not have any business income. To complete the return, simply check off the “No Business Activity” box above the signature line on the return. Be sure to sign and date the return and include a daytime phone number.

You may also use the Department’s 24-hour services to file a “no business” tax return. See page four for automated services.



## Rule Changes

The following rules were recently adopted. Rules are available via the Department’s web site, <http://dor.wa.gov>.

- WAC 458-20-17802      Collection of use tax by county auditors and department of licensing. Measure of tax. *Effective 11/26/01*
- WAC 458-20-240      Manufacturer’s new employee tax credits. *Effective 9/15/01*

## Request a Speaker

Unable to attend a workshop? Request a speaker. Companies and professional organizations located in Washington may request a Department of Revenue speaker to provide educational information on a variety of topics. Whether it’s a staff meeting or a regional conference, we welcome the opportunity to provide information and answer questions.

To reserve a speaker on unclaimed property topics, call (360) 753-5531 or register online at <http://dor.wa.gov/unclaim/ucspeakers.htm?noframes>.

To reserve a speaker on other topics, contact the Speakers Bureau at (360) 486-2111 or register online at <http://dor.wa.gov/ser/sbureau.htm?no>.



## Business Information Workshops

Register for workshops online at [http://dor.wa.gov/Services/services\\_wrkshop.asp](http://dor.wa.gov/Services/services_wrkshop.asp) or call the number listed.

### New Business Outreach

New Business Outreach (NBO) Workshops provide a basic overview of taxes that apply to various business activities in Washington. Topics include tax reporting classifications, deductions, collecting sales tax, and record keeping requirements.

Date	Workshop Location	Time
4/18/02	Bellevue City Hall, Council Conference Room Main Street, <b>Bellevue</b> , 425/452-6851	1:00 pm – 4:00 pm
4/23/02	Port Angeles City Hall Council Chambers 321 East 5th Street, <b>Port Angeles</b> , 360/457-2564	9:00 am – 12:00 pm
5/8/02	Lakewood Library, 6300 Wildaire Road SW, <b>Lakewood</b> 253/593-2722	1:00 pm – 4:00 pm
5/14/02	Bellingham Worksource Office, 101 Prospect Street, Suite 10, Conference Room, <b>Bellingham</b> , 360/676-2114	1:00 pm – 4:00 pm
5/15/02	Dept. of Revenue, 4407 N. Division, 8th floor of Northtown Office Building, <b>Spokane</b> , 509/482-3805	8:30 am – 11:30 am; 1:30 pm – 4:30 pm
6/5/02	Dept. of Revenue, 2101 - 4th Avenue, Suite 1400 (cross street Lenore), <b>Seattle</b> , 206/956-3002	1:00 pm – 4:00 pm

### Construction Industry Tax Workshop

This two-hour workshop is structured to provide tax information specific to the construction industry. Topics include custom construction, speculative building, government contracting, public road construction, and much more.



Date	Workshop Location	Time
4/25/02	Clark College, Central Conference Rm in Gaiser Hall, 1800 East McLoughlin Blvd, <b>Vancouver</b> , 1-800-647-7706	1:30 pm – 3:30 pm

### Unclaimed Property Workshops for 2002

Sign up today to attend an Unclaimed Property Reporting Workshop. Register online or call (360) 753-5531.

Date	Workshop Title	Location	Time
4/23/02	UCP Reporting for Governmental Institutions	Olympia	10:00 am – 3:00 pm
4/24/02	UCP for Financial Institutions	Olympia	10:00 am – 3:00 pm
4/25/02	UCP Reporting for Businesses	Olympia	9:00 am – 4:00 pm
5/14/02	UCP Reporting for All Holders	Spokane	9:00 am – 4:00 pm
5/15/02	UCP Reporting for All Holders	Spokane	9:00 am – 4:00 pm

**Olympia location:** Ameritel Inn, 4520 Martin Way East, Olympia  
**Spokane location:** Spokane Convention Center, 334 West Spokane Falls Boulevard, Spokane



# On the Web

<http://dor.wa.gov>

Look for this new section in every edition of **Tax Facts** to learn more about the information and services available on the Department of Revenue's web site.

What's New	Public Records Database	Careers	GIS
<p>Looking for the latest information? Click on "What's New." You'll find everything that's been posted to the site within the last 30 days.</p>	<p>Looking for the name, address, or tax account number for a particular business? On our <b>Public Records Database</b> you'll find this information and more.</p> 	<p>Interested in joining the Department of Revenue team? Click on "Careers" to find job listings, benefit information, and application forms.</p>	<p>Confused by all the different sales tax rates in Washington? Use our <b>Tax Rate Maps &amp; Lookup Tools</b> to find the appropriate sales tax rate for any location in Washington. These useful tools are created and updated quarterly using <b>Geographical Information System (GIS)</b> technology.</p> 

## Need Assistance?



**Access Online Information & Services -  
24 hours a day/7 days a week**

Visit <http://dor.wa.gov> to get information on:

- ◆ Contacting Us
  - ◆ Phone Numbers, office locations, and more
- ◆ News Releases
- ◆ Career Opportunities
- ◆ Forms
- ◆ Publications
- ◆ Rules & Laws
- ◆ Statistical Reports
- ◆ DOR Services
- ◆ Tax Topics

Use our Automated Telephone Services: 1-800-647-7706

- ◆ File a "no business activity" tax return
- ◆ Update or close your account
- ◆ Order publications, forms, rules and laws
- ◆ Request documents via *Fast Fax*
- ◆ Listen to prerecorded tax information on *Tax Express*

### Need to speak to a real person?

- ◆ Call the Telephone Information Center at 1-800-647-7706, Monday, Tuesday, Thursday and Friday, 7:30 a.m. to 5:00 p.m.; Wednesdays, 9:00 a.m. to 5:00 p.m.
- ◆ For local office assistance, check your local telephone listing or our web site for the address and phone number of the DOR office nearest you.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users, please call 1-800-451-7985.

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