

# Tax Facts

## Combined Excise Tax Return Changes

You'll notice the following changes to the Combined Excise Tax Return, due to laws passed during the 2003 legislative session. Unless otherwise noted, the changes were effective on July 1, 2003.

- **IMPORTANT! New due date for monthly filers:** Beginning with the July 2003 tax return, **monthly filers must file their tax return by the 20<sup>th</sup> of the following month instead of by the 25<sup>th</sup>**. Due dates for quarterly and annual filers remain the last day of the following month. *Effective August 1, 2003.*
- **Delinquent penalty rates increased:** The penalty rates imposed on delinquent tax returns have changed. For further information, see our [Penalty Changes Special Notice](#), issued June 25, 2003.
- **Additional sales and use tax on motor vehicles:** An additional sales/use tax of 0.3 percent now applies to sales, rentals, leases, and transfers of motor vehicles (including trucks and motor homes) licensed for on-road use. The tax is in addition to taxes that apply to sales or leases of motor vehicles. The additional tax does not apply to passenger car rentals subject to the rental car tax. The motor vehicle tax is reported on line 25 of the tax return. For further information, see our [Motor Vehicle Sales and Use Tax Rate Increase Special Notice](#), issued June 17, 2003.
- **Quality maintenance fee on nursing facility operators:** Nursing facility operators are subject to a fee of \$6.50 per patient per day (less Medicare patient days), to be reported on a monthly basis. The nursing facility fee is reported on line 60 of the monthly tax return. For further information, see our [Nursing Facility Operators – Quality Maintenance Fee Special Notice](#), issued June 26, 2003.
- **Biofuel manufacturing:** Qualifying biofuel manufacturers have a new business and occupation (B&O) tax rate (0.138 percent). These businesses must report their biofuel manufacturing activities on line 5 of the tax return. For further information, see our [Biofuel Manufacturers Special Notice](#), issued June 24, 2003.
- **Chemical dependency/drug treatment facilities:** After July 26, 2003, income received by qualifying drug treatment facilities from government agencies is subject to a lower B&O tax rate (0.484 percent). The income is reported on line 10 of the tax return. For further information and to determine if your facility qualifies for the lower rate, see our [Chemical Dependency Service Providers – Tax Change Special Notice](#), issued June 23, 2003.

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- **Petroleum products tax re-instated:** The petroleum products tax (reported on line 54 of the tax return) was re-imposed. The petroleum products tax is imposed on the first possessor of petroleum products in Washington and applies to the wholesale value of products. For further information, see our [Petroleum Products Tax Re-imposed Special Notice](#), issued April 10, 2003.
- **Environmental remedial action (ERA):** The statutes ([RCW 82.04](#), [RCW 82.04.050\(10\)](#), and [RCW 82.04.190\(9\)](#)) relating to ERA expired after June 30, 2003. The expired laws provided a special B&O tax rate and sales tax exemption for businesses providing ERA services, and amended the definition of “consumer” and “retail sale.” Environmental remedial action has been removed from line 12 of the tax return. For the new tax application for such activities, see our [Environmental Remedial Action Sunsets Special Notice](#), issued June 23, 2003.
- **Water distribution businesses:** The laws that provided deductions for conservation expenses and an exemption for a portion of the gross revenues from sales of reclaimed water expired after June 30, 2003. Therefore, these deductions are no longer available.

All of the Special Notices mentioned above are available online at [http://dor.wa.gov/content/pubs/specnotic/pubs\\_sn\\_main.asp](http://dor.wa.gov/content/pubs/specnotic/pubs_sn_main.asp) or by calling our Telephone Information Center at 1-800-647-7706.

## Food Products

Keep your eyes open for information on the application of sales tax to food products. [Senate Bill \(SB\) 5783](#) (Chapter 168, Laws of 2003) provides some big changes regarding which food products are exempt from sales tax in Washington.

**The changes are not effective until January 1, 2004.** In the upcoming months, we will provide detailed information and instructions on the changes to businesses that sell food products.

## Tax Workshops

### ***New Business Outreach Workshops***

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 recordkeeping requirements.

Please check our web site for newly scheduled or upcoming workshops. Register for workshops online at [http://dor.wa.gov/content/services/services\\_wrkshopNBO.asp](http://dor.wa.gov/content/services/services_wrkshopNBO.asp) or call 1-800-647-7706.

## Do you do Business with Indians in Indian Country?

Special rules apply if you do business with Indians in “Indian Country.” However, don’t rely on unofficial sources for tax information in this technical area. The only official source of information regarding taxes administered by the Department of Revenue is the Department itself, despite any representations to the contrary.

The Department’s official position on excise tax issues related to tribes and tribal members is contained in [WAC 458-20-192](#). If you have additional questions or need specific advice, please [contact us](#) directly.



## Special Notices

[Motor Vehicle Sales and Use Tax Rate Increase](#), issued June 17, 2003, discusses the additional sales tax on sales and leases of motor vehicles, effective July 1, 2003.

[Commute Trip Reduction Credit Program](#), issued June 18, 2003, explains the commute trip reduction credit incentive for qualifying employers/property managers.

[Chemical Dependency Service Providers – Tax Change](#), issued June 23, 2003, provides details on the lower B&O tax rate for certain income received from qualifying treatment services for chemical dependency.

[Environmental Remedial Action Sunsets](#), issued June 23, 2003, provides tax reporting/classification information to businesses that previously reported under the environmental remedial action B&O tax classification, which expired on June 30, 2003.

[Biofuel Manufacturers](#), issued June 24, 2003, explains the tax benefits provided to manufacturers of biofuel.

[Biofuel Sellers](#), issued June 24, 2003, explains the tax benefits provided to sellers and distributors of biofuel.

[Penalty Changes – The Cost of Making a Mistake Just Went Up](#), issued June 25, 2003, details the new penalties and increased penalty rates that took effect on July 1, 2003, for delinquent returns, assessments and billings, tax warrants, and unregistered businesses discovered by the Department of Revenue.

[Nursing Facility Operators – Quality Maintenance Fee](#), issued June 26, 2003, informs nursing facility operators of a new fee imposed on July 1, 2003.

[Special Event Promoters and Vendors – New Requirements](#), issued July 1, 2003, explains the new recordkeeping requirements for special event promoters and penalties imposed for not complying.



### Rule Changes

Excise tax rules (WACs) adopted:

[WAC 458-20-185](#) Tax on tobacco products – effective July 3, 2003.

[WAC 458-20-24003](#) Tax incentives for high technology – effective June 30, 2003.

Forest tax rule adopted:

[WAC 458-40-660](#) Timber excise tax – Stumpage value tables – effective July 1, 2003.



### Interim Audit Guideline

[05.03](#) Taxability of reagents, controls, and calibrators – issued June 26, 2003.



### Excise Tax Advisories

Issued

[2002.16.179](#) (5<sup>th</sup> Revision) Low-density light and power utility deduction – issued June 24, 2003.

[2014.08.193](#) Sales to nonresidents of jurisdictions imposing a sales tax of less than three percent – issued June 26, 2003.

[2015.27](#) Measure of the enhanced food fish tax for persons with a direct retail endorsement – issued July 22, 2003.

Cancelled:

[316.08.193](#) Sales to nonresidents – cancelled June 26, 2003.

## Tax Registration Account Changes Made Easy!

Have you recently moved your business? Changed your business telephone number? Added a new business activity or just closed your business completely?

You can [update your business account information](#) or [close your account](#) 24 hours a day, 7 days a week, without having to call or write a letter to us.

### *How can I update my information?*

Select "[Business](#)" from the Tax Topics menu on the left side of the home page. Then make your selection from the options in the Business menu on the right.

### *What changes can I make?*

- Close your Department of Revenue tax registration account.
- Change all or part of your business mailing address.
- Change your business telephone number.
- Change or add a new business activity.
- Change or add your business e-mail address.

### *How can I make these changes with other state agencies?*

See the "[External Links](#)" on the bottom left of our home page for direct links to other state agency Internet sites, such as:

- [Labor and Industries](#)
- [Employment Security](#)
- [Department of Licensing](#)
- [Secretary of State](#)

### *Check it out!*

## Clarifications Regarding New Laws

### **Mailing tax returns**

Tax returns are considered filed timely if they are **postmarked on or by the due date**, as it is noted on the tax return. 2003 legislation did not change the law governing this ([RCW 82.32.080](#)).

### **New law regarding use tax exemptions**

We've received a number of questions regarding [EHB 1977](#) (Chapter 5, Laws of 2003). The bill provides use tax exemptions only to those services that are specifically exempted from sales tax by [SB 6835](#) (Chapter 367, Laws of 2002). Neither law provides an exemption for professional service providers.

For more information, see our Special Notices [Important Information on Use Tax](#), issued February 7, 2003, and [Update: Important Information on Use Tax](#), issued May 2, 2003, available online at [http://dor.wa.gov/content/pubs/specnotic/pubs\\_sn\\_main.asp](http://dor.wa.gov/content/pubs/specnotic/pubs_sn_main.asp).

### **Additional tax on motor vehicle sales**

[ESHB 2231](#) (Chapter 361, Laws of 2003) imposes an additional tax (0.3 percent) on all motor vehicle sales, rentals, leases, and other transfers. However, the additional tax does not apply if the rental car tax applies (for passenger car rentals of 30 days or less.) The additional motor vehicle tax applies on passenger car rentals of more than 30 days, truck rentals, or other vehicle rentals, since the rental car tax does not apply to such charges.

## Telephone Information Center

1-800-647-7706

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.

