



# Tax Facts

## We can help with your tax reporting questions

If you need help completing your tax return, we offer a number of services to assist you:

### Internet/Electronic Services

Our web site (<http://dor.wa.gov>) can save you time in completing and filing your Department of Revenue tax return. Brochures, local sales tax rate charts, and many other resources are at your fingertips, 24 hours a day. You can also update your account information, change your address, or close your account online. Simply click on the *Doing Business* tab, then select *Your Account* from the menu on the left of your screen.

### Automated Telephone Services

Our toll free automated services allow you to access forms and information, as well as change an address, close your business, or make other changes to your account. Just call 1-800-647-7706, listen to the menu, and select from the many available options.

### Telephone Information Center

Call us at **1-800-647-7706** for personal assistance. We have extended our hours during the month of **January** to 7:30 am to 5:30 pm, Monday through Friday. In January, our phone lines become very busy. To avoid long waits:

- ◆ Call early in the month, before January 14.
- ◆ Have your UBI/ tax registration number and tax return available. This nine-digit number is printed on the tax return, above the name and address label.
- ◆ Know the type of tax return you've received - a *Combined Excise Tax Return, B&O 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.

## Fair and Accurate Credit Transactions Act

The federal Fair and Accurate Credit Transactions Act, signed into law on December 3, 2003, provides a number of provisions to expand access to credit and other financial services for consumers and new tools to confront and prevent identity theft.

One such provision requires retailers to leave all but the last five digits of a credit card number off of their store receipts. This ensures that the credit card receipts that most consumers throw away do not contain a key to their financial identities. Retailers, be aware that:

- ◆ As of January 1, 2005, new cash registers and point-of-sale terminals must print receipts with truncated (shortened) account numbers.
- ◆ Retailers have until December 4, 2006, to phase out any existing registers or terminals that print full account numbers on receipts.

## inside

Check 21 – changes that will affect you	2
Coming clean can pay off	2
Questions & Answers	2
Tax workshops	3
Special Notices	3
Rule making	4
Changes to interpretive/ policy statements	4
On the Web	4

## Check 21 — Changes that will affect you

As you may have noticed, check processing has recently changed. The Check Clearing for the 21<sup>st</sup> Century Act (“Check 21”) was enacted in October 2003 and took effect October 28, 2004. Check 21 affects businesses and consumers in several ways, most notably:

- ◆ Your original paper checks or cancelled checks won’t be returned to you with your bank statement. Instead, your bank will image them and save the image. The truncated (reduced in size) check becomes the legal equivalent of the original check. The original check will be held by a bank other than your bank from 30 to 90 days (depending on bank policy) and then destroyed.

You must decide whether to receive a substitute or not. There may be a charge for reconvertng the image to a paper document. If you need a copy as proof of payment, you will get an image that is smaller than the original, but will serve as legal proof.

- ◆ Checks will clear sooner and you will lose the “float” time before checks clear. This change may cause an initial increase in checks returned for nonsufficient funds. Bad checks will be presented to your bank within two days, as opposed to taking many days to weeks in the past. When you write a check, make sure you have funds in your bank account to cover it.

## Coming clean can pay off

Do you know a business that is operating in Washington but not registered to do so? Do them a favor and refer them to our Voluntary Disclosure program.

The Department’s Voluntary Disclosure program was developed to encourage unregistered businesses operating in Washington to come forward to voluntarily register and pay prior tax obligations.

Businesses that voluntarily register with the Department of Revenue are able to take advantage of significant benefits through the program that include:

- ◆ A limited look-back period of four years versus seven years.
- ◆ Penalties are partially or fully waived.
- ◆ Anonymity for qualified companies until negotiations are completed.

Unregistered businesses that are discovered through the state’s tax discovery or audit investigations are subject to tax, interest, 25 percent late penalties, and an additional five percent assessment penalty for a period of seven-plus years. For information on qualifying and applying for the Voluntary Disclosure program, go to <http://dor.wa.gov>, select the *Doing Business* tab, then click on “Voluntary Disclosure” under *How do I*.

## Questions & Answers

### Q. What determines the retail sales tax rate you pay or charge?

- A. The “place of sale” determines the rate of sales tax to charge. In addition, the type of transaction involved affects the applicable sales tax rate for a transaction, for instance, whether it is a sale of goods, a retail service, or a lease or rental.
- For sales of tangible personal property, the tax rate is determined by the seller’s location from which delivery of the property is made.
  - For retail services, such as construction contractors, installation work, hotels, or physical fitness services, the tax rate is determined by the location where the services are primarily performed.
  - For rentals or leases of tangible personal property, the tax rate depends on the lease terms.
    - If 30 days or under, the tax rate is determined by the lessor’s place of business.
    - If the rental/lease is over 30 days, the tax rate is determined by the place where the leased equipment is primarily being used.

For additional information, see WAC 458-20-145.



## Tax workshops

Looking for a free tax workshop in your area? Check out our web site! We offer workshops free of charge throughout the state. To view the updated schedule, register for a workshop, or for more information, visit our web site at <http://dor.wa.gov>, click on *Doing Business*, then select “workshops” from the menu on the left side.

Once you find the workshop that’s right for you, complete our online registration form to sign up. See you there!

**Business Outreach Workshops** are continually offered and provide a basic overview of taxes that apply to various business activities in Washington. Workshops will be held at the locations listed below:

DATE	LOCATION	ADDRESS	TIME
1/11/05	Port Angeles	Port Angeles City Hall Council Chambers, 321 East 5th Street, Port Angeles (To register, please call (360) 457-2564)	9:00 - 12:00
1/12/05	Bellingham	Worksource Office, 101 Prospect St, Suite 10, Conference Room (To register, please call (360) 738-6111)	9:00 - 12:00
1/12/05	Tacoma	University Place Library, 3605 Bridgeport Way West, University Place (To register, please call (253) 593-2722)	1:00 - 4:00
1/18/05	Wenatchee	Douglas County Fire District, 377 Eastmont Ave, East Wenatchee (To register, please call (509) 663-9741)	1:30 - 4:30
1/19/05	SeaTac	SeaTac City Hall, 4800 S 188th Street (To register, please call (253) 437-3440)	1:00 - 4:00
1/19/05	Bremerton	Central Kitsap Regional Library, Heninger Room, 1301 Sylvan Way (To register, please call 1-800-647-7706)	10:00 - 12:00
1/19/05	Vancouver	Department of Revenue Training Room, 8008 NE Fourth Plain Boulevard, Suite 340 (To register, please call (360) 260-6178)	9:00 - 12:00
1/20/05	Bellevue	Bellevue City Hall, Council Chambers, 11511 Main St (To register, please call (425) 452-6851)	1:00 - 4:00
2/2/05	Seattle	Department of Revenue, 2101 4th Ave, Suite 1400 (To register, please call (206) 956-3000)	1:00 - 4:00

**Lodging Industry Workshop** provides lodging businesses an opportunity to learn how excise taxes apply to their various specialized services and charges. The workshop is designed specifically for owners and operators of: hotels and motels, rooming/boarded houses, resorts, summer camps, bed and breakfasts (B&Bs), and trailer or RV parks/camps.

DATE	LOCATION	ADDRESS	TIME
2/8/05	SeaTac	SeaTac Occupational Skills Center, Yorkmark Conference Room, 18010 8th Ave South (Register online or call 1-800-647-7706)	10:00 - 12:00

## Special Notices

The following Special Notices were recently issued. These notices discuss current issues as well as changes resulting from new legislation. They are available online by visiting <http://dor.wa.gov> and clicking on “Special Notices” under *Quick Clicks*. You may also call 1-800-647-7706.

**High Technology Business Tax Incentives** discusses the changes in tax incentives for high technology businesses resulting from 2004 legislation.

**Water Rights Transfers Subject to the Real Estate Excise Tax** explains when real estate excise tax applies to water rights that are transferred separately from the land.

## Rule making

Following is a listing of the Department of Revenue's recent excise 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, contact us online at <http://dor.wa.gov> by clicking on *Laws and Rules*, then "rule-making activities" in the first bullet, or call our Telephone Information Center at **1-800-647-7706**.

Excise tax rules (WACs) adopted or amended:

**458-20-102**     **Resale Certificates** – effective September 9, 2004.

**458-20-150**     **Optometrists, ophthalmologists, and opticians** – effective September 9, 2004.

**458-20-151**     **Dentists and other health care providers, dental laboratories, and dental technicians** – effective September 9, 2004.

**458-20-208**     **Exemptions for wholesale sales of new motor vehicles between new car dealers and for accommodation sales** – effective September 9, 2004.

Property tax rules (WACs) adopted or amended:

**458-16-1000**   **Property belonging to federally recognized Indian tribes – Definitions – Exemption – Declaration process – Appeal rights** - emergency rule effective October 1, 2004.

## Changes to interpretive/policy statements

The Department issues interpretive and policy statements, such as Excise Tax Advisories (ETAs) and Property Tax Advisories (PTAs), 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:

**2009-2S.32**     **BTA Nonacquiescence** – revised effective October 18, 2004.

**2009-1S.32**     **BTA Nonacquiescence** – revised effective October 18, 2004.

**2009.32**        **BTA Nonacquiescence** – revised effective October 18, 2004.

Property tax advisories (PTAs) issued:

**13.0.2004**     **Impact of local zoning ordinances on property tax exemptions granted under Chapter 84.36 RCW** – effective July 30, 2004.

## On the Web



<http://dor.wa.gov>

### New! Online guides provide detailed information for you

**Appeals Guide** provides comprehensive information on appealing a Department of Revenue invoice or ruling. Find it under *Doing Business*, then select *How do I file an appeal?*

**Business Tax Guide** gives new businesses information on an array of topics. Find it under *Doing Business*, click on *New Business Information*, then select "Business Tax Guide" under *What you'll receive in your packet*, or call 1-800-647-7706 for a paper copy.

**School District Tax Guide** helps school districts determine their tax reporting and payment obligations. Find it under *Taxes*, then select "Industry Specific Information" under *Helpful Information*, or call 1-800-647-7706 for a paper copy.

**Out-of-State Business Guide** provides information on Washington taxes to businesses located out-of-state that perform services or make sales in Washington. Find it under *Doing Business*, then select "Out-of-State Business" under *Helpful Information*.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715.

Teletype (TTY) users please call 1-800-451-7985.



Printed on recycled paper