November Due Date for Unclaimed Property

The Uniform Unclaimed Property Act protects unclaimed property until it is returned to its rightful owner. The Department of Revenue provides a central location where people can search for their unclaimed funds. Most property is reported after three years.

We encourage electronic reporting. You can submit unclaimed property reports in the NAUPA format. Visit our web site at http://ucp.dor.wa.gov to download free reporting software, reporting instructions and forms. You may also e-mail us directly at ucp@dor.wa.gov, or call (360) 705-6706.

New Tax Exemption for Eligible Farmers

Beginning July 1, 2006, Substitute House Bill 2457 gave eligible farmers a sales and use tax exemption on replacement parts for qualified machinery and equipment. This exemption applies to replacements of existing parts on qualifying farm machinery and equipment.

Before claiming this exemption, eligible farmers must apply to the Department of Revenue for an Exemption Certificate for Replacement Parts for Farm Machinery and Equipment. This certificate is issued directly by the Department to a specific qualifying farmer. No other certificate or form may be used or accepted by vendors for the exemption.

An eligible farmer is someone who:
- Grows, raises, or produces agricultural products upon his/her own land or land that he/she has a present right of possession; and
- Generates at least $10,000 in gross income from sales of such products in the calendar year immediately before applying for the exemption.

For more information, see our Special Notice “Replacement Parts for Farm Machinery and Equipment – Sales and Use Tax Exemption” and the Q&A section on replacement parts for farm equipment. Both are available on our Internet web site at: http://dor.wa.gov.

Common types of unclaimed property reportable by businesses and due dates for reporting are:

After one year
- Uncashed payroll checks
- Utility deposits

After three years
- Inactive bank accounts
- Uncashed general checks
- Customer credits
- Insurance proceeds
- Stocks, bonds, and mutual funds

After five years
- Safe deposit box contents
- Patient safekeeping

Organizations must review their records yearly to determine if they hold any property that has been unclaimed for the required period of time. You must report and remit any qualifying property to the Department. Reports are due by November 1, 2006. Unclaimed property that is reported late is subject to interest from the due date until paid.

The Department conducts audits to verify businesses are complying with the Uniform Unclaimed Property Act. To learn more about reporting requirements, you can obtain reporting guides on our web site, request an onsite consultation visit, or attend one of our holder education workshops. You may also sign up for our holder e-mail service for reporting reminders and to receive updates on any law or reporting procedures changes.

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Penalties on Assessments and Billings Changed

The five percent assessment penalty previously added to all billings and assessments issued by the Department of Revenue now applies only in certain instances, due to legislation passed in 2006.

As of July 1, 2006, for any assessments issued on or after July 1, 2006, the five percent assessment penalty only applies to billings or assessments where the tax due was substantially underpaid. “Substantially underpaid” means:

1. Less than 80 percent of the actual tax owed was paid, and
2. The underpayment was $1,000 or more for the entire period covered by the Department’s examination.

Examples of assessments or billings include:
- Tax assessments resulting from an audit,
- Notices of balance due issued because of underpayments or mistakes made on tax returns, and
- Tax assessments resulting from failing to file tax returns.

For more information on the modified penalties and to see examples, see the Q&A section on our web site. Look under Tax Topics, then click on “Relaxed penalties, extended due date to reduce taxpayer burden.”

Treaty Fisheries Exemption

You may already know that enrolled tribal members and tribes purchasing goods and retail services are exempt from sales tax when delivery of the goods or performance of the services are made within the jurisdiction of the buyer’s tribe. (For more information, please consult WAC 458-20-192 or the Indian Tax Guide at http://dor.wa.gov).

In addition, tribes or tribal members are exempt from sales or use tax when they purchase goods and/or retail services (for example, boat and/or engine repair) for use in their treaty fishery operations. This exemption does not require delivery of the goods or performance of the services within Indian country. Such purchases can be made anywhere. An exempt sale may be documented through use of the Buyers’ Retail Sales Tax Exemption Certificate and examination of proper documentation, such as a treaty fishery card.

Treaty fishing activities include harvesting, processing, transporting, or selling, and management and enforcement of treaty fisheries. Typical purchases related to treaty fishing include boats, nets, motors, related repairs, and special use clothing.

The Department of Revenue is currently meeting with tribal governments and organizations to learn more about treaty fishery operations and the types of purchases that are directly related to treaty fishing rights. We will make more information available soon to retailers through special mailings, web publications, and by updating the Indian Tax Guide.

If you have questions on the treaty fishery exemption, please call 1-800-647-7706.

Taxing Surcharges

Have you noticed a fuel surcharge on a recent invoice you’ve received? Perhaps you are considering adding a fuel surcharge to cover escalated transportation costs?

For excise tax purposes, a fuel surcharge added to an invoice is taxable in the same manner as the transaction to which it is added. Washington’s B&O and sales taxes apply to “gross proceeds of sales” without any deductions for costs of property sold, costs of materials used, labor costs, delivery costs, any expenses paid, etc. (RCW 82.04.070).

Thus, the fuel surcharge is subject to B&O tax in the same manner as the sales transaction. Likewise, if a surcharge or additional fee is added to an invoice that is subject to sales tax, then sales tax applies to the surcharge.
Looking for a tax workshop in your area? Check out our web site! We offer workshops free of charge throughout the state. To view the updated schedule 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, register online or call us to sign up.

Business Outreach
These workshops provide a basic overview of taxes that apply to various business activities in Washington. Check our web site for additional dates and times.

Bellingham
Date: 10/10/06
Time: 1 – 4 p.m.
Worksource Office, 101 Prospect St, Suite 10, Bellingham
– Register at http://dor.wa.gov or call (360) 738-6111

Bellevue
Date: 10/19/06
Time: 1 – 4 p.m.
Bellevue City Hall, 450 - 110th Ave NE, IE-113, Bellevue
– Register at http://dor.wa.gov or call (425) 489-1723

Lacey
Date: 10/19/06
Time: 9 a.m. – Noon
Department of Revenue, 4565 7th Ave SE, Suite 200
– Register at http://dor.wa.gov or call (360) 738-6111

Lakewood
Date: 10/11/06
Time: 1 – 4 p.m.
Lakewood Library, 6300 Wildaire Road SW, Lakewood
– Register at http://dor.wa.gov or call (253) 260-6178

Seattle
Date: 10/4/06
Time: 1 – 4 p.m.
Department of Revenue, 2101 4th Ave, Suite 1400, Seattle
– Register at http://dor.wa.gov or call (206) 956-3000

Construction
This workshop provides tax information specific to the construction industry, including: custom and speculative construction, government contracting, public road construction, and construction on Indian land.

Pasco
Date: 9/28/06
Time: 2 – 4 p.m.
Columbia Basin College, 2600 N 20th Ave, Pasco
– Register at http://dor.wa.gov or call 1-800-647-7706

Walla Walla
Date: 9/29/06
Time: 10 a.m. – Noon
Walla Walla Regional Airport, Walla Walla – Register at http://dor.wa.gov or call 1-800-647-7706
Changes to interpretive/policy statements
The Department issues interpretive and policy statements, such as Excise Tax Advisories and Property Tax Advisories, 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 adopted:
2024.04.182 Storing, inspecting, testing, and labeling of canned salmon (first revision). Effective May 26, 2006.

Excise tax rule (WAC) adopted or amended:

Property tax rule (WAC) adopted or amended:
458-14 Boards of equalization. The entire chapter 458-14 WAC was amended to bring them into conformity with current law. Effective July 15, 2006.

Forest tax rule (WAC) adopted or amended:

Real estate excise tax rule (WAC) adopted or amended:

Visit our web site at
http://dor.wa.gov

Telephone Information Center
800-647-7706

Now pay state taxes with your VISA or MasterCard
VISA and MasterCard credit cards have been added to the list of electronic payment options available for electronic filers. You must file your tax returns online using our E-file system or participate in the BillPay program to take advantage of credit card payment choices. American Express and Discover are also available electronic payment options. You can also pay by electronic funds transfer and e-check.

In addition to adding the new VISA and MasterCard payment options, the convenience fee for processing credit card payments is now a simple flat rate of 2.5 percent ($1 minimum) for all taxpayers. This flat fee replaces the old rolling scale which applied different rates for different cards and resulted in an average 3 percent fee for smaller businesses. The Department uses a third party provider to process electronic payments.

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.