Washington State
Department of Revenue

June 2005
Annual Filers

Tax Facts

Contents

Processing Perishable Meat Products 3
Taxability for Internet Businesses 4
Taxpayer Rights Advocate 5
Questions and Answers 5
Tax Workshops 6
Rule Making 8
Special Notices 9
Small Business Fair 11
Notice to Auto Repair Facilities 11

2005 Legislative Tax Changes

The 2005 Legislature made several changes to taxes and programs administered by the Department of Revenue. This publication provides a brief summary of some of the bills affecting excise taxes that were signed into law. If you believe that a bill may affect you or your business, please refer to the bill at: ***http://www.leg.wa.gov/wsladm/billinfo1/bills.cfm*** *or contact the Department.*

* Indicates Special Notice will be issued

Business and Occupation (B&O), Sales, and Use Taxes

* **Agricultural burning – 2SSB 5663** (Chapter 420, Laws of 2005) narrows the tax incentives for machinery and equipment used to reduce agricultural burning of cereal grain and grass fields. The sales tax and use tax exemptions apply only to specific items listed in the bill. Materials, labor, and services for the construction of hay sheds for qualified farmers are also exempt. The bill eliminates the B&O tax credit for costs expended to acquire qualifying machinery and equipment. It also eliminates the property tax exemption on qualifying machinery and equipment. **Effective July 1, 2005.**

Alternative fuel autos – 2SSB 5916 (Chapter 296, Laws of 2005) provides sales tax and use tax exemptions on the sale or use of new autos that are exclusively powered by natural gas, propane, hydrogen, or electricity. The bill also provides a sales tax and use tax exemption on the sale or use of new autos that use hybrid technology (electricity and gasoline) and get 40 miles or more per gallon. The exemptions expire January 1, 2011. **Effective January 1, 2009.**

* **B&O tax on gaming businesses – ESHB 1031** (Chapter 369, Laws of 2005) establishes a new B&O tax on gross income derived from businesses engaged in operating contests of chance and from pari-mutuel wagering. **Effective July 1, 2005.**

* **Beef ban – HB 1407** (Chapter 150, Laws of 2005) provides an expiration date for the B&O tax deduction for businesses impacted by the ban on American beef products. The bill provides an expiration date of December 31, 2007, or when Japan, Korea, and Mexico all lift their bans on importation of United States beef, whichever occurs first. **Effective July 24, 2005.**

* **Cleanup of waste tires – SHB 2085** (Chapter 354, Laws of 2005) requires tire retailers to collect a $1 fee for each retail sale of **new** replacement vehicle tires. The fee must be paid by the buyer to the seller. The seller may retain ten percent of the fee and must remit the remainder to the Department of Revenue. **Effective July 1, 2005, through June 30, 2010.**

Continued on page 2

Comprehensive cancer centers – ESHB 2314 (Chapter 514, Laws of 2005) provides an exemption from B&O tax for amounts received by a comprehensive cancer center. Comprehensive cancer centers will also be exempt from sales tax and use tax on purchases or use of medical supplies, chemicals, or materials. **Effective July 1, 2006.**

*** Direct mail delivery charges – ESHB 2314** (Chapter 514, Laws of 2005) provides that B&O, sales, and use taxes do not apply to delivery charges on direct mail if the charges are separately stated. "Direct mail" means printed material delivered or distributed to a mass audience or to addressees on a mailing list provided by the purchaser when the cost of the items are not billed directly to the recipients. **Effective May 17, 2005.**

*** Extended warranties – ESHB 2314** (Chapter 514, Laws of 2005) expands the definition of retail sale to include the sale of an extended warranty to a consumer. It is a wholesale sale if sold for resale. An extended warranty is defined as an agreement for a specified duration to replace or repair tangible personal property at no additional charge or at a reduced charge, or to provide indemnification for the replacement or repair of tangible personal property, based on the occurrence of specified events. **Effective July 1, 2005.**

*** Fruit & vegetable processing – ESHB 2221** (Chapter 513, Laws of 2005) provides a B&O tax exemption for persons that manufacture fresh fruit and vegetables by canning, freezing, processing, or dehydrating and selling such products on a wholesale basis for transport out-of-state. Such income is currently subject to the B&O tax at the rate of 0.138 percent. Persons claiming this exemption must file an Annual Report. The bill also provides tax incentives for persons in the fruit and vegetable processing industry that do not become effective until July 1, 2007. The Department will publish detailed information about these incentives as the effective date approaches. **Effective July 1, 2005.**

*** High technology B&O tax credit – ESHB 2314** (Chapter 514, Laws of 2005) changes the method used to calculate the high technology B&O tax credit. The Department will issue a Special Notice detailing how to calculate the credit and reconcile any differences with credits previously taken under the former calculation method. **Effective retroactively to June 10, 2004.**

Historic automobile museum tax deferral – ESHB 2314 (Chapter 514, Laws of 2005) authorizes a sales tax and use tax deferral for construction of a historic automobile museum by a nonprofit entity. **Effective July 1, 2007.**

*** Nonprofit boarding homes – ESHB 2314** (Chapter 514, Laws of 2005) exempts from B&O tax amounts received for providing room and domiciliary care to residents by nonprofit boarding homes licensed under Chapter 18.20 RCW. **Effective July 1, 2005.**

*** Nursing facilities – quality maintenance fee – ESHB 2314** (Chapter 514, Laws of 2005) provides for a gradual reduction in the quality maintenance fee rate currently imposed on nonexempt nursing facilities in Washington. Beginning July 1, 2005, the fee rate will be reduced every two years and eliminated effective July 1, 2011. **Effective July 1, 2005.**

Nonprofit community health centers – SB 5857 (Chapter 86, Laws of 2005) allows nonprofit community health centers that qualify as health and social welfare organizations to deduct amounts received as compensation for health care services covered under certain federal and state health programs from their gross income for B&O tax purposes. **Effective August 1, 2005.**

Outdated and unused tax preferences – SHB 1299 (Chapter 443, Laws of 2005) repeals several outdated tax preferences for which no taxpayers have claimed relief in recent years. **Effective July 1, 2006.**

*** Parking and business improvement areas – SSB 5999** (Chapter 476, Laws of 2005) provides state B&O tax and city gross receipts tax exemptions to chambers of commerce or similar business associations for income received for administering the operation of a parking and business improvement area. **Effective July 24, 2005.**

*** Self-service laundry – ESHB 2314** (Chapter 514, Laws of 2005) exempts from sales tax and use tax charges for self-service laundry facilities, including such facilities situated in apartment complexes. The bill also modifies the B&O tax classification for such facilities from retailing to service and other activities. **Effective July 1, 2005.**

Continued on page 3

Tax Incentive Programs

* **Commute trip reduction tax credit – ESB 6003** (Chapter 297, Laws of 2005) provides several changes to the commute trip reduction incentive program and extends the program to June 30, 2013. **Effective July 1, 2005.**

* **Renewable energy – SSB 5101** (Chapter 300, Laws of 2005) creates incentives to support renewable energy sources in this state. An individual, business, or local government can receive a cost recovery incentive payment up to $2,000 per year for electricity generated from a solar energy or wind system, or an anaerobic digester. Light and power businesses are allowed a credit against the public utility tax for incentives paid to applicants. **Effective July 1, 2005.**

* **Renewable energy – E2SSB 5111** (Chapter 301, Laws of 2005) provides incentives to support the renewable energy industry in Washington. The applicable B&O tax rate is lowered to 0.2904 percent for businesses manufacturing solar energy systems using photovoltaic modules, or silicon components of such systems or selling such systems at wholesale. The reduced B&O tax rate expires June 30, 2014. **Effective July 1, 2005.**

Other Legislation

* **Cigarette tax increase – ESHB 2314** (Chapter 514, Laws of 2005) imposes an increase in the cigarette tax by three cents per cigarette (60 cents per pack of 20 cigarettes). The net proceeds from the additional cigarette tax will be placed in a new education funding account. Cigarette retailers and wholesalers must pay the additional tax for cigarettes in stock as of midnight June 30, 2005. **Effective July 1, 2005.**

* **Enhanced food fish tax – HB 1958** (Chapter 110, Laws of 2005) extends the enhanced food fish tax on sea urchins and sea cucumbers through December 31, 2010. The current tax rate of .0492 percent is in effect through the extended period. **Effective July 24, 2005.**

* **Estate tax – ESB 6096** (Chapter 516, Laws of 2005) and **ESHB 2314** (Chapter 514, Laws of 2005) create a stand-alone estate tax in Washington State that is independent of the federal estate tax and not affected by termination of the federal estate tax. **Effective May 17, 2005.**

* **Litter tax – SHB 1887** (Chapter 289, Laws of 2005) clarifies a litter tax exemption for sales of food and/or beverages sold solely for immediate consumption indoors or on a deck or patio at the seller's place of business, or indoors at an eating area that is contiguous to the seller's place of business.

The bill also provides a litter tax exemption for sales by caterers of prepared food or beverages where they are served for immediate consumption in or on individual nonsingle use containers at premises occupied or controlled by the customer. **Effective July 24, 2005.**

* **Specialty wood products – SHB 1406** (Chapter 401, Laws of 2005) requires any buyer or processor of cedar or specialty wood products to be registered with the Department of Revenue. The buyer or processor of such products must prominently display a valid registration, certificate, or copy at each location where they receive the products. **Effective July 24, 2005.**

* **Tobacco products – SB 6097** (Chapter 180, Laws of 2005) decreases the other tobacco products tax rate from 129.42 percent to 75 percent, with a maximum of 50 cents per cigar. The tax applies to businesses that bring tobacco products into this state. The tax is generally based on the actual price paid for the tobacco product, including shipping and handling. "Tobacco products" means all tobacco products, except cigarettes. **Effective July 1, 2005.**

Processing Perishable Meat Products

Washington law (RCW 82.04.260) provides a "preferential" B&O tax rate for every person engaging within this state in the business of "slaughtering, breaking, and/or processing" perishable meat products and/or selling these products at wholesale (referred to as the "slaughter/breaking" B&O tax classification). On January 13, 2005, the Washington State Supreme Court ruled in the Agrilink case that the slaughter/breaking rate is available to a processor of perishable meat where the person produces canned products if the person starts with a perishable meat product. There is no requirement that the finished product remain perishable after processing.

As a result of this court decision, persons processing perishable meat into a nonperishable finished product may qualify for this preferential B&O tax rate.

A Special Notice will be issued with instructions on how to report the income and how to request a refund for any overpaid amounts.

Taxability for Internet businesses

With more businesses making sales or providing services via the Internet, we're often asked how excise taxes apply to such businesses. The following discussion provides the tax application for Internet businesses located in Washington, as well as for Internet businesses located outside of Washington.

1 Internet-based businesses located in Washington

Washington businesses that sell tangible personal property or provide services over the Internet are taxable in the same manner as any "brick and mortar" business located in Washington.

Items delivered in Washington

Washington sales tax must be collected on all sales delivered to customers/end users in Washington. Income from such sales is also subject to retailing business and occupation (B&O) tax.

Items delivered outside of Washington

When the seller delivers an item to the buyer at a location outside of Washington, the sale is considered an interstate or foreign sale and is not subject to Washington sales tax. The sale is also deductible from retailing B&O tax. See WAC 458-20-193(4) for information on documenting out-of-state delivery.

Services performed in Washington

Many Internet businesses provide or perform services rather than sell tangible personal property, for instance, web design or consulting services. Income earned from providing services over the Internet is generally subject to service and other activities B&O tax if the service is performed in Washington. In such cases, the customer's location does not matter.

If services are performed both within and outside the state, the service provider may be able to apportion the income between Washington and the out-of-state location. (For additional information on apportioning, see RCW 82.04.460.)

2 Internet-based businesses located outside of Washington

Out-of-state businesses that sell tangible personal property or perform retail services for Washington residents over the Internet are generally taxable in the same manner as other out-of-state businesses.

A company is subject to taxation in Washington if it:

1. Delivers goods to the buyer in Washington, and
2. Has a physical presence or "nexus" in Washington.

Nexus is created by any number of activities, including sending a sales representative to Washington, installing items in-state, and using an independent sales representative in Washington to promote products. (See WAC 458-20-193(7) for additional examples of activities.)

Items delivered in Washington from outside the state

If an Internet business located out-of-state has established nexus in Washington, then sales tax must be collected on all sales delivered to customers in Washington. Income from such sales is also subject to retailing B&O tax.

If an out-of-state Internet business does not conduct any nexus-creating activities in this state, then it is not required to obtain a business registration in Washington or to collect or pay Washington taxes.

Services performed outside the state for customers in Washington

If an out-of-state Internet business performs services from a location outside of Washington for a customer located in this state, the income is not subject to Washington taxes to the extent that services are not performed in this state.

Again, if services are performed both within and outside the state, the service provider may be able to apportion the income between Washington and the out-of-state location.

Did you know...

that you may owe litter tax
even if you don't own a cat?

Litter tax is not just a tax on cat litter.

The tax is imposed on various products that are listed in WAC 458-20-243, including grocery products such as cat litter.

Taxpayer Rights Advocate

Our employees are committed to treating you with fairness and upholding your rights. However, problems may still occur. If you cannot solve a problem through routine channels, you may contact the Department's Taxpayer RIghts Advocate.

The Taxpayer Rights Advocate:

- Can help you understand the options and procedures available to resolve your issue.
- Can serve as a mediator between you and the Department.
- Is committed to helping you better understand your rights and responsibilities as a Washington State taxpayer.
- Cannot change applications of law or grant relief from taxes that are legally due.

If you believe that you have not been afforded your rights you can:

- Complete a Feedback Form available on our web site under "Contact Us." Select a link under the Taxpayer Advocate heading.
- Call our Taxpayer Advocate telephone line at (360) 705-6714.
- Write to Taxpayer Rights Advocate, Department of Revenue, PO Box 47478, Olympia, WA 98504-7478.

Questions and Answers

Q *If a retail vendor offers an early payment discount to its customers, should the sales tax be recalculated to reflect the reduced selling price?*

A Yes. Early payment discounts ("cash discounts") are less confusing when you remember that Washington law requires sales tax to be calculated on the "selling price." In cases where early payment discounts reduce the selling price by a certain percentage or amount, the sales tax should be recalculated based on the amount actually received by the seller.

To ensure that the correct sales tax is computed on these discounted sales, vendors should provide sales invoices showing the discounted selling price and the sales tax due on the discounted price in addition to the original invoice amount.

For example, the original sale price is $100 with sales tax of $8. The total amount due is $108. The seller offers a two percent discount if the invoice is paid within 10 days. The invoice should also show that, if paid within 10 days, the total amount due is $105.84, (an amount representing the discounted selling price of $98 and sales tax of $7.84 calculated at 8.0 percent on the discounted price).

Q *What is use tax and who owes it?*

A Use tax is a tax on goods used and certain services provided in Washington when sales tax has not been paid. For example, you would owe use tax if you purchased goods:

- From an out-of-state business via the Internet.
- From a mail-order catalog and the out-of-state business does not collect sales tax.
- In a state with no sales tax or a state with a sales tax lower than Washington's.

Q *My fitness business offers Pilates mat classes and one-on-one personal training using specialized Pilates equipment. Should I charge sales tax to my customers?*

A Yes, you must charge sales tax to your customers. Businesses that offer exercise classes and personal training in Pilates or other specialized exercise or conditioning activities are providing physical fitness services, a retail activity. Additional examples of specialized exercise or conditioning activities that are subject to sales tax include, but are not limited to, Body Pump, Yoga, aerobics, Jazzercise, and Tai Chi.

For more information on the taxability of such activities, see Excise Tax Advisory 2023.08.183, *Physical Fitness Services – Specialized Exercise and Conditioning Activities*, issued April 21, 2005.

Tax Workshops

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 the number listed.

Business Outreach

These workshops provide a basic overview of taxes that apply to various business activities in Washington. The schedule follows.

July

7/6/05 Tacoma 1p.m. - 4 p.m.
Lakewood Library, 6300 Wildaire Rd. SE, Lakewood
— **to register, call (253) 593-2722**

7/11/05 Seattle 10 a.m. - Noon
U.S. Small Business Administration, SBA Business Enterprise Center, 1200 Sixth Ave, Suite 1700 (Corner of Sixth and University in downtown Seattle) — for directions to the SBA Enterprise Center call (206) 553-7310 — **to register, please call (206) 956-3002**

7/12/05 Bellingham 1 p.m. - 4 p.m.
Worksource Office, 101 Prospect St., Suite 10, Conference Room, Bellingham — **to register, please call (360) 738-6111**

7/12/05 Port Angeles 9 a.m. - Noon
Port Angeles City Hall Council Chambers, 321 E. 5th St., Port Angeles
— **to register, please call (360) 457-2564**

7/12/05 Everett 1:30 - 4:30 p.m.
Everett Public Library, 2707 Hoyt Ave., Everett
— **to register, please call (425) 356-2911**

7/19/05 Wenatchee (East) 1:30 - 4:30 p.m.
Douglas County Fire District, 377 Eastmont Ave, East Wenatchee
— **to register, please call (509) 663-9741**

7/20/05 Bremerton 9 a.m. - Noon
Sheridan Park Community Center, 680 Lebo Blvd., Rooms B and C, Bremerton — **to register, please call 1-800-647-7706**

7/20/05 Spokane 8:30 - 11:30 a.m.; 1:30 - 4:30 p.m.
Department of Revenue, 8th floor of Northtown Office Bldg., 4407 North Division, Spokane — **to register, please call (509) 482-3800**

7/20/05 Vancouver 9 a.m. - Noon; 1 p.m. - 4 p.m.
Department of Revenue Training Room, 8008 NE Fourth Plain Blvd, Suite 340, Vancouver — **to register, please call (360) 260-6178**

7/21/05 Bellevue 1 p.m. - 4 p.m.
Bellevue City Hall, Council Chambers, 11511 Main St., Bellevue
— **to register, call (425) 452-6851**

7/21/05 Lacey/Olympia 9 a.m. - Noon
Department of Revenue, 4565 7th Ave. SE., Suite 200, Lacey
— **to register, please call (360) 407-5003**

7/27/05 Kent 1 p.m. - 4 p.m.
SeaTac City Hall, 4800 S 188th St, SeaTac — **to register, please call (253) 437-3440**

Restaurant/Food Product

This workshop provides restaurants and other food product retailers with information on the tax treatment for a number of activities including sales of customer prepared meals and litter tax exemptions for caterers and food or beverages prepared for immediate consumption at the seller's place of business.

8/16/05 Federal Way 10 a.m. - Noon
Comfort Inn, 31622 Pacific Hwy. S., Federal Way
— **to register, please call 1-800-647-7706**

August

8/3/05 Seattle 1 p.m. - 4 p.m.
Department of Revenue, 2101 4th Ave, Suite 1400 (cross street Lenora), Seattle — **to register, please call (206) 956-3002**

8/9/05 Bellingham 1 p.m. - 4 p.m.
Worksource Office, 101 Prospect Street, Suite 10, Conference Room, Bellingham — **to register, please call (360) 738-6111**

8/10/05 Tacoma 1 p.m. - 4 p.m.
Lakewood Library, 6300 Wildaire Rd. SE., Lakewood
— **to register, call (253) 593-2722**

8/16/05 Wenatchee (East) 1:30 - 4:30 p.m.
Douglas County Fire District, 377 Eastmont Ave., E. Wenatchee
— **to register, please call (509) 663-9741**

8/17/05 Spokane 8:30 - 11:30 a.m.; 1:30 - 4:30 p.m.
Department of Revenue, 8th floor of Northtown Office Bldg, 4407 North Division, Spokane — **to register, please call (509) 482-3800**

8/17/05 Vancouver 9 a.m. - Noon
Department of Revenue Training Room, 8008 NE Fourth Plain Blvd, Suite 340, Vancouver — **to register, please call (360) 260-6178**

8/17/05 Kent 1 p.m. - 4 p.m.
SeaTac City Hall, 4800 S 188th St, SeaTac
— **to register, please call (253) 437-3460**

8/18/05 Lacey/Olympia 9 a.m. - Noon
Department of Revenue, 4565 7th Ave SE, Suite 200, Lacey
— **to register, please call (360) 407-5003**

Free Workshops

Business Outreach

September

9/6/05 Seattle 10 a.m. - Noon
U.S. Small Business Administration, SBA Business Enterprise Center, 1200 Sixth Ave., Suite 1700 (Corner of Sixth and University in downtown Seattle) — for directions to the SBA Enterprise Center call (206) 553-7310 — **to register, please call (206) 956-3002**

9/13/05 Bellingham 1p.m. - 4 p.m.
Worksource Office, 101 Prospect St., Suite 10, Conference Room, Bellingham — **to register, please call (360) 738-6111**

9/14/05 Tacoma 1p.m. - 4 p.m.
Lakewood Library, 6300 Wildaire Rd. SE., Lakewood — **to register, call (253) 593-2722**

9/15/05 Lacey/Olympia 9 a.m. - Noon
Department of Revenue, 4565 7th Ave. SE., Suite 200, Lacey — **to register, please call (360) 407-5003**

9/20/05 Wenatchee (East) 1:30 - 4:30 p.m.
Douglas County Fire District, 377 Eastmont Ave., East Wenatchee — **to register, please call (509) 663-9741**

9/21/05 Spokane 8:30 - 11:30 a.m.; 1:30 - 4:30 p.m.
Department of Revenue, 8th floor of Northtown Office Bldg., 4407 North Division, Spokane — **to register, please call (509) 482-3800**

October

10/5/05 Seattle 1 p.m. - 4 p.m.
Department of Revenue, 2101 4th Ave., Suite 1400 (cross street Lenora), Seattle — **to register, please call (206) 956-3002**

10/11/05 Bellingham 1 p.m. - 4 p.m.
Worksource Office, 101 Prospect St., Suite 10, Conference Room, Bellingham — **to register, please call (360) 738-6111**

10/12/05 Tacoma 1p.m. - 4 p.m.
Lakewood Library, 6300 Wildaire Rd. SE, Lakewood — **to register, call (253) 593-2722**

10/18/05 Wenatchee (East) 1:30 - 4:30 p.m.
Douglas County Fire District, 377 Eastmont Ave., E. Wenatchee — **to register, please call (509) 663-9741**

10/19/05 Bremerton 9 a.m. - Noon
Sheridan Park Community Center, 680 Lebo Blvd., Rooms B and C, Bremerton — **to register, please call 1-800-647-7706**

10/19/05 Spokane 8:30 - 11:30 a.m.; 1:30 - 4:30 p.m.
Department of Revenue, 8th floor of Northtown Office Bldg., 4407 North Division, Spokane — **to register, please call (509) 482-3800**

10/19/05 Vancouver 9 a.m. - Noon; 1:00 - 4:00 p.m.
Department of Revenue Training Room, 8008 NE Fourth Plain Blvd, Suite 340, Vancouver — **to register, please call (360) 260-6178**

10/20/05 Bothell 1p.m. - 4 p.m.
Bellevue City Hall, Council Chambers, 11511 Main St., Bellevue — **to register, call (425) 452-6851**

10/20/05 Lacey/Olympia 9 a.m. - Noon
Department of Revenue, 4565 7th Ave. SE., Suite 200, Lacey — **to register, please call (360) 407-5003**

If you need to **pay a balance due**, an unpaid tax return, or a tax assessment, **it's easy to send your payment electronically.** Simply visit our web site at **http://dor.wa.gov.**

Rule Making

Following is a list of the Department of Revenue's recent excise tax rules that were adopted and repealed during the first half of 2005. 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. Click on Laws and Rules, then one of the bullets under "Rule Making." You may also call our Telephone Information Center at **1-800-647-7706.**

Excise tax rules (WACs) adopted or amended:

458-20-110 Delivery charges – effective January 30, 2005.

458-20-144 Printing industry – effective July 1, 2005.

458-20-186 Tax on cigarettes – effective January 30, 2005.

458-20-190 Sales to and by the United States – Doing business on federal reservations – Sales to foreign governments – effective February 5, 2005.

458-20-196 Bad debts – effective February 27, 2005.

458-20-198 Installment sales, method of reporting – effective February 27, 2005.

458-20-240 Manufacturers' new employee tax credits – effective January 10, 2005.

458-20-255 Carbonated beverage syrup tax – effective January 27, 2005.

458-20-263 Wind, landfill gas, and solar energy electric generating facilities sales and use tax exemption – effective January 30, 2005.

458-20-267 Annual surveys for certain tax adjustments – emergency rule effective January 7, 2005.

458-20-268 Annual reports for certain tax adjustments – emergency rule effective January 7, 2005. Second emergency rule effective May 10, 2005.

Parts of the following excise tax rules, which were to take effect July 1, 2005, have been superseded by 2005 legislation. The Department plans to resume rule making activities and revise the rules accordingly.

458-20-141 Duplicating activities and mailing bureaus

458-20-17803 Use tax on promotional materials

Excise tax rules (WACs) repealed:

458-20-18601 Wholesale and retail cigarette vendor licenses – effective January 30, 2005.

458-20-191 Federal reservations – effective February 5, 2005.

458-20-99999 Appendix – The Buck Act – effective February 5, 2005.

Forest tax rules (WACs) adopted or amended:

458-40-540 Forest land values (2005) – effective January 1, 2005.

458-40-610 Timber excise tax – Definitions – effective May 1, 2005.

458-40-660 Timber excise tax – Stumpage value tables – Stumpage value adjustments – effective January 1, 2005.

458-40-680 Timber excise tax – Volume harvested – Approved scaling and grading methods – Same scaling – Conversions – effective May 1, 2005.

Property tax rules (WACs) adopted or amended:

458-10-050 Continuing education requirements – Appraisal practice and ethics – effective January 30, 2005.

458-12-050 Omitted property and omitted value – effective January 30, 2005.

458-12-110 Listing of personal property by the assessor – Penalties for failing to list personal property and for making a false or fraudulent listing – effective January 30, 2005.

458-16-1000 Property belonging to federally recognized Indian Tribes – Definitions – Exemptions – Declaration Process – Appeal Rights – second emergency rule effective January 27, 2005. Third emergency rule effective May 27, 2005.

458-18-220 Refunds – Rate of interest – effective January 1, 2005.

458-30-262 Agricultural land valuation – Interest rate – Property tax component – effective January 1, 2005.

458-30-590 Rate of Inflation – Publication – Interest Rate – Calculation – effective January 1, 2005.

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** to have a copy sent to you.

Electric Utility Tax Credit for Rural Economic Development Revolving Fund – update issued April 22, 2005.

New Washington Estate Tax – issued May 17, 2005.

Sales or Use Tax on Inventory Tracking Supplies (Tags, Labels, Tickets, etc.) – issued May 4, 2005.

Taxes on Telephone Switched Access Lines – issued April 28, 2005.

Property tax rules (WACs) repealed:

458-12-095 Listing of personalty – Partial listing – effective January 30, 2005.

458-12-100 Listing of personalty – Omitted property – Omitted value – effective January 30, 2005.

458-12-105 Listing of personalty – Willful failure to list or fraudulent listing – Penalty - effective January 30, 2005.

458-12-320 Timber – Ownership – Valuations – Roads – Easements – effective January 27, 2005.

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 (ETAs) issued:

2009.35.32 BTA nonacquiscence - effective May 25, 2005.

2016.04.111 Staffing companies and professional employer organizations – first revision effective January 4, 2005.

2018.04.240 Alternative credit computation formula – Seasonal employment manufacturers – effective November 9, 2004.

2018.04.245 Applicability of RCW 82.08.0289 residential telephone service exemption to cellular telephone service – effective December 1, 2004.

2020.08.129 Automobile towing and roadside assistance activities – effective January 4, 2005.

2021.04.24003 Business and occupation tax credit on research and development spending for staffing companies – effective January 4, 2005.

2022.08.257 Distinguishing warranties and maintenance agreements – effective January 4, 2005.

2023.08.183 Physical fitness services – Specialized exercise and conditioning activities – effective April 21, 2005.

Excise tax advisories cancelled:

258.08.190 National guard post exchange sales – effective February 5, 2005.

268.04.092 Indian owned corporation doing business on a reservation – effective January 27, 2005.

350.04.190 Business and occupation tax – Medical service associations – effective February 5, 2005.

540.04.22.252 Special hazardous substance tax applications – effective May 31, 2005.

574.08.198 Financial institutions incurring bad debts on contract assignments – effective March 1, 2005.

2007.04.190 Taxability of federal instrumentalities and federally created corporate entities – effective February 5, 2005.

Excise tax advisories revised (all effective January 27, 2005):

(Pertaining to Manufacturers' Machinery and Equipment)

2012-1S Rental of tangible personal property and providing personal property along with an operator.

2012-4S Devices

2012-5S Design and product development

2012-8S Computers

Property tax advisories (PTAs) issued:

6.0.2004 Property taxability of motor vehicles – effective December 7, 2004.

Washington Tax Decisions

Throughout the year, the Department of Revenue's Appeals division publishes Washington Tax Decisions (WTDs). Published WTDs provide guidance on applications and interpretations of tax statutes, administrative rules, and policies to taxpayers and agency personnel. The cases are sanitized to protect the identities of the taxpayers involved. You can receive notification of newly issued WTDs through our e-mail service, Listserv. For more information on Listserv, go to **http://dor.wa.gov** select Contact Us, then "E-mail" under Contact Us on the left side of the page, then scroll down and click on "Listserv" E-mail Service.

On the Web

Department of Revenue Online Services

Businesses already enjoy the convenience and security of filing their state taxes through our online E-file application. Now our web site offers ways to do even more online.

Secure Messaging and BillPay are the most recent additions to our suite of free Online Services. You can access E-file, Secure Messaging and BillPay with one logon ID and password once you sign up for Online Services.

What is Secure Messaging?

This new service allows businesses and the general public to exchange confidential messages and files with Department staff. Secure Messaging works a lot like e-mail. Users can ask general questions or give us their business account information to request a binding response.

What is BillPay?

For businesses that owe overdue or unpaid taxes, BillPay is an Online Service that handles payments toward the balance due. BillPay accepts four types of electronic payments, including E-check and credit card through Discover and American Express. Formerly offered to E-filers only, BillPay is now available to anyone who uses our Online Services.

How do I sign up for Online Services?

To access E-file, Secure Messaging and BillPay, simply go to our home page at **http://dor.wa.gov**, and click on Register Now. Our system will walk you through a free and simple sign-up process. If you intend to file your taxes using E-file or communicate about a business account, you will need a recent tax return so you can provide your tax registration number and Pre-assigned Access Code (PAC).

Are more Online Services coming?

Yes. We are working on many more useful Online Services, including the ability to file and pay consumer use tax and claim unclaimed property. Stay tuned!

Need help navigating Online Services?

Call us! We'll walk you through.

http://dor.wa.gov

Electronic Filing is just one of the convenient services found on our web site. Check it out, and see what you've been missing!

Specialists are available every business day to give you step-by-step help.

One phone call and you will quickly discover why over 100,000 businesses already enjoy **free** online tools like E-file and Secure Messaging. Online Services is packed with resources that give you more control over your tax returns, payments, and balance due settlements.

We're here to help you get connected.

Monday – Friday
7:30 a.m. – 5 p.m.

877.345.3353

*More new **Online Services** coming soon!*

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 by the Department of Revenue, as required by RCW 46.71.090.

Mark Your Calendar

BIZ FAIR

2005

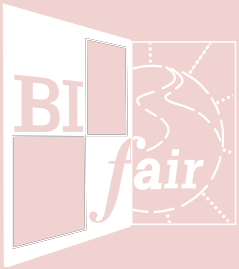
Mark your calendar

The Ninth Annual
Washington Small Business Fair (Biz Fair)
Saturday, September 10
8 a.m. to 3:30 p.m.

Biz Fair is the place to go to learn from experts how to start or expand a small business. A variety of experts will conduct seminars and provide information on topics ranging from taxes to business planning and marketing to web sites. The Department of Revenue will host a business tax overview and our representative will be available throughout the day to answer your specific questions. The fair will be held at:

Renton Technical College
3000 NE 4th Street
Renton, Washington

For a list of exhibitors, seminar topics, and directions to the fair, visit Biz Fair online at: **www.bizfair.org.**



Taxpayer Services Division
Washington State Department of Revenue
PO Box 47478
Olympia, WA 98504-7478

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Field Office Locations

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SEATTLE 98121-2300
(206) 956-3000

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(360) 457-2564

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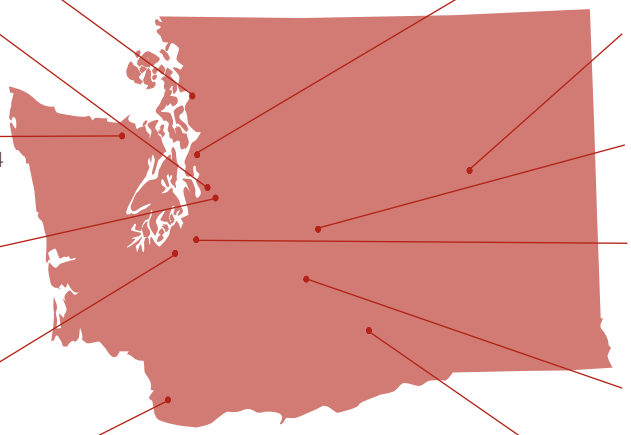

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(509) 482-3800

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PO Box 220
WENATCHEE 98807-0220
(509) 663-9714

3315 South 23rd St
Suite 300
PO Box 111180
TACOMA 98411-1180
(253) 593-2722

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YAKIMA 98902-5713
(509) 575-2783

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Telephone Information Center
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DEPARTMENT OF REVENUE
WASHINGTON STATE

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

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