



Available Publications and Data Sources Research Division

The Washington State Department of Revenue publishes a wide variety of data and publications on its web site under Statistics and Reports, including reported gross income by industry, taxable retail sales by location, the available tax exemptions, credits, and deferrals and their savings to taxpayers, how Washington compares to other states, Washington's current tax structure, property taxes, and a number of other topics.

Often businesses and local governments use the available data to determine economic activity within a particular industry or jurisdiction. This information can be used to identify growing industries, forecast future tax revenues, and track the health of the state's economy.

Getting Started

From the Department's home page <http://dor.wa.gov/content/home/>, (1) click on the Quick Clicks link titled "Get statistics and reports," or (2) click on the "About Us" tab, then click on the "Get Statistics & Reports" link. Both methods will take you to the main Statistics and Reports page.

You can also type <http://dor.wa.gov/content/AboutUs/StatisticsAndReports/Default.aspx> into the URL address box to go directly to the page.

The screenshot shows the Washington State Department of Revenue website. The address bar displays <http://dor.wa.gov/content/home/>. The navigation menu includes "ABOUT US" (highlighted with a red box), "CONTACT US", "QUESTIONS & ANSWERS", "TEXT VERSION", and "PRINTER FRIENDLY". The main header features the Department of Revenue logo and the slogan "Working together to fund Washington's future". A sidebar on the left lists navigation options: Home, File & pay taxes, Doing business, Find taxes & rates, Workshops & education, Get a form or publication, and Find a law or rule. The "I need to..." section lists: File my taxes online, Find a sales tax rate (GIS), and Look up a business (BRD). The "Quick clicks" section lists: Search for unclaimed property, Get statistics and reports (circled in red with a red arrow pointing to it), The Newsroom, Tax incentive programs: deferrals, exemptions, and credits, and Learn more about the change to destination-based sales tax and the national Streamlined Sales Tax agreement. The "My account (Online Services)" section includes fields for Logon ID and Password, a Logon button, and links for Register now, Forgot your logon ID?, Forgot your password?, and Benefits of joining. A red arrow points from the text "Click here to get to the Statistics and Reports page." to the "Get statistics and reports" link.

The Statistics and Reports page should look similar to this:



The Statistics and Reports page is broken into the following five sections:

- What's new?
- Create a report.
- Statistical reports.
- Studies & research reports.
- Tax structure & alternatives.

Recent and Upcoming Changes

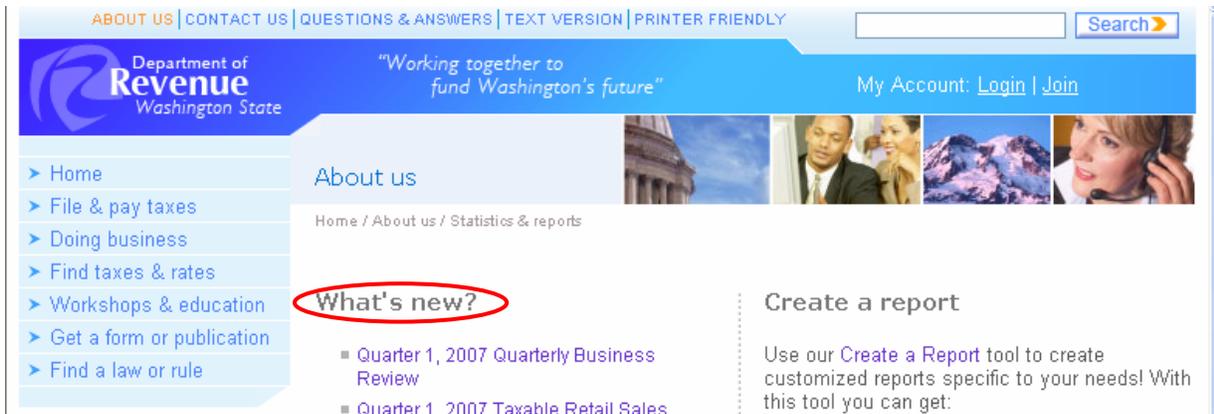
We have converted all of our data sources to the North American Industry Classification System (NAICS) and, beginning with the 2005 data, we stopped publishing information based on Standard Industrial Classification (SIC) codes. The NAICS and SIC codes are used to identify a firm's primary business activity. For more information on NAICS and SIC codes refer to the Frequently Asked Questions section at the end of this document.

Within the next few months we plan to provide additional reporting capabilities.

- Add quarterly data to the Gross Business Income and Taxable Retail Sales queries. Currently this data is only available on a calendar year basis.
- Add county totals to the local tax distributions and Taxable Retail Sales query.

What's New?

The "What's New?" section to the Statistics and Reports page is where we highlight any new publications or reports that have been added to the web site within the last month or two.



The screenshot shows the top navigation bar with links: ABOUT US | CONTACT US | QUESTIONS & ANSWERS | TEXT VERSION | PRINTER FRIENDLY. Below this is the Department of Revenue logo and the slogan "Working together to fund Washington's future". A search box and "My Account: Login | Join" are also visible. The main content area has a left sidebar with a menu: Home, File & pay taxes, Doing business, Find taxes & rates, Workshops & education, Get a form or publication, Find a law or rule. The main content area is titled "About us" and includes a breadcrumb trail: Home / About us / Statistics & reports. The "What's new?" section is circled in red and lists two items: "Quarter 1, 2007 Quarterly Business Review" and "Quarter 1, 2007 Taxable Retail Sales". To the right, the "Create a report" section is visible, with the text "Use our Create a Report tool to create customized reports specific to your needs! With this tool you can get:".

Create a Report

We have created a centralized report system called "Create a Report" where users can build reports specific to their needs using a variety of data sources. The system allows users to create reports for:

- gross business income by industry,
- taxable retail sales data by industry and location,
- local tax distributions by location,
- historical local tax rates,
- property tax levies, and
- Quarterly Business Reviews.

To get to the "Create a Report" tool: (1) click the link "Create a Report" located in the "Create a Report" section at the top of the page, or (2) click on one of the links under the "Create a Report" section.



This screenshot is similar to the one above but shows a different view of the "Create a report" section. The "What's new?" section now lists: "Quarter 1, 2007 Quarterly Business Review" and "Quarter 1, 2007 Taxable Retail Sales Comparison for All Cities and Unincorporated Counties". The "Create a report" section now includes a circled link "Create a Report" and lists two options: "State and local taxable retail sales" and "Statewide gross business income".

The default screen for the Create a Report tool is the **Gross Business Income report**. This report allows you to get gross business income data by year and industry in either Excel or HTML format. To select multiple years, use the control and shift keys. Because some people are interested in historical SIC data, we have allowed users to choose between either SIC or NAICS. However, we no longer publish gross business income data by SIC beginning with the calendar 2005 data.

The screenshot shows the Washington State Department of Revenue website. At the top, there is a navigation bar with links for 'ABOUT US', 'CONTACT US', 'QUESTIONS & ANSWERS', 'TEXT VERSION', and 'PRINTER FRIENDLY'. Below this is the Department of Revenue logo and the slogan 'Working together to fund Washington's future'. A search bar and 'My Account: Login | Join' are also present.

The main content area is titled 'Statistics & Reports' and features a grid of report categories: 'Quarterly Business Review', 'Historical Local Tax Rates', 'Property Tax Levy', 'Gross Business Income' (highlighted with a red circle), 'Taxable Retail Sales', and 'Local Tax Distributions'. Below the grid, there is a section for 'Gross Business Income' with a description: 'This system produces totals of Gross Business Income (GBI) by industry. Industries are identified by SIC and NAICS codes. For more information on GBI, or SIC and NAICS codes visit our [Frequently Asked Questions](#).' It includes instructions on how to select multiple items and a note that complex queries may take up to 3 minutes.

A form titled 'What is the difference between SIC and NAICS?' is displayed, allowing users to select a tax year (1994-2004 SIC Data or 1994-Present NAICS Data), a sum by category (All NAICS), NAICS codes (From and To), and a format (Html or Excel). A 'Create Gross Business Income Report' button is located at the bottom of the form.

Below the form, there is a section for 'Detailed Tax Data by Industry and Tax Classification' with a description of the data and a link to 'More...'. At the bottom, there is a link to 'Statistics & Reports' for more information.

The other tabs within the system represent different reports. The **next most popular report** is the **Taxable Retail Sales report**. This report allows the user to choose between statewide figures or figures for a specific location. To choose multiple locations and years, use the control and shift keys. Like the gross business income report, users can choose between either SIC or NAICS codes; however, we no longer publish taxable retail sales data by SIC beginning with the calendar 2005 data.

The screenshot shows the Washington State Department of Revenue website. The top navigation bar includes links for 'ABOUT US', 'CONTACT US', 'QUESTIONS & ANSWERS', 'TEXT VERSION', and 'PRINTER FRIENDLY'. The main header features the Department of Revenue logo and the slogan 'Working together to fund Washington's future'. A search bar and 'My Account: Login | Join' are also present.

The left sidebar contains a menu with the following items: Home, File & pay taxes, Doing business, Find taxes & rates, Workshops & education, Get a form or publication, and Find a law or rule. A 'Take a quick survey' button is located below the menu.

The main content area is titled 'Statistics & Reports' and contains several tabs: 'Quarterly Business Review', 'Historical Local Tax Rates', 'Property Tax Levy', 'Gross Business Income', 'Taxable Retail Sales' (highlighted with a red circle), and 'Local Tax Distributions'.

Under the 'Taxable Retail Sales' tab, the user is prompted to 'Choose a Taxable Retail Sales Query:' with radio buttons for 'Local' (selected) and 'Statewide'. Below this, a text block explains that the data represents taxable retail sales as reported on the excise tax return for cities and counties in the State of Washington. A note states: 'To select multiple items, click on your first selection, then hold the "ctrl" key and click on additional items.' Another note says: 'Note: Complex queries may take up to 3 minutes.'

A link 'What is the difference between SIC and NAICS?' is provided. The configuration form includes the following fields:

- Year Selection:** Radio buttons for 'Year 1994 - Present (NAICS Data)' (selected) and 'Year 1994 - 2004 (SIC Data)'.
- Tax Year:** A dropdown menu with options: All Years, 2006, 2005, 2004, 2003.
- Location:** A dropdown menu with options: 0100 Unincorporated Adams County, 0101 Hatton, 0102 Lind, 0103 Othello, 0104 Ritzville.
- Tax Type:** Radio buttons for 'Sales' (selected), 'Use', and 'Both'.
- Sum By:** A dropdown menu with 'All NAICS' selected and a link to 'List of NAICS codes'.
- NAICS:** Two input fields labeled 'From' and 'To', both containing 'N/A'.
- Format:** Radio buttons for 'Html' (selected) and 'Excel'.

At the bottom of the form is a button labeled 'Create Local Sales/Use Taxable Amounts Report'.

The **Local Tax Distributions report** is mainly used by counties and cities. This report allows users to obtain total tax revenues distributed to a particular jurisdiction for a specific tax by month and year.

For example, a user can create a report that details the total basic and optional taxes received by the City of Seattle for the month of January 2006. (NOTE: To get calendar year figures, choose the December distributions for a given year and look at the year-to-date column.) This report allows you to obtain data for all locations or a single location.

Distributions differ from taxable retail sales; distributions are taxes paid, whereas taxable retail sales are the sales subject to the retail sales tax. Additionally, tax distributions include audits and late reporters that are often not captured in taxable retail sales figures. You cannot use the tax distributions to back into a taxable retail sales figure because some taxes are distributed based on population rather than where they were collected.

The screenshot shows the Washington State Department of Revenue website. The header includes navigation links: ABOUT US | CONTACT US | QUESTIONS & ANSWERS | TEXT VERSION | PRINTER FRIENDLY, a search bar, and the slogan "Working together to fund Washington's future". The main navigation menu on the left lists: Home, File & pay taxes, Doing business, Find taxes & rates, Workshops & education, Get a form or publication, and Find a law or rule. The "Statistics & Reports" section is active, with sub-tabs for Quarterly Business Review, Historical Local Tax Rates, Property Tax Levy, Gross Business Income, Taxable Retail Sales, and Local Tax Distributions (circled in red). The "Local Tax Distributions" page includes a "Choose a Local Sales/Use Query:" section with radio buttons for "Tax Distributions - Single Location" (selected) and "Tax Distributions - All Locations". It states "Latest Data Available: August 2007" and provides a link to "Notes On Local Tax Distributions". A note says "To select multiple items, click on your first selection, then hold the 'ctrl' key and click on additional items." and another note says "Note: Complex queries may take up to 3 minutes." The configuration form has the following fields: "Distribution:" set to "Sales/Use Tax To Cities and Counties"; "Tax Year:" set to "2007" (with options for All Years, 2007, 2006, 2005, 2004); "Month:" set to "January"; "Location:" with a list box containing "0100 Unincorporated Adams County", "0101 Hatton", "0102 Lind", "0103 Othello", and "0104 Ritzville"; and "Format:" with radio buttons for "Html" (selected) and "Excel". A "Create Single Distribution Report" button is at the bottom of the form. A footer link says "For more information, contact Statistics & Reports."

The **Quarterly Business Review** is a publication we create in Research that provides a compilation of statistics on gross income, taxable retail sales, and accrued tax liability as reported by Washington State excise taxpayers.

We begin publishing tables 3, 3a, 4, and 4a sometime in January, April, July, and October of every year. January is for quarter three tax returns, April is for quarter four, July is for quarter one and October is for quarter two. The rest of the QBR tables become available a few weeks later. You can create tables by year or quarter and, in some cases, by location.

Currently the Quarterly Business Review is the only quarterly data we publish on the Internet. However, we hope to add quarterly data to some of the other reports in the near future.

- Table 1** -- Total Statewide Gross Business Income, broken down by various SIC and NAICS groupings.
- Table 2** -- Summary of excise tax returns which provides statewide totals by line code.
- Table 3a** -- County taxable retail sales provides a total for each county and compares it to the previous year's corresponding quarter data.
- Tables 3 and 4** -- Taxable retail sales for counties and cities. For this table you can choose specific locations.
- Table 4a** -- City taxable retail sales data provides a total for each city and compares it to the previous year's corresponding quarter data.
- Table 5** -- Business and occupation tax broken down by various SIC and NAICS groupings.
- Table 6** -- State retail sales tax broken down by various SIC and NAICS groupings.
- Table 7** -- Public utility tax, broken down by various SIC and NAICS groupings.

The **Historical Local Tax Rates report** allows users to lookup historical tax rate changes for a particular location by tax component (i.e. basic and optional, transit, criminal justice, etc.).

The screenshot shows the Washington State Department of Revenue website. The top navigation bar includes links for 'ABOUT US', 'CONTACT US', 'QUESTIONS & ANSWERS', 'TEXT VERSION', and 'PRINTER FRIENDLY', along with a search box. The main header features the Department of Revenue logo and the slogan 'Working together to fund Washington's future'. A 'My Account' section with 'Login' and 'Join' links is also present. A left sidebar contains a menu with options like 'Home', 'File & pay taxes', 'Doing business', 'Find taxes & rates', 'Workshops & education', 'Get a form or publication', and 'Find a law or rule'. The main content area is titled 'Statistics & Reports' and contains several tabs: 'Gross Business Income', 'Taxable Retail Sales', 'Local Tax Distributions', 'Quarterly Business Review', 'Historical Local Tax Rates' (circled in red), and 'Property Tax Levy'. Below the tabs, it states 'Last updated June 2007' and provides instructions: 'To find a jurisdiction's current local tax rate, please refer to the most recent tax rate flyer or for a specific address try our GIS lookup tool.' A form labeled 'Location:' has a dropdown menu with options: '0100 Unincorporated Adams County', '0101 Hatton', '0102 Lind', '0103 Othello', and '0104 Pitzville'. A 'Lookup Historical Rates' button is positioned below the dropdown. At the bottom, a link for 'Statistics & Reports' is provided for more information.

The **Property Tax Levy report** provides property tax levy data by jurisdiction, including the total assessed value, levy rate, and total levy due.

The screenshot shows the Washington State Department of Revenue website, similar to the previous one. The top navigation and header are identical. The 'Statistics & Reports' section has the same tabs, but 'Property Tax Levy' is circled in red. Below the tabs, it says 'For more information, contact Property Tax Statistics.' A form for generating the report includes a 'Tax Year:' dropdown menu with options '2004', '2003', '2002', and '2001'. The 'Location:' dropdown is set to '0100 Adams County'. The 'Format:' section has radio buttons for 'Html' (selected) and 'Excel'. A 'Create Property Tax Levy Report' button is located at the bottom of the form. A link for 'Property Tax Statistics' is provided for more information.

Many of the Create a Report functions also have corresponding publications:

- The **Quarterly Business Review** publication page can be found at http://dor.wa.gov/Content/AboutUs/StatisticsAndReports/stats_qbr.aspx
- The **Local Tax Distributions** can be found at http://dor.wa.gov/Content/AboutUs/StatisticsAndReports/stats_localsales.aspx
- **Property Tax Statistics** is located at http://dor.wa.gov/Content/AboutUs/StatisticsAndReports/stats_proptaxstats_report.aspx

Other Publications and Data Sources

In addition to the Create a Report tool, there are a variety of other reports and publications we publish on the Statistics and Reports page. Some of our most popular publications include:

- (1) Comparative State and Local Taxes,
- (2) Tax Statistics,
- (3) Tax Reference Manual,
- (4) Exemption Study,
- (5) Taxable Retail Sales Comparison for all Cities & Unincorporated Counties, and
- (6) Detailed Tax Data by Industry and Tax Classification.

Statistical reports

- [Comparative State & Local Taxes](#) ← ①
- [Comparison of County Assessor Statistics](#)
- [Detailed Tax Data by Industry and Tax Classification](#) ← ⑥
- [Interest Rates for State Excise Taxes for 2007](#)
- [Local Sales & Use Tax Distributions](#)
- [Local Taxing District Levy Detail](#)
- [Property Tax Statistics](#)
- [Quarterly Business Reviews](#)
- [State-Assessed Utility Valuations](#)
- [Tax Statistics](#) ← ②
- [Taxable Retail Sales Comparison for all Cities & Unincorporated Counties](#) ← ⑤

Studies & research reports

- [Benchmarking Administrative Tax Appeals](#)
- [Cigarette Tax Study 2007](#)
- [Compliance Study: 2006 2005 2003 1996](#)
- [Electricity Taxation Study for 1999](#)
- [High Technology R&D Tax Incentive Study 2003 2000 1997](#)
- [Litter Tax Compliance 2003 2005 2007](#)
- [Manufacturer's Machinery and Equipment Exemption for 2002](#)
- [Municipal B&O Tax Study](#)
- [Property Tax Exemption of Intangible Assets 2000](#)
- [Retailers Cost of Collecting and Remitting Sales Tax Study for 1998](#)
- [Streamlined Sales Tax Sourcing: 2003 2004 Appendix 2004 Sourcing Impacts 2009-2013](#)
- [Summary of Major Tax Legislation](#)
- [Tax Exemptions 2004 2000](#) ← ④
- [Descriptive Statistics for Select Tax Incentives: 2005 2006](#)
- [Tax Reference Manual 2007](#) ← ③

Tax structure & alternatives

- [Washington's Tax System](#)
- [Washington Tax Alternatives Model](#)
- [Washington State Tax Structure Study](#)

Is/StatisticsAndReports/Retailers_Cost_Study/default.aspx Internet

(1) Comparative State and Local Taxes -- Published when the data is available from the Census Bureau. This report presents comparisons of the average combined level of state and local taxes in Washington and other states. These comparisons are derived from tax collection data for all states compiled by the Census Bureau of the U.S. Department of Commerce.

(2) Tax Statistics -- Published annually. This report provides a historical record of tax collections and related statistics in Washington. It contains data on most state tax sources, including the insurance premiums tax, licenses, fees, and permits as well as local government taxes in which the Department is involved. The tables people tend to be most interested in are table 1, Summary of Washington State Taxes and table 3, Washington State General Fund Revenues. This report is often used by legislators and other policy makers.

(3) Tax Reference Manual -- This manual is located on the left-hand side of the Statistics and Reports' main page. It provides general descriptions and historical information on the 50-plus taxes that can be levied by state and local governments including the sales and use tax, the business and occupation tax, property taxes, and much more. It is intended to provide a central source of information and does NOT interpret state tax law or explain the tax liability of taxpayers.

(4) Exemption Study -- Published every two years through 2000, then every four years thereafter. This study provides an overview of all the exemptions, credits, and deferrals available to taxpayers. Included are estimates of taxpayer savings and whether the revenue would be realized if the tax incentive were repealed. This is an excellent reference tool for taxpayers, policy makers, and Department of Revenue employees. The 2004 study covers 503 tax preference items for major Washington state and local tax sources. Savings to taxpayers resulting from these exemptions total \$64.7 billion for the 2003-2005 Biennium.

(5) Taxable Retail Sales Comparison for All Cities and Unincorporated Counties -- Published quarterly. This data source provides a taxable retail sales comparison for all the cities and unincorporated counties for a given year and time period compared to the same time period one year earlier. Many reporters and local governments look at this data to see overall economic trends.

Frequently Asked Questions

FAQ Quick Reference -- See Indicated Page for Answer

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1. General Questions

i. What does a "D" in the data mean?

The letter "D" indicates that data have been withheld to avoid disclosure of individual firm information. This is required by the excise tax confidentiality statute. The Department replaces the data with a "D" whenever the figures represent fewer than three taxpayers.

When data contained in the QBR is not disclosable for a particular SIC or NAICS grouping, the nondisclosable data is rolled into the two- or three-digit industry total when possible or into the grand total at the bottom.

ii. What are reporting periods?

State excise taxpayers are assigned to monthly, quarterly, or annual tax reporting. The QBR data include the accruals of both monthly and quarterly taxpayers for the indicated period with the exception of the fourth quarter report which also includes amounts reported by annual taxpayers for the entire year. Calendar year data includes monthly, quarterly, and annual taxpayers.

iii. Why is the QBR typically published six months after the end of the reporting period?

There is typically a lag of six months or longer in the publication of QBR data from the close of the quarterly period to the actual publication of the QBR for several reasons:

- **Two-Month Wait Period**

The Department waits an additional two months after the end of the reporting period before compiling and analyzing the data for the QBR publication. This is to allow time to capture corrections, adjustments, and the majority of the late returns.

- **Data Checks**

Once the information is available, the Department begins analyzing the statewide data for irregularities or inconsistencies. One of the most common problems discovered is taxpayers reporting on the wrong line of the tax return. Depending on the magnitude of these corrections, they can delay the report two to six weeks.

- **Publication**

After the necessary corrections are made to the data, the Department creates the QBR tables. An additional one to two weeks are necessary for publishing the data on the Internet.

iv. Why doesn't the sum of the quarterly data for a given SIC or NAICS grouping equal the annual figure?

If a particular SIC or NAICS grouping contains fewer than three firms, then the data cannot be disclosed. When this occurs in the QBR, the Department replaces the data with a "D." However, the annual data may contain enough firms to disclose the data for that particular SIC or NAICS grouping. This can cause the annual number for that SIC or NAICS grouping to appear larger than the sum of the individual quarters.

v. What is an accrual period?

Most taxpayers report on the accrual basis, meaning when the seller becomes entitled to receive payment (i.e. when the customer is billed). Some firms whose books are kept strictly on a cash basis report tax liability according to when payment is received.

The quarterly accrual period includes data reported by taxpayers who submit returns for business conducted during the indicated period. For example, the first quarter report includes the tax returns for all monthly taxpayers for January, February, and March as well as the first quarter returns for all firms reporting on a quarterly basis. Because the fourth quarter includes annual reporters, there is some distortion that occurs when comparing the fourth quarter to any of the previous three quarters. However, annual reporters only represent about one-half of 1 percent of all excise taxes reported on the combined excise tax return.

vi. What is the difference between QBR tables 1 and 5?

Table 1 shows gross business income data by major industry grouping, and Table 5 shows business and occupation (B&O) tax data by major industry grouping. Gross business income equals a firm's combined reported gross income for the retail sales, use, B&O, and public utility taxes. The B&O data are just one component of gross income. The B&O tax is a gross receipts tax. It is measured on the value of products, gross proceeds of sale, or gross income of the

business. For more information about gross business income and the B&O tax, refer to the gross business income and B&O tax frequently asked questions.

2. SIC and NAICS Codes

vii. What are SIC and NAICS codes?

Both Standard Industrial Classification (SIC) and North American Industry Classification System (NAICS) codes identify a firm's primary business activity. For example, a firm with SIC 571 primarily sells retail furniture. A firm with NAICS 311 is primarily engaged in food manufacturing.

These codes were developed by the federal government and are used by the U.S. Office of Management and Budget (OMB) as well as many other U.S. statistical agencies. In 1997 OMB adopted NAICS as its new industry classification system.

Every Washington firm is assigned a SIC or NAICS code. SIC codes can be up to four digits and NAICS codes can be up to six digits. The QBR uses these codes to group firms together in order to create informative and useful information. Because the national standard has changed from the use of SIC codes to the use of NAICS codes, in November 2004 the Department stopped assigning SIC codes and now only assigns NAICS codes.

viii. What is the difference between a SIC and a NAICS code?

NAICS codes provide a greater level of detail about a firm's activity than SIC codes. NAICS includes 1,170 industries and SIC includes 1,004 industries. There are 358 new industries recognized in NAICS, 250 of which are services-producing industries.

Additionally, NAICS are based on a consistent, economic concept while SIC codes are not. For NAICS codes, establishments that use the same or similar processes to produce goods or services are grouped together. Industries under the SIC codes were grouped together based on either demand or production.

Unlike SIC codes, the NAICS codes were developed by the U.S. federal government in cooperation with Canadian and Mexican statistical agencies. Because both Canada and Mexico use NAICS for their industry classifications, government and business analysts are now able to compare directly industrial production statistics collected and published in the three North American Free Trade Agreement countries. Additionally, NAICS provides for increased comparability with the International Standard Classification System (ISIC, Revision 3), developed and maintained by the United Nations (U.S. Census Bureau, <http://www.census.gov/epcd/www/naicsdev.htm>).

ix. Can I get SIC code data after 2004?

No. In an effort to move in line with national standards, the Department stopped assigning SIC codes to firms in November 2004 and began only assigning NAICS codes. Because the Department has stopped assigning and updating SIC codes, the Department had to convert the QBR and its other databases to NAICS codes beginning with Quarter 1, 2005 data. This means calendar year 2005 data going forward will also only be available in NAICS codes.

x. Can I compare historical SIC data to the NAICS data?

No. SIC codes do not seamlessly convert to NAICS codes. Therefore, a firm that may have fallen under a particular SIC code may now be classified under a completely different NAICS code. For example, a firm classified in SIC 7359 Business Services (Not Elsewhere Classified) could now be classified under NAICS 491110 Postal Service or NAICS 541340 Drafting services, among others.

xi. What do I do if I need historical QBR data in the NAICS version?

With the release of the Quarter 1, 2005 QBR, the Department also released NAICS versions of the QBR data online for year 2004 (including quarterly and calendar year data). If you need NAICS data prior to 2004, use our online Create a Report tool at <http://dor.wa.gov/content/statistics/TID/StatisticsReports.aspx?query=gbinnaics>.

The Create a Report functions contain NAICS data going back to 1994. You can use the Gross Business Income report to replicate QBR table 1. Or you can use the Local Sales/Use Tax report to replicate QBR tables 3 and 4. For help with how to use the Create a Report tool, visit the Department's web site at http://dor.wa.gov/content/statistics/QBR_Changes.aspx#QBRchart.

3. Unit Counts

xii. What are units?

A unit represents a single taxpayer, including businesses that report no activity. Because state taxes are not reported based on geographic location, the unit count for the state tax data does not reflect the actual number of business establishments. For example, Firm A has five branches located in five different cities. Each location is subject to the B&O tax. However, Firm A will only submit one tax return on behalf of all five locations and will only show up as one taxpayer in the unit count.

For the local sales and use tax data, the unit count indicates the number of retailers reporting taxable retail sales activity within a county or city. However, firms that have multiple branches within the same location will only show up in the data as one unit count.

xiii. Why do the unit counts differ between quarterly and calendar year data?

One reason for this is that many small taxpayer accounts only report annually and therefore only appear in the fourth quarter and annual QBR reports. However, most unit count differences occur because of businesses that report seasonally (e.g., several months or one or two quarters) and businesses that open and close during the year. While all these businesses will appear in the annual QBR report, they may only appear in one or two of the quarterly reports. As a result, individual quarters do not accurately indicate the total number of businesses that may have reported to the Department during the entire year.

xiv. Can I add up the unit counts for each of the quarters to get the annual unit count?

No. This would result in double-counting of taxpayers. For example, if Firm A reports taxes each quarter it would show up as a single unit in each of the four quarters. When you add the quarterly unit counts together to get to an annual figure, Firm A would then be counted four times. However, Firm A should only be counted once. On the other hand, you cannot add all four quarters together and then divide by four because some taxpayers only report during one quarter and therefore they would be underrepresented in the annual unit count.

4. Gross Business Income (GBI)

xv. What is gross business income?

Gross business income equals a firm's combined reported gross income for the retail sales, business and occupation (B&O), and public utility taxes. Prior to 1995 the Department had included other tax data in the calculation of gross business income; however, this resulted in duplication and overstating of a firm's actual gross income. Therefore, gross business income data before 1995 may be misleading when compared to current data.

There are a couple of other considerations when using gross business income information:

- **Exempt firms**
Many small firms, agricultural firms, and other select industries are not required to report taxes due to exemptions and filing thresholds. This, in turn, understates gross income figures.
- **Retail Sales Tax Requirements**
If a firm is not required to pay B&O taxes but makes retail sales of taxable goods and services, the firm must report its retail sales taxes. Therefore, while a small firm may be exempt from paying B&O taxes, it may have to report sales and use taxes. Because it only reports a portion of its gross income when it reports sales and use taxes, this understates gross income figures.
- **B&O Tax Implications**
The B&O tax applies at various stages in the chain of production (e.g. manufacturing, wholesaling, and retailing). For example, a manufacturer produces a widget and sells it to a wholesaler; the manufacturer pays manufacturing B&O tax on the income from the sale of the widget. The wholesaler then sells the same widget to a retailer and pays wholesaling B&O tax. And finally, the retailer sells the widget to an end consumer and pays the retailing B&O tax. In effect, the income from the sale of that single widget was counted and taxed three times. Because of this "pyramiding" of the tax, gross income reported for B&O tax may not be compatible with other published data on income sources, like personal income.

xvi. Can I get gross business income data by location?

No. The data used to calculate gross business income are not reported to the Department by location. For example, when firms report their business and occupation taxes, they provide a single tax return and a single figure for all locations at which they do business. The Department cannot determine how much gross income is earned at a given location.

5. Business and Occupation (B&O) Tax

xvii. What is the B&O tax?

The B&O tax is a gross receipts tax. It is measured on the value of products, gross proceeds of sale, or gross income of the business. Virtually all businesses in Washington are subject to the B&O tax, including corporations, limited liability companies (LLCs), partnerships, and sole

proprietors, whether nonprofit or for profit. The major exempt activities are farming and the sale or rental of real estate. The B&O taxes found in the QBR and other Create a Report functions reflect only the state B&O taxes and do not include local B&O taxes.

xviii. Do cities levy a B&O tax?

Yes. In addition to the state B&O tax, many Washington cities also assess a local B&O tax. However, the B&O data reflected in the QBR do not contain local B&O tax figures. The Department does not administer the local B&O tax; therefore, the Department does not have data on local B&O tax figures. If you are interested in local B&O taxes, contact the jurisdiction of interest to inquire about their local B&O taxes.

xix. What is the difference between B&O gross and taxable income?

Gross income equals the income for a particular B&O activity before any deductions. Taxable income equals the gross income less any deductions and equals the amount subject to the B&O tax. Examples of allowable deductions include bad debts, interstate and foreign sales, advancements or reimbursements, and returns/allowances/cash discounts.

xx. Does the B&O tax due amount account for any tax credits?

No. The tax due amount reflects the taxable (gross less deductions) multiplied by the applicable tax rate. This amount does not take into account any credits. Credits are later subtracted to calculate a final B&O tax liability.

xxi. What are the state B&O tax rates?

There are several classifications for the B&O tax based on the type of business activity. Each classification has its own tax rate. Some of the major categories and their rates are:

B&O Tax Classification	Rate
Retailing	.00471
Extracting/Extracting for hire	.00484
Manufacturing	.00484
Wholesaling	.00484
Service and Other Activities	.015

For more information about the B&O tax visit the Department's web site at <http://dor.wa.gov/content/taxes/busoccupation/default.aspx>.

xxii. Can I get B&O tax data by location?

No. The B&O tax is not reported to the Department by location. When a taxpayer reports to the Department, the taxpayer provides a single tax return and a single figure for all locations at which they do business. Additionally, the addresses provided on the tax returns reflect mailing addresses and may not represent an actual firm location. In fact, they often are the address of a tax preparer. As a result the Department cannot determine how much B&O tax is due for a given location.

6. Retail Sales and Use Tax:

xxiii. What is the retail sales tax?

Businesses in Washington collect and remit retail sales tax on the sale of tangible personal property and certain services. Examples of services subject to the retail sales tax include, but are not limited to, cleaning, repairing, altering, or improving real or personal property.

xxiv. Are there exemptions to the retail sales and use taxes?

Yes. Some of the most frequently used exemptions to retail sales and use taxes include:

- Groceries
- Prescription drugs
- Sales to federal government
- Newspapers
- Machinery and equipment used directly in a manufacturing operation
- Labor and services involved in the installation and repair of the manufacturing machinery and equipment noted above

xxv. What is the difference between gross and taxable retail sales?

Gross income from a retail sale is calculated before any deductions or exemptions. A taxable retail sale equals the retail sale activity less deductions or exemptions and is the amount subject to retail sales tax.

A substantial portion of retail sales are not subject to retail sales tax. Examples of deductions or exemptions include food for human consumption, motor vehicle fuel, prescription drugs, medical appliances and lenses, interstate sales, sales to the federal government, and sales to Native Americans for use on the reservation.

Statewide, taxable sales may understate the true level of retail activity by as much as 25-30 percent; however, this percentage can vary substantially across industries.

xxvi. Do the retail sales and use tax due amounts account for any tax credits?

No. The tax due amount reflects the taxable income (gross less deductions) multiplied by the applicable tax rate. This amount does not take into account any credits. Credits are subtracted later to compute a final tax liability.

xxvii. What are the retail sales and use tax rates?

The state retail sales and use tax rate is 6.5 percent for everything except motor vehicle sales/leases. The state tax rate for motor vehicle sales/leases is 6.8 percent. Local governments also levy sales and use taxes, and their tax rates vary depending on location.

To get a complete list of tax rates, check out the Department's Local Sales Tax flyer available online at http://dor.wa.gov/content/forms/forms_sale.aspx or for a specific area, try the Department's Address Lookup system available at <http://dor.wa.gov/content/gis/salestaxratelookup.aspx>.

7. Public Utility Tax

xxviii. What is the public utility tax?

It is a tax on public service businesses, including businesses that engage in transportation, communications, and the supply of energy, natural gas, and water. The tax is in lieu of the business and occupation (B&O) tax.

xxix. What is operating income?

Income that is subject to the public utility tax is defined as operating income. This income is not subject to the B&O tax.

xxx. What is the difference between gross and taxable operating income?

Gross operating income equals the amount of income subject to the public utility tax before any deductions. Taxable operating income is the amount of income subject to the public utility tax less any deductions. Examples of allowable deductions include bad debts, interstate and foreign sales, advancements or reimbursements, and returns/allowances/cash discounts.

xxxi. Does the public utility tax due amount account for any tax credits?

No. The tax due amount reflects the taxable amount (gross less deductions) multiplied by the applicable tax rate. This amount does not take into account any credits. Credits are subtracted later to compute a final tax liability.

xxxii. What are the public utility tax rates?

There are five different rates, depending on the specific utility activity:

Utility Activity	Tax Rate
Distribution of water	.05029
Generation/distribution of electrical power	.03873
Telegraph companies, distribution of natural gas, and collection of sewerage	.03852
Urban transportation and watercraft vessels under 65 feet in length	.00642
Railroads, railroad car companies, motor transportation and all other public service businesses	.01926

xxxiii. Can I get public utility tax data by location?

No. The public utility tax is not reported to the Department by location. When a taxpayer reports to the Department, the taxpayer provides a single tax return and a single figure for all locations at which they do business. Additionally, the addresses provided on the tax returns reflect mailing addresses and may not represent an actual firm location. In fact, they often are the address of a tax preparer. As a result the Department cannot determine how much public utility tax is due for a given location.

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Contact the Research Division at 360-570-6070**