Nonprofit Boarding Homes

Engrossed Substitute House Bill (ESHB) 2314, Chapter 514, Laws of 2005, provides a business and occupation (B&O) tax exemption on the income of nonprofit boarding homes for providing room and domiciliary care to boarding residents. The exemption becomes effective July 1, 2005.

Currently, all boarding homes licensed under chapter 18.20 RCW are subject to B&O tax on their income from providing room and domiciliary care to residents at a rate of 0.275 percent. Effective July 1, 2005, nonprofit boarding homes will no longer report income received from providing room and domiciliary care to residents on their excise tax returns.

A “nonprofit boarding home” is a boarding home that meets any of the following conditions:

- Operated as a religious or charitable organization;
- Exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3);
- Incorporate under chapter 24.03 RCW;
- Operated as part of a nonprofit hospital; or
- Operated as part of a public hospital district.

“Domiciliary care” is defined in RCW 18.20.020 as any of the following activities:

- Assistance with daily living activities provided by the boarding home either directly or indirectly;
- Assuming general responsibility for the residents’ safety and well-being; or
- Providing intermittent nursing services, directly or indirectly.

If you have any questions, please contact the Telephone Information Center at 1-800-647-7706.
Important Tax Changes
for Nonprofit Boarding Homes
Enclosed

Washington State Department of Revenue