

# SPECIAL NOTICE

June 5, 2006

For further information contact:

Telephone Information Center  
1-800-647-7706 or (360) 705-6676

Alternate Formats (360) 705-6715  
Teletype 1-800-451-7985

## Insurance Companies Tax Obligations

Previously, some insurers interpreted their obligation to pay retail sales and use taxes to be limited to those taxes imposed on the sale or use of tangible personal property. These insurers claimed exemption on their purchases of retail services (see list below). Other insurers have consistently paid excise taxes imposed on these services.

The Legislature makes it clear that insurers are taxable on the same terms as other taxpayers with regard to their consumer purchases, **effective prospectively and retroactively**. (SHB 2880, Chapter 278, Laws of 2006)

This bill clarifies that insurers are required to pay sales tax or use tax on the sale, purchase, use, or possession of:

- Retail services, such as telephone service, credit bureau services, construction services, landscape services, and repair services;
- Tangible personal property for example, office equipment, supplies, furnishings, computers, prewritten software, etc.; and
- Extended warranties and maintenance contracts.

## Insurance Premiums Tax

Amounts received by insurers that are subject to the premiums tax continue to be exempt from the business and occupation (B&O) tax.

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