



PROPOSED RULE MAKING

CR-102 (June 2012)

(Implements RCW 34.05.320)
Do NOT use for expedited rule making

Agency: Department of Revenue

- Preproposal Statement of Inquiry was filed as WSR 15-13-110; or
- Expedited Rule Making--Proposed notice was filed as WSR; or
- Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1).

- Original Notice
- Supplemental Notice to WSR
- Continuance of WSR

Title of rule and other identifying information: WAC 458-20-101 (Rule 101) *Tax registration and reporting* explains the tax registration and reporting requirements for the Department of Revenue as established in RCW 82.32.060 and 82.32.045.

Hearing location(s):
Capitol Plaza Building
4th Floor Executive Conference Room
1025 Union Avenue SE
Olympia, Washington

Copies of draft rules are available for viewing and printing on our website at [Rules Agenda](#)

Call in option can be provided upon request no later than 3 days before the hearing date.

Date: April 26, 2016 **Time: 10:00 A.M.**

Date of intended adoption: May 3, 2016
(Note: This is NOT the effective date)

Submit written comments to:

Name: Jeannette Gute
Address: Department of Revenue
Post Office Box 47453
Olympia, Washington 98504-7453

E-mail: JeannetteG@dor.wa.gov

By: April 26, 2016

Assistance for persons with disabilities: Contact Mary Carol LaPalm (360) 725-7499 or Renee Cosare (360) 725-7514 no later than 10 days before the hearing date. For Hearing Impaired please contact us via the Washington Relay Operator at (800) 833-6384.

Purpose of the proposal and its anticipated effects, including any changes in existing rules:

The Department is proposing revisions to Rule 101 to:

- Update terms and formatting, add headers, and make other general updates;
- Update the active nonreporting status requirements;
- Identify the information required to process a business license application;
- Remove references to seasonal revenue tax reporting accounts as they no longer apply; and
- Clarify when a change in ownership or location may require the completion of a new business license application.

Reasons supporting proposal: To update the rule and provide the required information that must be submitted with a business license application.

Statutory authority for adoption: RCW 82.32.300 and 82.01.060(2)

Statute being implemented:

Is rule necessary because of a:

- | | | |
|-------------------------|------------------------------|--|
| Federal Law? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Federal Court Decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| State Court Decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
- If yes, CITATION:

DATE
March 22, 2016

NAME
Kevin Dixon

SIGNATURE

TITLE
Rules Coordinator

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: March 22, 2016
TIME: 9:06 AM

WSR 16-07-117

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters: None

Name of proponent: Department of Revenue

- Private
 Public
 Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Jeannette Gute	1025 Union Ave. SE. Ste #544, Olympia ,WA	(360) 534-1585
Implementation.... Marcus Glasper	1025 Union Ave. SE. Ste #500, Olympia ,WA	(360) 534-1615
Enforcement..... Marcus Glasper	1025 Union Ave. SE. Ste #500, Olympia ,WA	(360) 534-1615

Has a small business economic impact statement been prepared under chapter 19.85 RCW or has a school district fiscal impact statement been prepared under section 1, chapter 210, Laws of 2012?

Yes. Attach copy of small business economic impact statement or school district fiscal impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone ()

fax ()

e-mail

No. Explain why no statement was prepared.

The rules do not impose any new performance requirements or administrative burden on any small business not required by statute.

Is a cost-benefit analysis required under RCW 34.05.328?

Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone ()

fax ()

e-mail

No: Please explain:

The proposed rules are not significant legislative rules as defined by RCW 34.05.328.

AMENDATORY SECTION (Amending WSR 15-15-025, filed 7/7/15, effective 8/7/15)

WAC 458-20-101 Tax registration and tax reporting. (1) **Introduction.** This rule explains tax registration and tax reporting requirements for the Washington state department of revenue (department) as established in RCW 82.32.030 and 82.32.045. This rule discusses who is required to be registered, and who must file excise tax returns. This rule also discusses changes in ownership requiring a new registration, the administrative closure of taxpayer accounts, and the revocation and reinstatement of a tax reporting account with the department (~~(of revenue)~~). Persons required to file tax returns should also refer to WAC 458-20-104 (Small business tax relief based on (~~volume~~) income of business). Persons with certain ownership structures (e.g., corporations, limited liability companies, limited partnerships, limited liability partnerships, and limited liability limited partnerships) must also register with the office of the secretary of state.

Examples. Examples found in this rule identify a number of facts and then state a conclusion. These examples should be used only as a general guide. The tax results of other situations must be determined after a review of all the facts and circumstances.

(2) **Persons required to obtain tax registration endorsements.** Except as provided in (a) of this subsection, every person who is engaged in any business activity for which the department (~~(of revenue)~~) is responsible for administering and/or collecting a tax or fee, (~~(shall)~~) must apply for and obtain a tax registration endorsement with the department (~~(of revenue)~~). (See RCW 82.32.030.) This endorsement (~~(shall be reflected)~~) is printed on the face of the business person's (~~(registrations and)~~) business license(~~(s)~~) document. The tax registration endorsement is nontransferable, and valid for as long as that person continues in business.

(a) **When registration is not required.** Registration under this rule is not required if all of the following conditions are met:

(i) The person's value of products, gross proceeds of sales, or gross income of the business, from all business activities taxable under chapter 82.04 RCW (business and occupation B&O tax), is less than twelve thousand dollars per year;

(ii) A person's gross income from all business activities taxable under chapter 82.16 RCW (public utility tax), is less than twelve thousand dollars per year;

(iii) The person is not required to collect or pay to the department (~~(of revenue)~~) retail sales tax or any other tax or fee which the department is authorized to administer and/or collect; and

(iv) The person is not otherwise required to obtain a business license (~~(or registration)~~) subject to the business license application procedure provided in chapter 19.02 RCW. For the purposes of this rule, the term "business license (~~(or registration)~~)" means any agency permit, license, certificate, approval, registration, charter, or any form or permission required by law, including agency rule, to engage in any activity.

(b) **Tax registration endorsement.** The term "tax registration endorsement," as used in this rule, has the same meaning as the term "tax registration" or "certificate of registration" used in Title 82 RCW and other rules in chapter 458-20 WAC.

(c) **Person.** The term "person" has the meaning given in RCW 82.04.030 and WAC 458-20-203.

(d) **Tax reporting account number.** The term "tax reporting account number" as used in this rule, is the number used to identify persons registered with the department (~~(of revenue)~~).

(3) **Requirement to file tax returns.** Persons registered with the department must file tax returns and remit the appropriate taxes to the department, unless they are placed on an "active nonreporting" status by the department.

(a) **Active nonreporting status requirements.** The department may relieve any person of the requirement to file returns by placing the person in an active nonreporting status if all of the following conditions are met:

(i) The person's value of products (RCW 82.04.450), gross proceeds of sales (RCW 82.04.070), or gross income of the business (RCW 82.04.080), from all business activities taxable under chapter 82.04 RCW (~~((business and occupation))~~) **B&O tax**, is less than:

(A) Twenty-eight thousand dollars per year; or

(B) Forty-six thousand six hundred sixty-seven dollars per year for persons generating at least fifty percent of their gross amount from activities taxable under RCW 82.04.255 (real estate brokerage services), RCW 82.04.290 (2)(a) (service and other activities B&O tax classification), and RCW 82.04.285 (operating contests of chance);

(ii) The person's gross income (RCW 82.16.010) from all business activities taxable under chapter 82.16 RCW (public utility tax) is less than twenty-four thousand dollars per year; and

(iii) The person is not required to collect or pay to the department retail sales tax or any other tax or fee the department is authorized to collect.

(b) **Notification of active nonreporting status.** The department will notify those persons it places on an active nonreporting status. ~~((+))~~A person may request to be placed on an active nonreporting status if the conditions of (a) of this subsection are met. ~~((+))~~

(c) **Responsibility to notify department about change in status.** Persons placed on an active nonreporting status by the department are required to timely notify the department if their business activities do not meet any of the conditions explained in (a) of this subsection. These persons will be removed from an active nonreporting status, and must file tax returns and remit appropriate taxes to the department, beginning with the first period in which they do not qualify for an active nonreporting status.

(d) **Obligation to file a tax return.** Persons that have not been placed on an active nonreporting status by the department must continue to file tax returns and remit the appropriate taxes.

(4) ~~((Examples. The following examples identify a number of facts and then state a conclusion. These examples should be used only as a general guide. The status of each situation must be determined after a review of all facts and circumstances.))~~ (a) **Example 1.** Bob Brown is starting a bookkeeping service. Income generated from this activity is taxable under the service and other activities B&O tax classification. The gross income of the business is expected to be less than twelve thousand dollars per year. Bob's only income is earned from his bookkeeping activity. Due to the nature of the business activities, Bob is not required to pay or collect any other tax or fee which the department is authorized to collect. Bob has no other need to file a business license application.

Bob Brown is not required to apply for and obtain a tax registration endorsement with the department (~~(of revenue)~~). The conditions under which a business person may engage in business activities with-

out obtaining the tax registration endorsement have been met. However, if Bob Brown in some future period has gross income exceeding twelve thousand dollars per year, he will be required to obtain a tax registration endorsement. If Bob's gross income exceeds ~~((twenty-eight thousand))~~ forty-six thousand six hundred sixty-seven dollars per year (because Bob generates all of his gross income under the service and other activities B&O tax classification), he will be required to file tax returns and remit the appropriate taxes.

(b) **Example 2.** Cindy Smith is opening a business to sell children's books ~~((written for children))~~ to local customers at retail. The gross proceeds of sales are expected to be less than twelve thousand dollars per year.

Cindy Smith must apply for and obtain a tax registration endorsement with the department ~~((of revenue))~~. While gross income is expected to be less than twelve thousand dollars per year, Cindy Smith is required to collect and remit retail sales tax.

(c) **Example 3.** Alice Smith operates a taxicab service with an average gross income of eighteen thousand dollars per year. She also owns a management consulting service with an average gross income of fifteen thousand dollars per year. Assume that Alice is not required to collect or pay to the department any other tax or fee the department is authorized to collect. Alice qualifies for an active nonreporting status because her taxicab income is less than the twenty-four thousand dollar threshold for the public utility tax~~((,))~~ and her consulting income is less than the ~~((twenty-four))~~ forty-six thousand six hundred sixty-seven dollar threshold for the ~~((business and occupation (+)))~~ B&O~~((+))~~ tax. If the department ~~((of revenue))~~ does not first place her on an active nonreporting status, she may request the department to do so.

(5) **Out-of-state businesses.** Out-of-state businesses may have to obtain a tax registration endorsement with the department.

(a) **B&O and public utility taxes.** The B&O and public utility taxes are imposed on the act or privilege of engaging in business activity within Washington. RCW 82.04.220 and 82.16.020. Out-of-state persons who have established sufficient nexus in Washington to be subject to Washington's B&O or public utility taxes must obtain a tax registration endorsement with this department if they do not satisfy the conditions expressed in subsection (2)(a) of this rule.

(b) **Retail sales and use taxes.** Out-of-state persons required to collect Washington's retail sales or use tax~~((, or who have elected to collect Washington's use tax, even though not statutorily required to do so,))~~ under RCW 82.04.067 must obtain a tax registration endorsement. Out-of-state persons who are not statutorily required to collect Washington's use tax, may elect to obtain a tax registration endorsement.

(c) **Other relevant rules for out-of-state persons.** Out-of-state persons making sales into or doing business within Washington should also refer to the following rules in chapter 458-20 WAC for a discussion of their tax reporting responsibilities:

~~((a))~~ WAC 458-20-103 ~~((Time and place of sale));~~

~~((b))~~ (i) WAC 458-20-193 ~~((Inbound and outbound))~~ Interstate sales of tangible personal property(+);

~~((c))~~ (ii) WAC 458-20-193D ~~((+))~~ Transportation, communication, public utility activities, or other services in interstate or foreign commerce(+);

~~((d))~~ (iii) WAC 458-20-194 ~~((+))~~ Doing business inside and outside the state(+); ~~((and~~

~~(e)) (iv) WAC 458-20-19401 Minimum nexus thresholds for apportionable activities; and~~

~~(v) WAC 458-20-221 ((+))Collection of use tax by retailers and selling agents(+)).~~

(6) **Registration procedure.** The state of Washington initiated the unified business identifier (UBI) program to simplify the registration and licensing requirements imposed on the state's business community. Completion of the business license application and payment of the applicable fee(s) enables a person to register or license with several state agencies and cities, including the department of revenue, using a single form. The person will be assigned one unified business identifier number, which will be used for all state agencies and cities participating in the UBI program. The department may assign the unified business identifier number as the taxpayer's revenue tax reporting account number, or it may assign a different or additional number as the revenue tax reporting account number.

(a) **Business license application.** Persons completing the business license application will be issued a ~~((registrations and))~~ business license((s)) document. The face of this document will list the registrations and licenses (endorsements) which have been obtained.

(b) **Fees.** The department ~~((of revenue))~~ does not charge a separate registration fee for issuing a tax registration endorsement. Persons required to complete a business license application may, however, be subject to other fees.

(c) **Forms and submission.** While the UBI program is administered by the department ~~((of revenue))~~, business license applications are available ~~((at any participating UBI service provider location. The following agencies of the state of Washington participate in the UBI program (see RCW 19.02.050 for a more complete listing of participating agencies):~~

- ~~(i) The office of the secretary of state;~~
- ~~(ii) The department of licensing;~~
- ~~(iii) The department of employment security;~~
- ~~(iv) The department of labor and industries;~~
- ~~(v) The department of revenue.~~

~~(7)) online from the state of Washington's business licensing service web site at bls.dor.wa.gov.~~

(7) **Registration application.** The state of Washington requires the following items to process business license applications:

- (a) Purpose or reason for application.
- (b) The registration endorsement(s) that are needed.

(c) Owner information which includes, but is not limited to, the type of business; the business name and open date; the business contact information; and the address, date of birth, Social Security number (if the person is an individual) or federal employer identification number (FEIN) (if the person is an entity) and other contact information for all governing persons which includes the owners, members, officers, and partners. This same information may also be needed for spouses.

(d) Location and business information which includes, but is not limited to, location of business, type of business activities, FEIN (except for sole proprietorships that do not have employees), and estimated income and bank account information.

(8) **Temporary revenue registration certificate.** A temporary revenue registration certificate may be issued to any person who operates a business of a temporary nature.

(a) Temporary businesses, for the purposes of registration, are those with(~~(i)~~)

~~(i))~~ definite, predetermined dates of operation for no more than two events each year with each event lasting no longer than one month(~~(i) or~~

~~(ii) Seasonal dates of operation lasting no longer than three months. However, persons engaging in business activities on a seasonal basis every year should refer to subsection (8) of this rule)).~~

(b) Each temporary registration certificate is valid for a single event. Persons that subsequently make sales into Washington may incur additional tax liability. Refer to WAC 458-20-193 (~~(Inbound and out-bound)~~) Interstate sales of tangible personal property) for additional information on tax reporting requirements. It may be required that a tax registration endorsement be obtained, in lieu of a temporary registration certificate. See subsection (2) of this rule.

(c) Temporary revenue registration certificates may be obtained by (~~making application at any participating UBI agency office, or by completing a seasonal registration form.~~

~~(8) **Seasonal revenue tax reporting accounts.** Persons engaging in seasonal business activities which do not exceed two quarterly reporting periods each calendar year may be eligible for a tax reporting account with a seasonal reporting status. This is a permanent account until closed by the taxpayer. The taxpayer must specify in which quarterly reporting periods he or she will be engaging in taxable business activities. The quarterly reporting periods in which the taxpayer is engaging in taxable business activities may or may not be consecutive, but the same quarterly period or periods must apply each year. The taxpayer is not required to be engaging in taxable business activities during the entire period.~~

~~The department will provide and the taxpayer will be required to file tax returns only for the quarterly reporting periods specified by the taxpayer. Examples of persons which may be eligible for the seasonal reporting status include persons operating Christmas tree and/or fireworks stands. Persons engaging in taxable business activities in more than two quarterly reporting periods in a calendar year will not qualify for the seasonal reporting status)) following registration instructions on the department's web site at dor.wa.gov.~~

(9) ~~**Display of ((registrations and)) business license((s)) document.** The taxpayer is required to display the ((registrations and)) business license((s)) document in a conspicuous place at the business location for which it is issued.~~

(10) ~~**Multiple locations.** A ((registrations and)) business license((s)) document is required for each place of business ((at which)) where a taxpayer engages in business activities for which the department ((of revenue)) is responsible for administering and/or collecting a tax or fee, and any main office or principal place of business from which excise tax returns are to be filed. This requirement applies to locations both within and without the state of Washington.~~

(a) ~~**Place of business.** For the purposes of this subsection, the term "place of business" means:~~

~~(i) Any separate establishment, office, stand, cigarette vending machine, or other fixed location; or~~

~~(ii) Any vessel, train, or the like, ((at any of which)) where the taxpayer solicits or makes sales of tangible personal property, or contracts for or renders services in this state or otherwise transacts business with customers.~~

(b) **Multiple locations with a single excise tax return.** A taxpayer wishing to report all tax liability on a single excise tax return may request a separate ~~((registrations and))~~ business license~~((s))~~ document for each location. The original ~~((registrations and))~~ business license~~((s))~~ document shall be retained for the main office or principal place of business from which the returns are to be filed, with additional documents obtained for all branch locations. All ~~((registrations and))~~ business license~~((s))~~ documents will reflect the same tax reporting account number.

(c) **Multiple locations with separate excise tax returns.** A taxpayer desiring to file a separate excise tax return covering a branch location, or a specific construction contract, may apply for and receive a separate revenue tax reporting account number. A ~~((registrations and))~~ business license~~((s))~~ document will be issued for each tax reporting account number and will represent a separate account.

(d) **Application required for each location's business license document.** A business license application must be completed to obtain a separate ~~((registrations and))~~ business license~~((s))~~ document, or revenue tax reporting account number, for a new location.

(11) **Change in ownership.** When a change in ownership of a business occurs, the new owner must generally apply for and obtain a new ~~((registrations and licenses document))~~ unified business identifier by filing a business license application and requesting all applicable license endorsements. A new business license document will be issued reflecting the ownership of the new business. The original business license document must be destroyed, and any further use of the tax reporting account number of the previous owner(s) for tax purposes is prohibited.

(a) **Change in ownership.** A "change in ownership," for purposes of registration, occurs ~~((upon))~~ when, but is not limited to:

(i) The sale of a business by one individual, firm or corporation to another individual, firm or corporation;

(ii) The dissolution of a partnership;

(iii) The withdrawal, substitution, or addition of one or more partners where the general partnership continues as a business organization and the change in the composition of the partners is equal to or greater than fifty percent;

(iv) Incorporation of a business previously operated as a partnership or sole proprietorship;

(v) Changing from a corporation to a partnership or sole proprietorship; or

(vi) Changing from a corporation, partnership or sole proprietorship to a limited liability company or a limited liability partnership.

(b) **Situations that are not a change in ownership.** For the purposes of registration, a "change in ownership" does not occur upon:

(i) The sale of all or part of the common stock of a corporation;

(ii) The transfer of assets to an assignee for the benefit of creditors or upon the appointment of a receiver or trustee in bankruptcy;

(iii) The death of a sole proprietor where there will be a continuous operation of the business by the executor, administrator, or trustee of the estate or, where the business was owned by a marital community or registered domestic partnership, by the surviving spouse or surviving domestic partner of the deceased owner;

(iv) The withdrawal, substitution, or addition of one or more partners where the general partnership continues as a business organi-

zation and the change in the composition of the partners is less than fifty percent; or

(v) A change in the trade name under which the business is conducted.

(c) **Situations where a new business license application may still be required.** While changes in a business entity may not result in a "change in ownership," the completion of a new business license application may be required to reflect the changes in the registered account.

(12) **Change in location.** Whenever the place of business is moved to a new location, the taxpayer must notify the department of the change. Although a new business license application may not be required to notify the department of a location change, some endorsements and licenses will require a new business license and reapproval of the license endorsements at the new location. A new ~~((registrations and))~~ business license~~((s))~~ document will be issued to reflect the change in location.

(13) **Lost ~~((registrations and))~~ business license~~((s))~~ documents.** If any ~~((registrations and))~~ business license~~((s))~~ document is lost, destroyed or defaced as a result of accident or of natural wear and tear, a new document will be issued upon request.

(14) **Administrative closure of taxpayer accounts.** The department may, upon written notification to the taxpayer, close the taxpayer's tax reporting account and rescind its tax registration endorsement whenever the taxpayer has reported no gross income and there is no indication of taxable activity for two consecutive years.

The taxpayer may request, within thirty days of notification of closure, that the account remain open. A taxpayer may also request that the account remain open on an "active nonreporting" status if the requirements of subsection (3)(a) of this rule are met. The request shall be reviewed by the department and if found to be warranted, the department will immediately reopen the account. The following are acceptable reasons for continuing as an active account:

(a) The taxpayer is engaging in business activities in Washington which may result in tax liability.

(b) The taxpayer is required to collect or pay to the department ~~((of revenue))~~ a tax or fee which the department is authorized to administer and/or collect.

(c) The taxpayer has in fact been liable for excise taxes during the previous two years.

(15) **Reopening of taxpayer accounts.** A business person choosing to resume business activities ~~((for which))~~ where the department ~~((of revenue))~~ is responsible for administering and/or collecting a tax or fee, may request a previously closed account be reopened. The business person must complete a new business license application. When an account is reopened a new ~~((registrations and))~~ business license~~((s))~~ document, reflecting a current tax registration endorsement, ~~((shall))~~ will be issued. Persons requesting the reopening of an account ~~((which))~~ that had previously been closed due to a revocation action should refer to subsection (16) of this rule.

(16) **Revocation and reinstatement of tax registration endorsements.** Actions to revoke tax registration endorsements must be conducted by the department pursuant to the provisions of chapter 34.05 RCW, the Administrative Procedure Act, and the taxpayers bill of rights of chapter 82.32A RCW. Persons should refer to WAC 458-20-10001, Adjudicative proceedings—Brief adjudicative proceedings—Wholesale and re-

tail cigarette license revocation/suspension—Certificate of registration (tax registration endorsement) revocation, for an explanation of the procedures and processes pertaining to the revocation of tax registration endorsements.

(a) The department (~~(of revenue)~~) may, by order, revoke a tax registration endorsement if:

(i) Any tax warrant issued under the provisions of RCW 82.32.210 is not paid within thirty days after it has been filed with the clerk of the superior court; or

(ii) The taxpayer is delinquent, for three consecutive reporting periods, in the transmission to the department of retail sales tax collected by the taxpayer; or

(iii) Either:

(A) The taxpayer was convicted of violating RCW 82.32.290(4) and continues to engage in business without fully complying with RCW 82.32.290 (4)(b)(i) through (iii); or

(B) A person convicted of violating RCW 82.32.290(4) is an owner, officer, director, partner, trustee, member, or manager of the taxpayer, and the person and taxpayer have not fully complied with RCW 82.32.290 (4)(b)(i) through (iii).

For purposes of (a)(iii) of this subsection, the terms "manager," "member," and "officer" mean the same as defined in RCW 82.32.145.

(b) The revocation order will be, if practicable, posted in a conspicuous place at the main entrance to the taxpayer's place of business. The department may also post a copy of the revocation order in any public facility, as may be allowed by the public entity that owns or occupies the facility. The revocation order posted at the taxpayer's place of business must remain posted until the tax registration endorsement has been reinstated or the taxpayer has abandoned the premises. A revoked endorsement will not be reinstated until:

(i) The amount due on the warrant has been paid, or satisfactory arrangements for payment have been approved by the department, and the taxpayer has posted with the department a bond or other security in an amount not exceeding one-half the estimated average annual liability of the taxpayer; or

(ii) The taxpayer and, if applicable, the owner, officer, director, partner, trustee, member, or manager of the taxpayer who was convicted of violating RCW 82.32.290(4) are in full compliance with RCW 82.32.290 (4)(b)(i) through (iii), if the tax registration endorsement was revoked as described in (a)(iii) of this subsection.

(c) It is unlawful for any taxpayer to engage in business after its tax registration endorsement has been revoked.

(17) **Penalties for noncompliance.** The law provides that any person engaging in any business activity, for which registration with the department (~~(of revenue)~~) is required, (~~(shall)~~) must obtain a tax registration endorsement.

(a) The failure to obtain a tax registration endorsement prior to engaging in any taxable business activity constitutes a gross misdemeanor.

(b) Engaging in business after a tax registration endorsement has been revoked by the department constitutes a Class C felony.

(c) Any tax found to have been due, but delinquent, and any tax unreported as a result of fraud or misrepresentation, may be subject to penalty as provided in chapter 82.32 RCW, WAC 458-20-228 and 458-20-230.