



EXPEDITED RULE MAKING

CR-105 (June 2004)
(Implements RCW 34.05.353)
EXPEDITED RULE MAKING ONLY

Agency: Department of Revenue

Title of rule and other identifying information: WAC 458-20-196 (Bad debts). This rule provides information about the tax treatment of bad debts and credit losses under the business and occupation (B&O), public utility, retail sales, and use taxes.

NOTICE

THIS RULE IS BEING PROPOSED UNDER AN EXPEDITED RULE-MAKING PROCESS THAT WILL ELIMINATE THE NEED FOR THE AGENCY TO HOLD PUBLIC HEARINGS, PREPARE A SMALL BUSINESS ECONOMIC IMPACT STATEMENT, OR PROVIDE RESPONSES TO THE CRITERIA FOR A SIGNIFICANT LEGISLATIVE RULE. IF YOU OBJECT TO THIS USE OF THE EXPEDITED RULE-MAKING PROCESS, YOU MUST EXPRESS YOUR OBJECTIONS IN WRITING AND THEY MUST BE SENT TO

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AND RECEIVED BY December 5, 2005

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

Part I of Engrossed Substitute House Bill 2314 made sales of "extended warranties" retail sales subject to retail sales tax and the retailing classification of the business and occupation (B&O) tax. Sales of these warranties were previously subject to the service and other activities B&O tax. Several of the examples in WAC 458-20-196 are premised on the previous tax treatment of certain warranties. The rule revision will update the examples to reflect current law.

Reasons supporting proposal:

Without amendment, the examples in the rule will be misleading.

Statutory authority for adoption:

RCW 82.32.300 and 82.01.060(2)

Statute being implemented:

RCW 82.04.4284, 82.08.037, 82.12.037, and 82.16.050(5) to the extent they apply to bad debts.

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:

CODE REVISER USE ONLY

Filed: September 29, 2005

Time: 12:36 p.m.

WSR: 05-20-039

The above information was input by DOR.

Date

Name

Janis P. Bianchi

Signature

Title

Manager, Interpretations and Technical Advice Unit

Name of proponent: Department of Revenue

- Private
- Public
- Governmental

Name of agency personnel responsible for:

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Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters: