

B L O C K 1	Attached To _____, _____ Tax Return
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SCHEDULE B

ATTACH TO COMBINED EXCISE TAX RETURN

B L O C K 2	NAME _____ REG. NO. _____
	FIRM NAME _____
	STREET ADDRESS _____
	CITY, STATE, ZIP _____

CREDIT FOR SALES TAXES PAID ON BAD DEBTS

INSTRUCTIONS

1. When to File Schedule B

File Schedule B when the sales tax rate at the time of sale is different from the rate on the tax return. If the rates are the same, use the deduction detail form with your return. **NOTE: Do Not** report bad debt as a retail sales tax deduction **and** as a credit on Schedule B.

2. Bad Debts

- a) A bad debt from any reporting period qualifies for a credit as long as the state and local sales taxes were remitted to the Department.
- b) If a debt has been partially collected, the sales tax on the uncollected amount may be credited.
- c) Credit may only be claimed for sales taxes paid on specific sales. Amounts established on the books as a reserve for bad debts (reserve method of accounting) do not qualify. Credit may be claimed only once for each bad debt. All credit claimed is subject to audit.
- d) No credit will be allowed for bad debt posted more than four years prior to the beginning of the calendar year in which Schedule B is filed. If a taxpayer has previously applied for and been granted a waiver of this limitation on older periods, bad debts incurred during older periods covered by the waiver may be credited. (For reference see Revised Code of Washington 82.32.050 or 82.32.100.)

3. To Complete This Form

- a) *Block 1:* Enter the reporting period from page one of the tax return you are about to file.
- b) *Block 2:* Enter the name and address of the business. **Important: include your Tax Registration Number.**
- c) Sales transactions should be grouped by date of sale and then sorted by location code (see the location code list online at dor.wa.gov. Enter "location codes" into the search box of the main menu.).
- d) *Column 1:* Enter the sale month and year as numbers (e.g. November 1996 = 11/96).
- e) *Column 2:* Enter the location code of the sale. If sales were made during this month in multiple locations, use a different line for each location code.
- f) *Column 3:* Enter the taxable value of sales claimed as bad debts for each location code.
- g) *Column 6:* Enter the total amount of state and local sales taxes paid to the state [on the bad debts listed] for each location code.
- h) *Columns 4 & 5:* For each tax entry in column 6, break the tax amount into the state and local sales tax portions. Include any King County Food & Beverage and RTA.
- i) If you need more space, use the back of this sheet. You may photocopy the form for more sheets. Write your Tax Registration Number on each page.
- j) Total all column 6 entries. Enter this amount in the "Total" block on this form and on the "BAD DEBT TAX CREDIT" line on the Combined Excise Tax Return.
- k) Attach Schedule B behind the Combined Excise Tax Return.

Column 1	Column 2	Column 3
Date Of Sale (MM/YY)	4 Digit Location Code	Value of Sale Written Off

Column 4	Column 5	Column 6		
State Sales Tax Claimed	Local Sales Tax Claimed	Total State And Local Taxes Claimed	For Department Use Only	For Department Use Only
SUB-TOTAL				

Signature _____

Phone _____

COMBINED TOTAL [801]
All sales taxes claimed:

Post to BAD DEBT CREDIT line on Combined Excise Tax Return.

