

Tax Facts

Washington State Department of Revenue

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Use Tax Reminder

Washington's use tax is due on items used by businesses or individuals when sales tax has not been paid. Use tax rates are the same as sales tax except the local tax rate is determined by the location of use and tax applies to the value of the goods.

The following list provides examples of purchases on which use tax is due:

- ◆ Goods purchased in a state with no sales tax or a lower sales tax rate.
- ◆ Goods purchased from someone who is not authorized to collect sales tax. For example: Goods purchased from a mail order catalog, or over the Internet from an out-of-state retailer (e.g., office supplies, magazine subscriptions).
- ◆ Personal property acquired with the purchase of real property.

If you made similar purchases, you should report use tax on your *Combined Excise Tax Return* or on a *Consumer Use Tax Return*. The Department's publication, *Use Tax*, provides more information. ▲

Revenue Launches Redesigned Web Site

In November, the Department of Revenue launched its redesigned web site. The site is still located at <http://dor.wa.gov> and contains the same valuable information, but looks quite different.

In addition to the new look, the web site is more user friendly and easier to navigate. It has several new features such as alphabetical and categorical listings of forms and publications, a new "Featured Links" area that takes users from the home page directly to popular sections, and "Tax Topics," which organizes information into specific tax categories.

Under "Tax Topics," click on the "Business" page to access forms, publications, workshop schedules, answers to frequently asked questions, and information on completing and filing your tax return. You can also update your account information or close your account online.

The web site gives you another reliable option for quickly accessing tax information 24 hours a day, 7 days a week. Although the new site is up and running, it will continue to be enhanced throughout the next several months. We welcome your comments at communications@dor.wa.gov.



If You Need Assistance in January . . .

More than 300,000 businesses will file excise tax returns in the next few weeks. To help meet the high demand for service during this busy time, the Department of Revenue offers many automated services. Check out our *Automated Services* on page 4.

New Special Notices

The following Special Notices were recently issued. These notices discuss current issues as well as new legislation.

Sales and Use Tax Exemption to Farmers and Veterinarians for Animal Pharmaceuticals - Issued August 1, 2001

The Tax Application for Tree and/or Stump Removal from Existing Orchards - Issued August 6, 2001

Public Utility Tax Deductions for Water Conservation Measures - Issued August 7, 2001

Tax Application Change on the Transfer of Used Park Model Trailers - Issued August 16, 2001

Tax Changes for Manufacturers of Dairy Products - Issued August 21, 2001

Certain Vendors to Pay Use Tax Directly to the Department of Revenue - Issued August 22, 2001

Reporting Income from Pull-tabs and Punch Boards - Issued October 9, 2001

Use Tax Reminder for Veterinarians - Issued October 12, 2001

Update – Sales and Use Tax Exemption for Animal Pharmaceuticals Sold to Farmers or Veterinarians - Issued October 12, 2001

Special Notices are available for viewing and downloading from the Department's web site at: http://dor.wa.gov/Publications/pubs_sn_main.asp. You may also use the Department's automated phone system to request a copy be mailed or faxed to you - see *Automated Services* on page 4.



Improvements to Revenue's Electronic Filing (ELF) Service

Tax classifications added

Beginning with the December and Quarter 4, 2001 tax returns, businesses that report under the following classifications can use the ELF service:

- ◆ Extracting and Extracting for Hire.
- ◆ Slaughtering, Breaking, and Processing Perishable Meat - Wholesale, Manufacturing of Wheat into Flour, Soybean & Canola Processing, and Raw Seafood Products.
- ◆ Manufacturing Fresh Fruits and Vegetables, Splitting or Processing of Dried Peas, Prescription Drug Warehousing, and Manufacturing Dairy Products.
- ◆ Processing for Hire, Printing and Publishing.
- ◆ Manufacturing.

Payment voucher introduced

For taxpayers who use ELF and pay by check, the system now has a payment voucher that can be printed and mailed with the check. If you are unable to print the voucher, you may request one by fax or mail at 1-877-FILE-ELF (1-877-345-3353).

Paper waste eliminated

To save paper and avoid confusion, the Department has discontinued mailing paper tax returns to businesses that electronically file their returns on a monthly basis. Since the paper return served as a reminder to some to file their taxes, the Department will send postcard reminders until an effective e-mail notification system is developed.

ELF tutorial developed

An Electronic Filing tutorial that shows how the system works has been added to the ELF home page at <http://dor.wa.gov/elf/elfcontent.htm>. If you aren't already filing your taxes electronically, check it out and see how easy it is to use ELF.

For more information on filing your taxes electronically, please visit <http://dor.wa.gov/elf/elfcontent.asp> or call 1-800-647-7706.



Q&A

Q. As a catering company I rent various items from a local party supply store and resell the items to customers. I bill customers for the rented items separate from charges for catering. The party supply store would not accept a resale certificate and charged me sales tax. Is this correct?

A. The party supply store is correct to charge sales tax. Persons performing catering services must pay retail sales or use tax on the purchase or rental of all items used in the business. The tax applies even if a separate charge is made to customers for the use of such items. Taxable items include rentals of dishes, silverware, linens, tables, equipment, or decorations used in performing the catering service. ▲

Excise Tax Advisories

The Department issues Excise Tax Advisories (ETA) to explain the Department's policy regarding specific tax issues. The table below identifies recently issued, cancelled, and revised ETAs.

| | |
|--|---|
| <i>Issued, effective September 6, 2001</i> | |
| 2006.16.179 | Taxability of Air Transportation and Other Activities Performed With Aircraft. |
| <i>Cancelled, effective August 8, 2001</i> | |
| 367.04.172 | Clearing Land and Moving Earth for Commercial Farmers. |
| <i>Cancelled, effective September 6, 2001</i> | |
| 321.16.179/224 | Air Taxi Service, Chartered Flights, and Student Training Fees. |
| <i>Cancelled, effective September 14, 2001</i> | |
| 020.08.103 | Catalogues Purchased Within the State for Distribution Without. |
| 088.04.111 | Deduction of Advances and Reimbursements. |
| 162.04.193 | Cartage, Storage, and Handling of Goods Moving in Interstate Commerce. |
| 175.04.193 | Local Services Connected with Interstate Transactions. |
| 179.08.103 | Credit Bureau Business, Charges for Credit Information, and the Retail Sales Tax. |
| 283.08.211 | Sales Tax Liability on Lease/Purchase Agreements. |
| 360.08.237 | Retail Sales Tax: Constitutional Issues. |
| 397.04.140 | Photofinishing for Out-of-State Customers. |
| 506.04.193B | Nexus Presumption. |
| 508.04.193B | Nexus: Employees of Seller's Agent. |
| 509.04.193B | Business and Occupation Tax on Local Services of Nonselling Resident Managers. |
| 520.04.211 | Water Conditioning Services. |
| 560.04.193 | Delivery – Goods Originate Outside Washington. |

Tax Workshops Offered

New Business Outreach Workshops provide a basic overview of taxes that apply to various business activities in Washington. Topics include tax reporting classifications, deductions, collecting sales tax, and record keeping requirements. Participants will receive a free informational reference workbook and have the opportunity to ask questions. Register to attend a workshop at http://dor.wa.gov/services/services_wrkshop.asp or call the number listed. Check our web site for upcoming workshop dates, times, and locations.

| New Business Outreach Workshop Schedule | | | |
|---|----------------------------|--|------------|
| Date | Location | Address | Time |
| 1/8/02 | Bellingham 360/676-2114 | Dept. of Social & Health Services Labor & Industries Building 1720 Ellis Street, Conference Room A | 1:00-4:00 |
| 1/9/02 | Olympia 360/753-1551 | Dept. of Revenue Target Place Complex 2735 Harrison Avenue NW | 9:00-12:00 |
| 1/15/02 | Wenatchee 509/663-9714 | Douglas County Fire Station 377 Eastmont | 1:30-4:00 |
| 1/16/02 | Lakewood 253/593-2722 | Lakewood Library 6300 Wildaire Road SW | 1:00-4:30 |

24-Hour Automated Services

**Need Help? The following automated services are available
24 hours a day, 7 days a week.**



Internet Access: <http://dor.wa.gov>

Update your account information –
Change your address or close your account with the Department of Revenue:

- Click on **DOR Services**
- Under the **Find it Fast** menu, click on **Business Information Update**
- Fill out the form and click *Send*.

Tax returns, Master Applications and other forms:

- Click on **Forms**;
- Check out the **Top 10 Forms** list; or
- Select from the menu under **Find it Fast**.

Department publications:

- Click on **Publications**
- Check out the **Top 10 Publications** list; or
- Select from the menu under **Find it Fast**.

Rules, laws, Excise Tax Advisories (ETA) and Washington Tax Decisions (WTD):

- Click on **Rules & Laws**
- Select from the menu under **Find it Fast**
- To search for rules, laws, advisories or rulings by key word, select **Taxpedia**.

Find answers to frequently asked questions:

- Under **Tax Topics**, click on **FAQs**
- Select from a variety of topics listed under the **Find it Fast** menu.

Instructions for completing your tax return:

- Under **Tax Topics**, click on **Business**
- Under the **Find it Fast** menu, click on **Business Tax Guide**.

Penalty waiver information:

- Under **Tax Topics**, click on **Business**
- Under the **Find it Fast** menu, click on **Filing Your Tax Return**
- Click on **Requesting a Penalty Waiver**.

Workshop schedules and information:

- Click on **DOR Services**
- Under **Find it Fast**, click on **Workshops**.

Automated Telephone Assistance: Call 1-800-647-7706

Update your account information, file a “no business activity” return, clear a delinquent account or close your Department of Revenue account:

- By-pass the voice menu and go directly to the account update section by entering 111;
- Enter your 9-digit UBI/registration number;
- Verify the number entered;
- Choose from the following:
 - § To change your address, enter 21
 - § To close your account, enter 22
 - § To file a “no business activity” return, enter 3.

Order publications or forms including tax returns, rules/laws, or a Master Application:

- Follow the voice prompt;
- State the name or description of the publication/form;
- Leave your name and address.

Use *Fast Fax* to transmit documents directly to your fax machine:

- Follow the voice prompt;
- Enter the Fast Fax code for the publication;
- Enter your fax number.

Tax Express - listen to prerecorded tax information:

- Call 1-800-334-8969
- Enter the 3-digit code for the document/topic of your choice; or
- Enter code 500 for a list of available documents.

Speak to a Tax Specialist: Call 1-800-647-7706

Tax Specialists are available to answer your questions, Monday through Friday, 7:30 a.m. to 5:00 p.m. To receive faster service during the busy month of January, we offer the following tips:

- Call early in the month with your questions — before January 15 if possible.
- Avoid calling during the busiest time of 11:00 a.m. to 2:00 p.m.
- Use our 24-hour automated services.
- Have your 9-digit UBI/tax reporting account number and tax return available.
- Stay on the line if you need to talk to a specialist. We answer every call in the order received.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users, please call 1-800-451-7985.

Prepared by the Taxpayer Services Division
 Printed on recycled paper