

CORPORATE DIRECTOR FEES B&O TAX PAYMENT AGREEMENT

I. Recitals

This agreement is made between _____, (the “Corporation”), of _____, Account ID _____, and the State of Washington, Department of Revenue, (the “Department”).

Corporate directors who have substantial nexus with the state of Washington are responsible for remitting business and occupation (B&O) tax on their gross income received from services rendered as a corporate director in accordance with Revised Code of Washington (RCW) 82.04.360(2). The Department seeks to provide a cost effective and efficient method for collection of the Washington B&O tax from corporate directors. For the benefit of its corporate directors, the Corporation also seeks to assist its corporate directors in complying with their Washington B&O tax responsibilities.

For the benefit of all of the parties, and in order to simplify and make more efficient the administration and collection of B&O tax imposed by the state of Washington on corporate directors, the parties agree as follows:

II. Payment of B&O Tax by the Corporation on behalf of its Corporate Directors

A. Payment Obligation.

For tax periods beginning _____, the Corporation agrees to collect and remit to the Department on behalf of any corporate director identified pursuant to section II.B. of this agreement (“Covered Director”), all amounts owed for any liability arising under Chapter 82.04 RCW on the “Director Fees” of a Covered Director. The term “Director Fees” includes fees, bonuses, stock, and any other amounts or property received or accrued by a director in connection with their services as a director of the Corporation.

B. Obligation to file Covered Director Information with Electronic Return.

In addition to complying with its other obligations under Chapter 82.32 RCW, the Corporation will remit any information or payments required under this agreement electronically through the Department’s “My DOR” electronic filing portal.

The Corporation will provide the following information for each Covered Director with respect to a specified calendar year:

- The name, last four digits of the Social Security Number (SSN), and address of the Covered Director.
- The amount remitted by the Corporation to the Department on behalf of the Covered Director, and

- The measure of the Covered Director’s gross income the Corporation used to calculate the remitted liability.

The Department may request other information to determine whether the Corporation remitted the full amount due by the Covered Director.

All filings and remittances must be made on an annual basis unless otherwise notified by the Department.

C. Apportionment.

Corporate directors taxable in Washington and another state may be entitled to apportion their apportionable income for B&O tax purposes. Refer to Washington Administrative Code (WAC) 458-20-19402 for details on apportioning apportionable income.

Note: The Corporation may not remit any amounts on behalf of a director that represents a liability determined by apportioning income between Washington and another location. In other words, if a director chooses to apportion their income, the director must register with the Department and report under a separate excise tax account. In such circumstances, the income received by the director should not be included on the return filed under the Corporate Director Account.

D. Small Business B&O Tax Credit.

The Corporation may claim a small business tax credit under RCW 82.04.4451 in calculating the B&O tax liability of a Covered Director. Refer to WAC 458-20-104 for additional information on the small business B&O tax credit.

E. Separate Account.

The Corporation will report the amounts governed by this agreement under a separate “Corporate Director Account” issued by the Department.

III. Terms and Conditions Applicable to the Payment of B&O Tax on behalf of the Corporate Directors of the Corporation

- A. Director Registration.** The Department will not require any corporate director to register with the Department or remit B&O tax so long as the full amount of the tax owed by the corporate director has been remitted to the Department pursuant to this agreement, and the corporate director engages in no other business activity that would require the director to register with the Department. Nothing in this agreement alters the Department’s authority to apply or exercise the provisions in Chapter 82.32 RCW as it exists or may hereafter be amended.
- B. Limitation on Liability.** The Corporation is not a guarantor of any corporate director’s payment of his or her tax obligations. The Corporation will be liable to the Department only to the extent it has actually collected the B&O tax from a corporate director. The Corporation will not be liable to the Department for any collection, reporting, or remittance obligations on behalf of its corporate directors beyond those specifically set forth in this Agreement. The Corporation agrees to use its best efforts to remit the full amount due on behalf of its corporate directors. The Corporation will not be liable for any unpaid tax liability of its corporate

directors, unless such unpaid taxes were collected by the Corporation from its corporate directors.

- C. Release of Corporate Directors.** Any corporate director who shows to the Department's satisfaction that they have paid to the Corporation the full amount of Washington B&O tax due on their Director Fees will be relieved of any further B&O tax liability in connection with the same Director Fees. This agreement does not limit the Department's ability to collect B&O tax from any corporate director to the extent he or she cannot show to the Department's satisfaction that the full amount of taxes were remitted to the Corporation or the Department. The Corporation will notify its corporate directors of their potential liability for B&O taxes on their Director Fees, when the full amount of such taxes are not collected by the Corporation and remitted to the Department on behalf of such directors.

IV. Terms and Conditions Applicable to the Entire Agreement

- A. Term.** This agreement is effective upon signing and will remain in full effect and will be binding on the parties until terminated by any party. Any party may terminate this agreement on at least sixty (60) days advance written notice, unless the parties agree in writing to a shorter notice period.
- B. Assignment.** This agreement is binding upon and inures to the benefit of the Department and the Corporation and their respective successors and assigns.
- C. Disclosure of Reporting Agreement.** The Corporation authorizes the Department to disclose to anyone identifying themselves as current or potential corporate directors (or their lawyers, accountants, or other authorized representatives), that the Corporation has entered into this tax payment agreement with the Department. The Department may inform such persons of the general ramifications of this agreement, and/or direct such persons to contact designated persons at the Corporation's offices.
- D. Changes in Law.** The Department will notify the Corporation, by its normal means of taxpayer notification, of any substantive, administrative, or procedural changes affecting the Corporation's responsibility for collecting and remitting the amounts pursuant to this agreement, including but not limited to changes in tax rates, exemptions, and filing dates.
- E. Notices.** Any notice to a party required under this agreement must be in writing and must be delivered electronically via the Department's "My DOR" electronic portal, personally delivered, or sent by mail to the party at the following addresses:

Washington State Department of Revenue
Taxpayer Account Administration
PO Box 47476
Olympia, WA 98504-7476

- F. Scope.** This agreement applies only to liability arising under Chapter 82.04 RCW and imposed on director fees, and does not impact any other tax. This agreement only applies to those of its corporate directors it identifies as Covered Directors.

- G. Full Authority.** By executing this agreement, both the Corporation and the Department represent and warrant that they have full power and authority to enter into this agreement.
- H. Integration.** This agreement represents the entire agreement between the parties and no other statements or representations shall be deemed a part thereof.
- I. Modification.** This agreement may not be modified except by a written addendum or new agreement in writing signed by both parties.
- J. Waiver.** Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this agreement unless it complies with the modification clause above.
- K. Plurals, Pronouns.** Whenever in this agreement words, including pronouns, are used in the masculine, they must be read in the feminine or neuter whenever they would so apply and vice versa, and words in the agreement that are singular must be read as plural whenever the latter would so apply and vice versa.
- L. Breach of Agreement.** If the Corporation materially breaches any provision of this agreement or if the facts reported to the Department in the Annual Listing are materially different from facts subsequently established by the Department, this agreement is null and void and the Department may take any steps necessary to ensure compliance with the Revised Code of Washington.
- M. Forum.** No suit, action or proceedings of any kind, type, or nature whatsoever arising out of or in any way relating to this agreement will be commenced by the Corporation other than in the Superior Court of Thurston County, Washington.
- N. Choice of Law.** This agreement is being entered into and will be construed and interpreted in accordance with the laws of the state of Washington.

IN WITNESS WHEREOF, the parties have executed this agreement Individual
Contact Information for Excise Tax Returns

Name: _____

Title: _____

Address: _____

City, State, Zip: _____

Phone Number: _____

Date: _____

Corporation: _____

By: _____

Print Name: _____

Title: _____

Date: _____

Department of Revenue

By: _____

Print Name: _____

Title: Assistant Director