

# Understanding Washington's Timber Excise Tax

RCW 84.33 and WAC 458-40

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## Timber excise tax

In 1971, the Legislature replaced the annual property tax on timber with an excise tax based on the value of the timber at the time of harvest.

## Who pays the timber tax?

Timber excise tax is paid quarterly by the timber owner also referred to as the timber harvester.

- Timber is considered harvested at the time the timber volume is first determined, usually by scaling or weighing.
- A person hired under contract for labor or mechanical services (i.e. logger) is not liable for timber tax.
- Timber tax applies to timber harvested from any private or public lands in Washington.
- When timber is harvested from public lands, the harvester is the first person (other than a public entity) to acquire title or possessory interest in the timber.



## Distribution of timber tax

The 5% timber excise tax collected by the Department of Revenue is composed of a 4% county tax and a 1% state tax.

- The county portion is distributed to the county where the timber was harvested. It helps fund capital projects, voter-approved bonds, school maintenance and operations, county roads, libraries, and fire districts.
- The state's portion goes to the state General Fund.

## How to register for timber tax

Call the Department of Revenue's Forest Tax Program at 360-534-1324.

## Due Dates

Quarter of Harvest	Tax Due
Quarter 1 (Jan 1 – March 31)	April 30
Quarter 2 (April 1 – June 30)	July 31
Quarter 3 (July 1 – Sept. 30)	October 31
Quarter 4 (Oct. 1 – Dec. 31)	January 31

## When to use the Standard Harvester Return

Anyone who harvests more than 2 million board feet of timber in a calendar year must use the Department's Standard Harvester Return.

- Standard harvesters calculate their taxable stumpage value by using the Department Stumpage Value Tables.
- The tables and timber tax reporting instructions are available online at [foresttax.dor.wa.gov](http://foresttax.dor.wa.gov).

## When to use the Small Harvester Return

Anyone who harvests less than 2 million board feet of timber in a calendar year is a small harvester and has the option of filing their timber tax using either:

- the Standard Harvester Return, **or**
- the Small Harvester Return, where the taxable stumpage value is the transaction value of the timber, defined as the gross mill price minus allowable documented harvesting and marketing costs or if actual harvesting and marketing costs are unknown use the Department allowance of 35% of gross mill price.

### Standing timber sale reporting

Purchasers of privately owned timber in excess of 200 thousand board feet are required to report the details of the transaction by the end of the month following the purchase date. Stumpage Purchase Report forms are available at [foresttax.dor.wa.gov](http://foresttax.dor.wa.gov).

### Small harvester

For small harvesters who purchase timber that has not been cut from the stump, the taxable stumpage value is determined as follows:

- If timber is harvested within 24 months of purchase use *Box 14. Purchase of Standing Timber* on the Small Harvester return or report using the Stumpage Value Tables.
- If timber is harvested after 24 months use Small Harvester Box 13 or report using the Stumpage Value Tables.

### Standard harvester

If you harvest over 2 million board feet in a calendar year, use the Department's Stumpage Value Tables to determine the taxable stumpage value.

### Public timber

For timber harvested on public land, the taxable stumpage value is determined as follows:

#### For competitive or bid sales:

The taxable stumpage value is the actual amount paid for the timber in cash and other consideration entered on the Department's Public Harvester Return.

- Other consideration includes anything of value given in lieu of cash, such as permanent roads constructed as part of the timber sale contract.

- For "Log sort sales/decked logs," the taxable stumpage value is the price paid for the logs minus the harvesting and marketing costs provided by the selling agency.

If the selling agency does not supply actual costs to the purchaser, use the 35% Department allowance.

#### For non-competitive sales:

Use the Department's Stumpage Value Table to determine the taxable stumpage value. If you're reporting as a qualified small harvester, use the gross mill receipts minus harvesting and marketing costs to determine taxable stumpage value.

### Public timber is export restricted

Public timber in unprocessed form is export restricted. Four forms must be submitted to the Department of Revenue's Forest Tax program by the purchaser:

- **Purchaser Certification:** Due at the time of purchase
- **Operations Plan:** Due before beginning the harvest
- **Transferee Certification:** Due prior to logs being transported
- **Disposition Certification:** Due after the harvest is completed

Log export forms are available online at [foresttax.dor.wa.gov](http://foresttax.dor.wa.gov).

### Tax credit available

An Enhanced Aquatic Resources Requirements (EARR) tax credit equivalent to 0.8% of the taxable stumpage value is available if approved by Department of Natural Resources (DNR) Forest Practices.

### Electronic filing (E-file)

Forest tax now has electronic filing available. E-file is:

- free to use
- performs the calculations
- remembers your information
- allows online payments
- saves time and money

To E-file, go to [dor.wa.gov](http://dor.wa.gov). If you are not signed up for *My DOR*, click on *Log in* on the top right of the webpage. To begin filing your return electronically, you'll need your **Tax Reporting Account Number (TRN)** and **Pre-Assigned Access Code (PAC)**. Both can be found on the Forest Tax Return mailed to you.

### Business and occupation (B&O) tax

Timber harvesting is considered a business activity and is subject to B&O tax.

Standard and public timber harvesters must file their B&O tax electronically and complete the annual tax survey by March 31 to receive a lower rate.

Small harvesters are not required to file their B&O tax electronically or complete the annual tax survey to use the lower rate. Small harvesters are also eligible for up to a \$100,000 deduction and a small business credit.

Go to [dor.wa.gov](http://dor.wa.gov) for more information.

### If you need assistance

Contact the Forest Tax Program at 360-534-1324 or visit [foresttax.dor.wa.gov](http://foresttax.dor.wa.gov)