

Instructions for Completing the Business & Occupation Activities Return

◆ (You must file a return even if you had no business activity) ◆

Your tax registration account has been selected to receive a Washington State Department of Revenue Business & Occupation Activities Return. You were selected based on your business activity and reporting history. This return has all the tax classifications that you have reported on your previous tax return.

We designed this tax return to make it simpler and more customized to your needs. Instructions on how to complete your Business & Occupation Activities Return are included below.

If this return does not include your reporting classification, please call the Telephone Information Center at 1-800-647-7706.

You must do one of the following steps by **January 31, 2017**:

1. **If you had business activity**, you must file your return using one of the following options:
 - File electronically. Go to **dor.wa.gov** to use our free **E-file** service.
 - Complete and mail the enclosed return.
2. **If you did not have business activity, you must still file your return** by using one of the following options:
 - **E-file:** The simplest way to file is to use our free **E-file** service at **dor.wa.gov**.
 - **Phone:** To use our automated system at anytime call 1-800-647-7706. At the greeting enter 1 after each of the first two prompts and then follow the instructions given.
 - **Mail:** Check the “no business activity” box at the top of your tax return, sign, date, and mail to the address listed at the top of your return.
3. **If your business is closed**, and the close date is in 2016 or after, **you must still file your return**. You must close your account by using one of the following:
 - **Online:** To get more information about closing your account, and to complete the online form go to our website at dor.wa.gov/CloseAccount.
 - **Phone:** To use our automated system call 1-800-334-8969. At the greeting enter 1, then 430 and follow the instructions given.
 - **Mail:** Complete your return reporting any revenue collected and check the “Business Closed” box at the top of your tax return, enter the date closed, and mail to the address listed at the top of your return.

Section I: State Business and Occupation (B&O) Tax, Lines 1-6

1. Locate the B&O Tax classification for your business. Enter the gross income from your business activities under Gross Amount.
2. Calculate your total deductions. (**Deductions do not apply to all taxpayers**)
 - a. On pages 3 & 4, Deduction Detail, locate the line number and activity that correspond to the line number of your B&O tax classification on page 1 of the tax return.
 - b. Enter the amount of your deduction next to the appropriate deduction type.
 - c. Enter the total amount of deductions in the Total box.
 - d. Transfer the total deduction amount to the corresponding line on page 1.
3. On page 1, subtract the deductions from the gross amount. Enter that number under Taxable Amount.
4. Multiply each taxable amount by the rate shown and enter the amount under Tax Due.
5. Add tax due amounts (lines 1-6) and enter the total on line 17.

Section II - State and Local Use Tax, Lines 7-12 State Use Tax/Deferred Sales Tax, Line 7

1. Under Gross Amount, enter the value of articles used or consumed in Washington State on which sales tax has not been paid.
2. Multiply the gross amount by the rate shown and enter the amount under Tax Due.

Local Use Tax/Deferred Sales Tax, Lines 8-10

1. Enter the location code and local rate for each location in which tax is due. If more than two locations, please report local use tax/deferred sales tax on page 2 of the Local Sales & Use Tax Addendum. To access the addendum, or to find current location codes and rates from our Local Sales & Use Tax Rates & Changes flyer, visit our website at **dor.wa.gov**.
2. Enter the taxable amount for each location code under Value of Articles.
3. Multiply the value of articles by the local rate and enter the amount under Tax Due City or County.
4. Add the value of article amounts and enter the sum under Total Value of Articles on line 10. This amount must be the same as the gross amount on line 7.

Litter Tax, Line 11

1. Enter the taxable sales for litter tax under Taxable Amount.
2. Multiply the taxable amount by the rate shown and enter the amount under Tax Due.

Total Tax Due from Section II, Line 12

1. Add the amounts from the Tax Due boxes (lines 7-11) and enter the sum on line 12. Transfer this total to page 1, line 18.

Section III - Credits, Lines 13-16

1. Enter credit amount(s) on the appropriate line(s).
2. Use the appropriate Small Business B&O Tax Credit Table, to determine if you are eligible for this credit. SBC tables are enclosed with your return or can be found at dor.wa.gov. If you are eligible, enter the amount on line 13 in the Amount of Credit column.
3. Total all credits on lines 13-15, and write this amount in the Total Credit box, line 16. Transfer this amount to Section IV, line 21 on page 1 of the return.
4. Attach any documents or schedules required to support your credit(s) to the tax return.

Section IV - Totals, Lines 17-24

1. Line 17 should be the tax due amounts from lines 1-6, page 1.
2. Line 18 should be the tax due amount from line 12, page 2.
3. On line 19, enter sum of all addendums.
4. Add lines 17-19, and enter subtotal on line 20.
5. Subtract line 21 from line 20, and enter subtotal on line 22.
6. If you file this tax return after the due date shown on page 1 of the tax return, you owe a penalty. See penalty rates on page 1 of the tax return below the due date and **enter the penalty rate** in the percentage section of line 23. Multiply the penalty rate you owe by the subtotal on line 22 and write this amount in the total section of line 23.
7. Add lines 22 and line 23 and enter amount on line 24. This is your total amount due.

Finishing Your Tax Return

To help us process your tax return, please:

1. Make sure the gross amounts reported were earned during the reporting period shown on the return.
2. If you have deductions, print your name and DOR Tax Registration Number on the top of page 3, Deduction Detail.
3. Attach the Deduction Detail page and any credit schedules or addendums to your return, if applicable.
4. **Sign and date the return.**
5. Write a daytime phone number, including area code.
6. Mail to the address on the top of your return or use the envelope provided.

Did you report your use tax?

Most businesses owe use tax through their normal business activities.

For tax assistance or to request this document in an alternate format, please call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay service by calling 711. B&O (10-14-16)

What is use tax?

Use tax is a tax on the use of goods or certain services in Washington when sales tax has not been paid. Goods used in this state are subject to either sales or use tax, but not both. Use tax compensates when sales tax has not been paid. Use tax is the same rate as sales tax.

When is use tax due?

Use tax is due if:

- Goods are purchased in another state that does not have a sales tax or a state with a sales tax rate lower than Washington's. For example, items you purchase in Oregon that are used in Washington are subject to use tax.
- Goods are purchased from someone who is not authorized to collect sales tax. For example, purchases of furniture from an individual through a newspaper classified ad or a purchase of artwork from an individual collector.
- Goods are purchased out of state by subscription, through the Internet, or from a mail order catalog company. Many of these companies collect Washington's sales tax, but if the company from which you order does not, you owe the use tax.
- Personal property is acquired with the purchase of real property. For example, furnishings or equipment purchased with a building.

How do I pay use tax?

To pay use tax, complete Section II of the Business & Occupation Activities Return (enclosed). Use tax is owed on the value of the goods when they are first used in Washington. Generally, this is the purchase price. However, a depreciated value may be determined if the goods are used outside the state for a lengthy time before use in Washington by the same person. Use tax is also due on any freight, delivery, or shipping charges paid to the seller.

Your use tax rate is the same as your sales tax rate. To find the correct rate for your area, check out our Local Sales Tax Rates or try our Tax Rate Lookup Tool on our website. You'll find both at dor.wa.gov.

