

Special Notice

Intended audience: Businesses primarily engaged in one or more specified business activities

Jan. 30, 2020

Updated Feb. 14, 2020

On Feb. 10, 2020, Governor Inslee signed new legislation that primarily replaces the Workforce Education Investment Surcharge (passed during the 2019 legislative session). ESSB 6492 takes effect immediately, and only applies to businesses reporting under the Service and Other Activities B&O tax classification beginning April 1, 2020. Therefore, this Special Notice is no longer in effect. We will provide updated information as it becomes available. Please check for updates on our website at dor.wa.gov/workforceeducationcharge.

Workforce Education Surcharge

Beginning with business activities occurring on or after Jan. 1, 2020, a surcharge applies to the amount of tax payable under the Service and Other Activities B&O tax classification by businesses primarily engaged in one or more specified activities. This surcharge is in addition to the Service and Other Activities B&O tax rate of 1.5%, for an effective rate of 1.8%.

Who is affected?

In-state and out-of-state businesses that are primarily engaged in one or more specified business activities. A listing of the specified activities can be found on our website at dor.wa.gov/workforceeducationcharge. The surcharge applies to income attributable to Washington and subject to tax under the Service and Other Activities B&O tax classification.

A business is primarily engaged if it generates more than 50% of its gross income from one or more of the specified activities during the entire current or preceding calendar year.

Beginning with the 2020 excise tax returns:

If your business is...	Then you will...
Identified as being primarily engaged in one or more of the specified business activities and you report income under the Service and Other Activities B&O tax classification	Also report the attributable income under the Workforce Education (Surcharge on Service & Other Activities) line on your excise tax return
Identified incorrectly as engaging in one or more of the specified activities and you believe the surcharge does not apply to you	Leave the surcharge line blank on your excise tax return
Primarily engaged in one or more of the specified business activities and you report income under the Service and Other Activities B&O tax classification, but have not been prompted to report under the additional surcharge line	1. Add the Workforce Education (Surcharge on Service & Other Activities) line 2. Include the taxable amount reported under the Service and Other Activities B&O tax classification on the surcharge line

More information

[Engrossed Second Substitute House Bill 2158](#)

[RCW 82.04.299](#)

dor.wa.gov/WorkforceEducationInvestmentSurcharge

Questions?

Call 360-705-6705 with questions.