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**REVISION:** The fifth paragraph in the release clarifies that revenue estimates for wholesaling and click-thru nexus total \$73.7 million. The estimated revenues for all of the tax changes in Senate Bill 6138 are \$185 million.

## **New tax changes on way for some out-of-state businesses**

**OLYMPIA** – Aug. 20, 2015 – Out-of-state companies could see some changes to their Washington state tax obligations due to new legislation taking effect Sept. 1, 2015.

### **Economic nexus applies to wholesaling**

Businesses located outside Washington will need to begin paying the state’s business and occupation tax if they make more than \$267,000 in wholesale sales to Washington customers, based on their 2014 sales. These companies were already required to pay the tax if they had physical nexus with the state, which could include a stock of goods, employees or non-employee representatives.

### **Click-through transactions**

The 2015 Legislature also approved a second tax change: out-of-state sellers paying a commission or other type of payment to a Washington individual or business to promote their products online could be required to collect the retail sales tax. The law presumes these types of sellers have substantial nexus when sales to Washington customers referred through this arrangement exceeded \$10,000 in 2014 (the prior calendar year).

This “click-through” nexus provision is modeled after New York state’s law, and Washington joins approximately 15 other states implementing this type of legislation. This change also takes effect Sept. 1, 2015.

All of the changes incorporated into Senate Bill 6138 are expected to generate \$185 million in new revenue to the state by June 30, 2017. Approximately \$45.4 million of that will come from business and occupation taxes collected from wholesale businesses, and \$28.3 million will be generated from taxes on click-through sales.

The Washington State Department of Revenue has updated its website with information to help out-of-state businesses understand how and if these new tax laws apply to their business. Visit the site to learn about the [nexus standard for out-of-state wholesale businesses](#) and the [nexus standard for click-through retail transactions](#).

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### **About Revenue**

The Department of Revenue is Washington state's primary tax administration agency, nationally recognized for innovation and service quality. Revenue collected more than \$19.6 billion in tax revenues in fiscal year 2014. These funds go to support public schools, social services, health care, corrections, public safety and natural resources conservation.