



# TAXATION IN WASHINGTON



# Business & Occupation Tax ('B&O Tax') (1/3)

Washington, unlike many other states, does not have an income tax. The state rather imposes a B&O tax, which is a gross receipts tax, calculated on the business gross income.

B&O tax is measured on the value of products, gross proceeds of sale, or gross income of the business. Henceforth, it is to be noted that there are no deductions from the B&O tax for labor, materials, taxes, or other costs of doing business in the state of Washington.

The B&O tax rates applicable to various taxpayers are tabulated below.

| B&O Classification  | Rate   |
|---|--------|
| Retailing   | .00471 |
| Wholesaling   | .00484 |
| Manufacturing   | .00484 |
| Service & other activities  | .015   |
| Service & other activities (\$1 million or greater in prior year) | .0175  |



# Business & Occupation Tax ('B&O Tax') (2/3)

## Due Date

The B&O tax return is either due monthly, quarterly, or annually. The monthly returns are due on 25th of the following month. The quarterly returns are due by the end of the month following the close of the quarter and the due date for the annual returns are due on April 15<sup>th</sup> of the subsequent tax year.



## Filing Requirements

The B&O tax is to be paid and reported on the excise tax return of Washington. Taxpayers are required to file Combined Excise Tax Return ('CETR') to pay the B&O taxes. Additionally, it is to be noted that certain businesses shall be required to file additional attachments to the B&O tax form depending on their business activities and reporting requirements.

# Business & Occupation Tax ('B&O Tax') (3/3)



## Penalty and Interest

Any unpaid tax (including partial payments) is subject to a delinquent return penalty at the rate of 9%.

In the case where the unpaid taxes is assessed after the due date, a 19% penalty is imposed after the last day of the month following the due date and where such unpaid taxes is assessed after the last day of the second month following the due date, a penalty of 29% is imposed.

Where the return is substantially underpaid a penalty of 5% may be assessed.

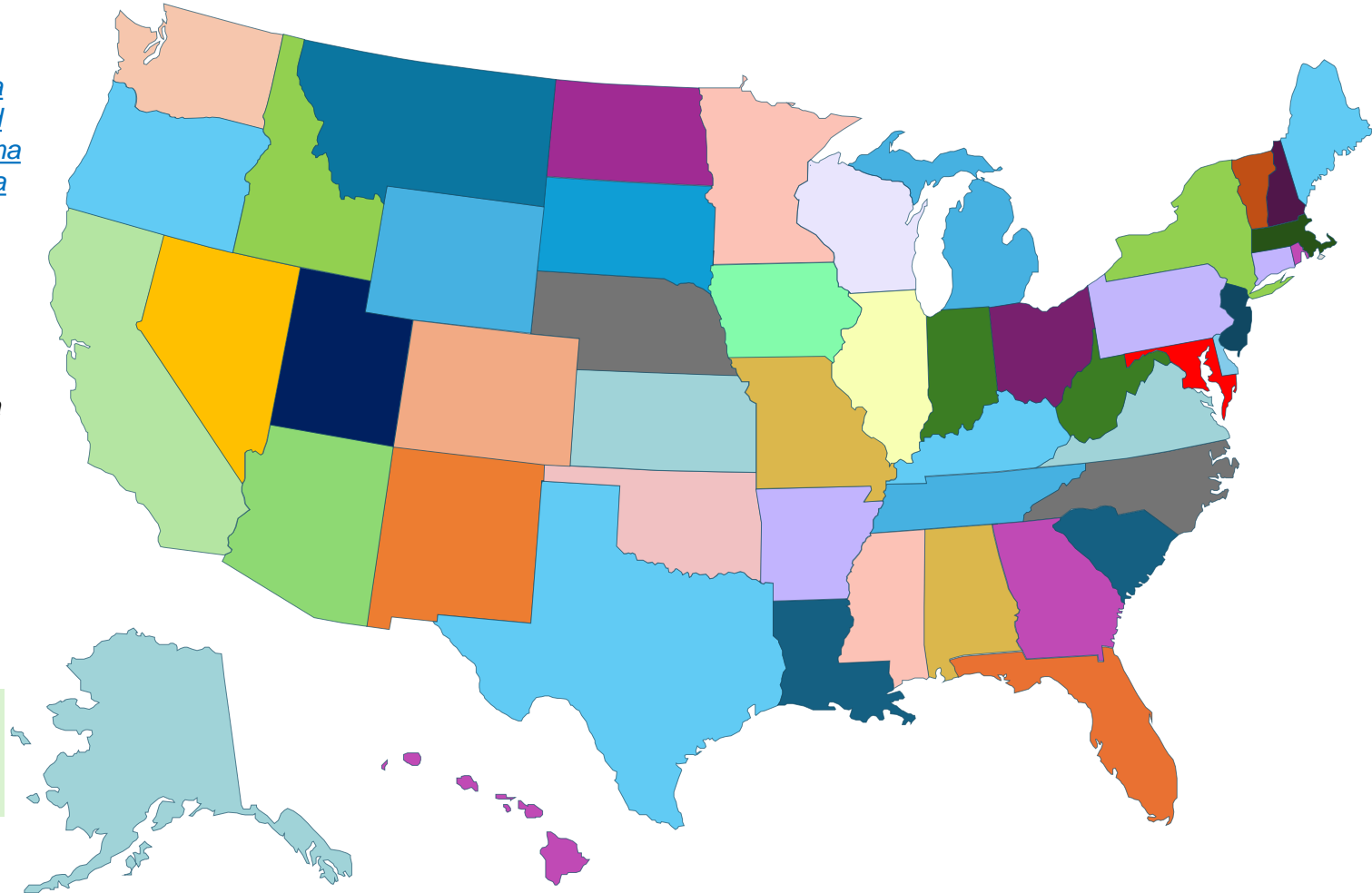
Interest will accrue daily from the first day of the month following the statutory due date of the return until the return is paid in full.

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