

Business License Tax Certificate Requirements

(1) Persons required to obtain a business license tax certificate. Every person, whether located inside or outside the City of Seattle engaged in any business activity in the City shall apply for and obtain a ~~((Business))~~ business license tax certificate, unless exempt from licensing and tax requirements pursuant to SMC 5.45.090 and SMC 5.45.060, or exempt under the \$2,000 minimum license threshold under SMC 5.55.030.H, or the activity falls within the safe harbor provisions provided under SMC 5.30.030.B.4 ~~((SMC 5.30.030(B)(4)))~~ in which certain de minimus business activities are allowed without having to obtain a business license tax certificate or pay business license taxes. (See Seattle Rule 5-043 Engaging in business.)

Effective January 1, 2017, through December 31, 2017, under SMC 5.55.030.A, the fee for the business license tax certificate shall be:

1. Fifty-five dollars for persons with taxable gross income of the business and value of products of less than \$20,000 in the most recent complete calendar year that engage in any business activity, profession, trade, or occupation in the City prior to July 1 and \$27.50 for such persons beginning their activity on or after July 1;
2. One hundred ten dollars for persons with taxable gross income of the business and value of products of \$20,000 or more but less than \$500,000 in the most recent complete calendar year that engage in any business activity, profession, trade, or occupation in the City prior to July 1 and \$55 for such persons beginning their activity on or after July 1;
3. Four hundred eighty dollars for persons with taxable gross income of the business and value of products of \$500,000 or more but less than \$2,000,000 in the most recent complete calendar year that engage in any business activity, profession, trade, or occupation in the City prior to July 1 and \$240 for such persons beginning their activity on or after July 1;
4. One thousand dollars for persons with taxable gross income of the business and value of products of \$2,000,000 or more in the most recent complete calendar year that engage in any business activity, profession, trade, or occupation in the City prior to July 1 and \$500 for such persons beginning their activity on or after July 1.

Effective January 1, 2018 to December 31, 2018, under SMC 5.55.030.A, the fee for the business license tax certificate shall be:

1. Fifty-five dollars for persons with taxable gross income of the business and value of products of less than \$20,000 in the most recent complete calendar year that engage in any business activity, profession, trade, or occupation in the City prior to July 1 and \$27.50 for such persons beginning their activity on or after July 1;
2. One hundred ten dollars for persons with taxable gross income of the business and value of products of \$20,000 or more but less than \$500,000 in the most recent complete calendar year that engage in any business activity, profession, trade, or occupation in the City prior to July 1 and \$55 for such persons beginning their activity on or after July 1;

3. Four hundred eighty dollars for persons with taxable gross income of the business and value of products of \$500,000 or more but less than \$2,000,000 in the most recent complete calendar year that engage in any business activity, profession, trade, or occupation in the City prior to July 1 and \$240 for such persons beginning their activity on or after July 1;
4. One thousand dollars for persons with taxable gross income of the business and value of products of \$2,000,000 or more but less than \$5,000,000 in the most recent complete calendar year that engage in any business activity, profession, trade, or occupation in the City prior to July 1 and \$500 for such persons beginning their activity on or after July 1.
5. Two thousand dollars for persons with taxable gross income of the business and value of products of \$5,000,000 or more in the most recent complete calendar year that engage in any business activity, profession, trade, or occupation in the City prior to July 1 and \$1,000 for such persons beginning their activity on or after July 1.

Effective January 1, 2019 to December 31, 2019, under SMC 5.55.030.A, the fee for the business license tax certificate shall be:

1. Fifty-five dollars for persons with taxable gross income of the business and value of products of less than \$20,000 in the most recent complete calendar year that engage in any business activity, profession, trade, or occupation in the City prior to July 1 and \$27.50 for such persons beginning their activity on or after July 1;
2. One hundred ten dollars for persons with taxable gross income of the business and value of products of \$20,000 or more but less than \$500,000 in the most recent complete calendar year that engage in any business activity, profession, trade, or occupation in the City prior to July 1 and \$55 for such persons beginning their activity on or after July 1;
3. Five hundred dollars for persons with taxable gross income of the business and value of products of \$500,000 or more but less than \$2,000,000 in the most recent complete calendar year that engage in any business activity, profession, trade, or occupation in the City prior to July 1 and \$250 for such persons beginning their activity on or after July 1;
4. One thousand two hundred dollars for persons with taxable gross income of the business and value of products of \$2,000,000 or more but less than \$5,000,000 in the most recent complete calendar year that engage in any business activity, profession, trade, or occupation in the City prior to July 1 and \$600 for such persons beginning their activity on or after July 1.
5. Two thousand four hundred dollars for persons with taxable gross income of the business and value of products of \$5,000,000 or more in the most recent complete calendar year that engage in any business activity, profession, trade, or occupation in the City prior to July 1 and \$1,200 for such persons beginning their activity on or after July 1.

On January 1, 2020 and on January 1 of every year thereafter, the Director shall increase the fees for the business license tax certificate based on the rate of growth of the Consumer Price Index using the formula stated in SMC 5.55.030.A.

Beginning January 1, 2019, any person whose annual value of products, gross proceeds of sales, or gross income of the business in the City is equal to or less than \$2,000 and who does not maintain a place of business within the City is not required to obtain a business license tax certificate.

~~((a) Small business license tax certificate. Persons engaged in business in Seattle, with worldwide gross income of Twenty Thousand (\$20,000) or less, shall pay a certificate fee of \$55.~~

~~(b) Standard business license tax certificate. All other businesses, other than small businesses as defined in subsection (a) above shall pay a certificate fee of \$110.~~

~~(c) Proration of business license tax certificate fees. The business license tax certificate fee for businesses beginning on or after July 1st of any business license tax certificate year will be prorated at fifty percent (50%) of the business license tax certificate fee in (a) or (b) above.))~~

(2) Business License Tax Certificate Application and Renewal.

(a) Application. A person shall apply to the Director of the Department of Finance and Administrative Services (~~Executive Administration~~) on a form provided by the Department. The business license tax certificate fee as provided in section 1 above shall accompany the application.

(b) Display of business license tax certificate. The owner of the business license tax certificate shall post the business license tax certificate conspicuously at all times in the place of business for which it is issued.

(c) Change in location. If the owner of the business license tax certificate changes the place of business, the business license tax certificate owner shall return the business license tax certificate to the Director and a new business license tax certificate shall be issued free of charge for the new place of business.

(d) Lost or damaged business license tax certificate. If any business license tax certificate is lost or destroyed a new business license tax certificate will be issued free of charge upon the taxpayer's request.

(e) Business license tax certificate renewal. Business license tax certificates are valid until December 31st of each calendar year and must be renewed on or before the date of the expiration of such business license tax certificate. Any owner of a business license tax certificate who fails to renew the business license tax certificate on or prior to the expiration date shall be subject to penalties for noncompliance as set forth under Section 5 of this rule.

Examples:

Business X has been engaged in business in the City of Seattle and registered for several years. Business X reported the following taxable gross income amounts: \$450,000 in 2015 and \$600,000 in 2016. In December of 2017, the City of Seattle mails business X's 2018 business license tax certificate fee renewal notice. The business license tax certificate fee due for 2018 is \$480. The business license tax certificate fee due is based the most recent complete calendar year. At the time the 2018 business license tax certificate fee renewal is issued in December 2017, the 2016 calendar year is the most recent complete year. Therefore, the 2018 business license tax renewal fee due is based on the 2016 taxable amounts.

Business Y is a new business that will open in August 2018 in the City of Seattle. Business Y's business license tax fee due at the time of registration is \$27.50. Business Y has no previous reported taxable amounts due because it is a new business. Therefore, Business Y's business license tax certificate fee due at the time of registration will default to the fee amount for the lowest tier, in this instance the lowest fee is \$27.50 based on the \$55 tier prorated for half a year. Business Y will receive a renewal notice for 2019 in December 2018. At that time there is no prior tax reporting history as the business just began in 2018. The 2019 license renewal fee will default to \$55. When the business files its 2018 tax return, the 2019 renewal fee will be "trued up" if the revenue reported requires a license fee of more than the defaulted \$55. Business Y will be notified of any additional fee.

Business MM realizes they need a Seattle business license tax certificate. They have been doing business in Seattle since 2017. It is now 2018. Business MM registers its business in March 2018. At the time of registration, there is no filing history for Business MM. Business MM will pay \$55 for 2017 and \$55 for 2018. When Business MM files its tax return for 2017, the 2018 license fee will be "trued up" if the revenue reported requires a license fee of more than the defaulted \$55. Business MM will be notified of any additional fee.

Business DD will be starting business in Seattle in 2019. Business DD is located outside Seattle city limits and has no locations within Seattle city limits. Business DD does not anticipate doing business in Seattle that will generate more than \$2000 in taxable revenue. Business DD does not need to register for a Seattle business license tax certificate. Should Business DD's revenue in 2019 exceed \$2000, Business DD will need to contact the Department and register for a Seattle business license tax certificate.

Business EE is a new business that will open in August 2018 in the City of Seattle. Business EE's business license tax fee due at the time of registration is \$27.50. Business EE has no previous reported taxable amounts due because it is a new business. Therefore, Business EE's business license tax certificate fee due at the time of registration will default to the fee amount

for the lowest tier, in this instance the lowest fee is \$27.50 based on the \$55 tier prorated for half a year. Business EE is located outside Seattle city limits. Business EE does not anticipate generating Seattle taxable revenue in 2019. When Business EE receives its renewal notice for 2019 it will need to contact the Department and declare its anticipated revenue for 2019. Business EE will not need to have a business license tax certificate for 2019. It will still need to report 2018 revenue and pay tax as required. Should Business EE revenue in 2019 exceed \$2000, Business EE will need to contact the Department and reinstate its Seattle business license tax certificate.

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