



THE CITY OF SEATTLE - REVENUE and CONSUMER AFFAIRS

BUSINESS LICENSE TAX

Please read the following very carefully when completing your Seattle business license tax return. (Also see tax form instruction sheet)

New Square Footage Tax (Effective for tax periods after 12-31-07)

Businesses located outside of Seattle

The square footage tax only applies to businesses that maintain a business location within Seattle. Businesses whose only location(s) are outside of Seattle do not report or owe any square footage tax. A business maintains a business location if they own or rent/lease property within the city even if for a short period of time. (If you rent or own for less than a year, prorate your square footage tax using a ratio of rental days divided by 365.)

Businesses located within Seattle.

- 1) If your revenues are below the minimum threshold (\$80,000 for 2008) or if you conducted no taxable business activities then no B & O tax or square footage tax is due. Enter your gross receipts, if any, and put in zero for the B & O tax owing. Enter your square footage and compute the tax and take a 100% credit for any square footage tax computed on line 11 of the tax return.
- 2) If you deliver ALL of your sales or provide ALL of your services inside of Seattle, you do not benefit under the new allocation and apportionment method contained in RCW 35.102.130 and you owe no square footage tax. Merely compute the square footage tax and take a 100% credit against the square footage tax on line 11 of the tax return. This results in you paying the same B & O tax that you would have paid before RCW 35.102.130 became effective. Generally this includes any Seattle business where the customer picks up the goods or receives the service within Seattle such as restaurants; barbers; cosmeticians; tax preparers; bookkeepers; grocery stores, convenience stores and other retail stores where the goods are picked up at the store within Seattle.
- 3) Pursuant to RCW 35.102.130 (1)(b) and RCW 35.102.130(c) businesses that believe that the new allocation and apportionment method does not fairly represent the extent of the taxpayer's business activity within the city may petition to continue to report their B & O tax under the code sections applicable to periods prior to January 1, 2008. If businesses located in Seattle report their B & O tax under the code sections applicable to periods prior to January 1, 2008, then they are entitled to a 100% credit against their square footage tax since they have not benefited under the new allocation and apportionment method. Fill out the square footage tax information on the tax return and then take a 100% credit by deducting the same amount on the line 11 of the tax return.
- 4) Seattle businesses that report using the new allocation and apportionment method contained in RCW 35.102.130 will pay the square footage tax on the same percentage basis as they benefit from the new method. In other words, if the new allocation and apportionment method reduces your B & O tax by 25%, then you will pay 25% of your square footage tax and take a credit for 75% of your square footage tax. Worksheets have been designed to help you compute the correct amount of square footage tax for those businesses that choose to use the new method of allocation and apportionment.

What is the new allocation and apportionment method?

RCW 35.102.130 provides Seattle retailers and wholesalers a deduction for any goods shipped to a location outside of Seattle. Businesses have always been able to deduct interstate sales (sales delivered by the seller to a place outside of the state). However, under RCW 35.102.130 businesses can now deduct intrastate sales (sales delivered by the seller to a place outside of Seattle but within Washington). RCW 35.102.130 also provides service providers a two-factor apportionment formula to compute their Seattle B & O tax. The two factors are: "payroll", and "service income". A work sheet to compute the two factor formula is provided on our website @ www.seattle.gov/rca/. If you use this method, worksheets to compute the square footage tax and tax credits are also contained on the website.

Additional information on square footage tax

Additional information, examples and "worksheets" can be obtained about the square footage tax @ www.seattle.gov/rca/ and then select Square footage tax from the center column.

Manufacturers, Extractor, Printers

There are no changes to the reporting instructions for activities reportable under the manufacturing, extracting, and printing classifications. RCW 35.102.130 assigns the gross receipts from such business activities where the activities take place. This is the same as the old code. Businesses that manufacture, extract or print and also sell their products within Washington, will still apply the Multiple Activities Tax Credit (MATC) provisions.

Tax Threshold Increase

Effective January 1, 2008, the business and occupation tax threshold increased from \$50,000 taxable revenue to \$80,000 taxable revenue. Therefore, if your taxable gross income is less than \$80,000, you will not owe any B&O tax. You must still complete and file your Seattle tax return by the applicable due date. If you are a business that files quarterly but does NOT gross at least this amount of revenue, please contact our office at rca.bizlictx@seattle.gov or 206-684-8484 and request to be changed to an annual filing status.

SELF – The Seattle Electronic Filing System

New SELF Enhancement – You can now file for a new business license or branch business license online! The City of Seattle also offers online tax filing and payment options for the business license tax (which includes the new square footage tax) and occupational utility tax. If you have yet to take advantage of this convenient system, please register now using your customer number and an obligation number. Once registered you can utilize this system to renew your business license, update addresses and phone numbers as well as change your business trade name.

To log-in and register your business visit the SELF website: <https://dea.seattle.gov/self/>

What's the difference between an "exemption" and a "deduction"?

"Exemptions" are not included in the gross amount reported in Column B of the tax return. "Deductions" are included in the gross amount and are then "deducted" from the gross to arrive at the taxable amount. Deductions must be itemized on the reverse side of the tax return. See SMC [5.45.090](#) for a list covering the exemptions.

Need a Speaker?

Are you a member of a professional or trade group with questions regarding the Seattle business taxes? Revenue and Consumer Affairs has speakers available to address your organization. Please contact us at (206) 684-8484 and request to speak with someone from the Audit group.

Revenue and Consumer Affairs Website

Visit our website at <http://www.seattle.gov/rca/> for a business license application or renewal instructions, a Multiple Activities Tax Credit (MATC) Worksheet, and other useful information in reference to licensing and business taxes in Seattle. You are now able to fill out a form online to request that a Seattle tax form be sent to you. The request form generates an automatic email to our offices.

HAVE QUESTIONS? -- CALL EARLY!

The department receives hundreds of information calls the last week prior to the due date of the quarterly tax returns. To insure we are able to adequately answer your questions, please do not wait until the last few days. If you leave a message, please give us your customer number, name, phone number, and the best time to reach you. YOUR CALL WILL BE RETURNED.

Information line (206) 684-8484 or fax (206) 684-5170
Email – rca.bizlictx@ci.seattle.wa.us