



THE CITY OF SEATTLE - REVENUE and CONSUMER AFFAIRS

BUSINESS LICENSE TAX

For your information

Tax Threshold Increase

Effective January 1, 2010, the business and occupation annual tax threshold will increase from \$80,000 taxable revenue to \$100,000 taxable revenue. Therefore, if your taxable gross income is less than \$100,000, 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 by phone (206) 684-8494; fax (206) 684-5170; or email rca@seattle.gov and request to be changed to an annual filing status. Please note that this threshold increase is only effective for tax periods starting January 1, 2010. Tax thresholds for prior periods remain the same.

FILE YOUR ANNUAL TAX RETURN BY PHONE

If a business has annual taxable revenue less than \$80,000*, they can now file their tax return by phone. Please call (206) 684-8484. The automated system will allow users to enter and submit their tax information. Mailing a hard copy of the tax return is not necessary. This new process is easy and saves time and money. We encourage all applicable businesses to take advantage of this method of filing tax returns. Businesses can also file annual returns for previous years using this automated system.

*The annual tax threshold for 2008 and 2009 is \$80,000. The annual tax threshold for 2007 and prior years was \$50,000.

IF YOUR BUSINESS HAS ANY UNFILED AND/ OR UNPAID TAX OR LICENSE FEES. . .

As a result of legislation recently passed by the City Council, any business that has unfiled and/or unpaid tax or license fees will be unable to receive their 2010 Business or Regulatory Licenses. To file and/or pay any outstanding tax or licenses, please visit our online website at <https://dea.seattle.gov/self/> or email rca@seattle.gov and request the applicable forms. A 2010 license will be mailed once the business license account is in good standing and has no balances due. If a business has extraordinary balances due on their account that would cause undue hardship to the business, the business can contact our office to request additional assistance. Requests for additional assistance may be emailed to rca@seattle.gov or fax to (206) 684-5170.

COMMERCIAL PARKING TAX – FILE ONLINE

Any business subject to the Commercial Parking Tax can now file and pay this tax online. The website to file and pay this tax is <https://dea.seattle.gov/self/>. Businesses can also file Business License Tax, Employee Hours Tax, Utility Tax, and renew Business Licenses online. Please take advantage of this convenient, secure online filing and payment system!

Changes regarding the Taxation of “Digital Goods”

The Washington State Department of Revenue amended their definition of a retail sale to include the Sale of Digital Goods effective July 26, 2009. The City of Seattle is planning to amend its B&O tax definition of a retail sale to include the sale of digital goods and adopting the definition of a digital good as defined in RCW section 82.04.192. Washington cities that have a B&O tax are also working on sourcing guidelines for the sale of digital goods. The sourcing guidelines currently utilized by the State of Washington Department of Revenue for sales tax purposes will be used as a guide by the cities as they come up with sourcing criteria for digital goods. The cities are in the process of finalizing the sourcing guidelines and will be providing guidance as soon as the final sourcing rules are established. The effective date of these changes will be retroactive to July 26, 2009.

Previously, certain gross income from items that will fall under the definition of a digital good were taxable under the Service B&O classification in accordance with Seattle rule 5-502, Taxation of information services and computer related services. Sales of some products that will fall under the definition of digital goods were already taxable under the retail classification. As of July 26, 2009, all sales of digital goods will be taxable under the retail B&O classification.

If you are a business that has had sales that qualify as sales of digital goods, please report these sales under the retail B&O classification and utilize the Washington state sales tax sourcing rules until the City digital goods sourcing rule is finalized. Because the effective date of these changes will be retroactive, you may need to file amended Seattle B&O tax returns for the third quarter 2009 filing period. In the event you do need to file amended returns, you may find instructions on how to amend your City of Seattle tax return at <http://www.seattle.gov/rca/pdfs/AmendedReturnInstruction.pdf>, and please address the amended returns to:

City of Seattle – Amended Returns/C. Paul

700 5th Avenue
P.O. Box 34214
Seattle WA 98124-4214

You may also email your amended returns to carmela.paul@seattle.gov. If you have any questions concerning the taxation of digital goods for Seattle B&O tax, then please contact Joseph Cunha at 206-233-7820, or you may send an email to joseph.cunha@seattle.gov.

Use Original Tax Forms and Envelopes

The City mails out quarterly, annual and monthly tax forms with self-addressed return envelopes to all customers. Use of the original tax return is encouraged. If alternative forms are used, a business runs the risk of having payments misapplied or misdirected. This can result in penalties and/or interest, which will be the responsibility of the business.

Training classes offered

Training classes for the square footage business tax, new apportionment and allocation requirements, employee hours tax, and business license tax are now available. Dates for the training classes are January 22, February 23 and March 30. To register, please call 206 233-3789.

HAVE QUESTIONS? -- CALL EARLY!

Information line (206) 684-8484 or fax (206) 684-5170

Email – rca@seattle.gov