



Seattle Tax Advisory Group

Date: Tuesday, March 3rd, 2020 10:00 am **Location:** Seattle Municipal Tower (700 Fifth Avenue)
40th Floor—Conference Room 4096

Attendees:

Mark Watterson, Tax Audit Manager, City of Seattle
Joseph Cunha, City Tax Administrator, City of Seattle
Brian Collins, Tax Policy Analyst, City of Seattle

MaryAnne Olmstead, Director of Finance and Accounting, Virginia Mason
Tarah McLaughlin, Indirect Tax Compliance, Amazon
Sharon Wismeth Johnston, Sr. Tax Manager, Indirect Tax, Starbucks
Rachel Le Mieux, Partner, BDO USA, LLP
Dan Robillard, Director U.S. Indirect Tax, Inc., Expedia

Minutes:

New Members. Weyerhaeuser Company will be joining the group. They have been invited but were unable to attend this week.

A brief FileLocal update from Joseph. There were some issues with FileLocal locking up during the payment process at year-end.

- The majority of taxpayers were not affected.
- The new Apportionment Rule was not updated SLIM for the change in service apportionment. And could present a problem at Q1 filing.
- We are going to send notices about the service apportionment changes in FileLocal as a reminder before the 1st quarterly returns are due in 2020.
 - We will include paper returns with these notices in case of another FileLocal issue, and the TPs could file a paper return if they have an issue with FileLocal.
 - BDO would like to be alerted when these notices are sent.

Seattle Apportionment rule. Rule 5-047 is in effect and has been posted on the clerk's website.

- There are some formatting issues with the rule posted on the clerk's website that we are working to fix.
- The City and BDO have received some questions and call about the new service apportionment rule.
 - The City has field questions about the rule change and does this mean that the TPs have to report in new cities. The rule changes the apportionment, not nexus.
 - BDO has been educating clients about whether they have apportionable income and how it should be reported.
 - Also, receiving questions about the timing of the changes for quarterly filers.
 - There may be refund opportunities for TPs who have not been apportioning their service income.

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- The local jurisdiction (city) service apportionment income is different from the state's rule and in some cases, the city rule is easier.

Extending Due Date Rule. Rule 5-006 is in effect and has been posted on the clerk's website.

- The rule codifies the process for requesting an extension on file a City business license tax return.
- Virginia Mason would be interested in extensions at 2020 year-end because the return is due before their books are closed.

Updates on proposed legislation. Legislative highlights for the 2020 short session

- Next cutoff date for legislation is Friday, March 6.
 - If the payroll tax bill does not move by Friday, it will likely die in committee.
 - If the State does not act on the payroll tax, Councilmember Sawant has already announced her intention to push a payroll tax bill.
- Brian to reach out to the AWC about any active legislation that they are tracking.

Administrative.

- Income tax lawsuit update
 - We should know by May if the Washington State Supreme court will take the appeal.
 - If they do take the appeal, a decision will not be given until 2021.
 - If the Washington State Supreme court does not take the appeal, it is unclear what law changes will be enacted.
- For the next meeting
 - Can we present a list of active tax cases for the city of Seattle and what is the issue at controversy in the next meeting?
 - Do we see more or fewer voluntary disclosures?