



Seattle Tax Advisory Group

Date: Tuesday, September 1, 2020
10:00 am

Location: WebEx Meeting

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

Kevin Fitzpatrick, FileLocal Program Manager, City of Seattle

MaryAnne Olmstead, Director of Finance and Accounting, Virginia Mason

Tarah McLaughlin, Indirect Tax Compliance, Amazon

Ingrid Suydan, Tax Manager Indirect Tax, Starbucks

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

Marsha McLean, State & Local Tax Compliance Manager, Weyerhaeuser

Minutes:

FileLocal update.

- From the original four cities, seven additional cities have been added to FileLocal
 - Including Des Moines and Snoqualmie in July of this year
- Tax Forms and payments have increased year over year from 2019.
 - However, we have seen a decrease in renewals and licenses.
- Business signup with FileLocal remains around 91% for Seattle and 68% for the other cities
- We could see an increase of FileLocal numbers in Q3 because of the B&O tax deferral

Updates on current Legislation.

- TNC Tax – effective July 1, first returns are due October 31.
- Heating Oil Tax – The effective date of the tax was pushed to September 1, 2021
- Income Tax – No update at this time

Payroll Expense Tax. Ordinance 126108 is in effect and has been posted on the clerk's website.

- The tax starts for periods beginning January 1, 2021.
- We are working to have a rule before January 1, 2021.
 - We will have a stakeholder meeting on September 16 for public comments on the rule
 - We will likely have a second stakeholder meeting in late Sept/ early July.
 - A formal rule hearing will be scheduled for October

Cases that we are monitoring.

- KMS Financial v. City of Seattle – Our brief requesting review at the WA S.Ct was submitted in July and KMS has responded.

City of Seattle Tax Advisory Group

- The City of Tacoma submitted an Amicus brief in this case because of the uncertainty this case creates.
- Sound Inpatient v. City of Tacoma – At issue, in this case, is the service income of the taxpayer in the city. The hearing examiner determined that SIP had not met its burden of proof and was not entitled to its refund. Sound Inpatient has appealed this decision to Superior Court

Administrative.

Lowes decision

- The case involved a bad debt deduction
 - Lowes prevailed at the WA S.Ct
 - Now the legislature is considering making statutory changes
- At issue here is bad debt deductions and who gets to take the deduction.
 - Involving private-label credit cards
- The case impacts retail sales tax and retail B&O
 - This is something that we will want to monitor.
 - This issue came up in State Tax Notes

PPP Debt forgiveness and B&O taxes

- The State is researching language for excluding debt forgiveness from income.
 - The City of Seattle would likely follow the State and exclude debt forgiveness from income.