



## **CITY OF TUKWILA B&O TAX FREQUENTLY ASKED QUESTIONS**

### **WHAT IS THE BUSINESS AND OCCUPATION (B&O) TAX?**

The B&O tax is a tax levied on persons engaging in business activities in Tukwila. It is a tax on gross income, gross proceeds of sales, and value of products extracted or manufactured in Tukwila. There are no deductions on account of the costs of goods sold, the costs of materials used, labor costs, interest, delivery costs, taxes, or any other expense. There also are no deductions on account of losses.

Tukwila's B&O tax is not the same as the Washington State B&O tax. It is filed separately and in addition to other applicable federal, state, and local taxes.

### **WHO IS SUBJECT TO B&O TAX?**

The B&O tax applies to every person engaging in business in the City of Tukwila unless the business activities are specifically exempt by law. The B&O tax does *not* apply to employees, as defined in the Internal Revenue Code.

Payment of the tax is due if a business has taxable revenue in the city of more than \$750,000 in the calendar year. Every person engaging in business in Tukwila will need to file B&O tax returns with the city and report their income and deductions, even if no tax is due, unless the city has approved an active non-reporting status.

### **I DON'T HAVE A BUSINESS LOCATION IN TUKWILA. DO I STILL OWE THE TAX?**

A physical business location is not required to be subject to B&O tax. The tax applies to any person "engaging in business" in Tukwila, as defined in TMC 3.26.040, which includes meeting with customers or potential customers, performing services for customers, delivering goods in vehicles maintained by the business, maintaining real property or tangible personal property in the city, and other activities.

### **HOW DO I REGISTER FOR TUKWILA'S B&O TAX?**

B&O tax registration is completed by obtaining a City of Tukwila business license endorsement. The city partners with the Washington State Department of Revenue for its business license application process. For details, go to [dor.wa.gov/tukwila](http://dor.wa.gov/tukwila).

Upon being approved for a Tukwila business license, we will mail a letter to the business with the tax registration information. You should receive your tax registration letter within 30 days of being approved for a city business license.

## **HOW DO I FILE B&O TAX RETURNS?**

Tukwila's B&O tax return forms are available online at [tukwilawa.gov/citytaxes](http://tukwilawa.gov/citytaxes). Returns must be printed and sent by mail with a check or money order, or they may be delivered in person to Tukwila City Hall. We do not currently have an online filing or online payment option. Returns for which no tax is due may be sent via email to [tax@tukwilawa.gov](mailto:tax@tukwilawa.gov).

B&O tax returns are generally due on a quarterly basis by the last day of the month following the end of the calendar quarter. Payments will be considered made on the date shown on the postmark by the postal service, or the received date if there is no postmark. At the discretion of the city, with prior approval, a business may alternatively be assigned an annual filing frequency or active non-reporting status.

## **WHAT IS THE B&O TAX RATE?**

The B&O tax rate for retailing and retail services is 0.05 percent (0.0005). For all other business activities, the B&O tax rate is 0.085 percent (0.00085). The tax rate depends on the type of business activities being conducted. If a business conducts multiple activities, it may need to report tax in more than one tax classification. For additional information, review our [Guide to Tukwila's Business and Occupation Tax](#).

## **HOW DO I KNOW IF AN ADDRESS IS WITHIN TUKWILA CITY LIMITS?**

You can search by address using our [Tukwila iMap](http://tukwilawa.gov/city-maps), which is available online at [tukwilawa.gov/city-maps](http://tukwilawa.gov/city-maps), or you can use [DOR's Sales Tax Rate Lookup Tool](#).

## **WHAT PORTION OF MY INCOME IS SUBJECT TO TUKWILA'S B&O TAX?**

When a person engages in business activities both inside and outside the City of Tukwila, the method used to determine how much income is taxable in Tukwila varies depending on the business activity. The income attribution methods are described in TMC 3.26.076, 3.26.077, and 3.26.078. We recommend viewing our [Guide to Tukwila's Business and Occupation Tax](#) for additional information.

## **WHAT DEDUCTIONS ARE THERE FROM THE B&O TAX?**

- Receipts from sales of tangible personal property and retail services delivered to the buyer outside of Tukwila
- Credit losses (bad debts) of accrual basis taxpayers
- Cash discount taken by purchaser (does not apply to manufacturing tax)
- Certain initiation fees and dues received by nonprofit organizations

For details and additional deductions, refer to TMC 3.26.100 and 3.26.075.

## **WHAT BUSINESS ACTIVITIES ARE EXEMPT FROM B&O TAX?**

- Rentals or sales of real estate (this exemption does not apply to commissions, fees, interest, or similar financial charges)
- Manufacturing or selling liquor or motor vehicle fuel
- Nonprofit organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue code, except retail sales
- Taxes collected as trust funds (e.g. retail sales tax, admissions tax)
- Businesses operating as a cardroom
- Professional/semi-professional/amateur sports teams operating in Tukwila

For important details and additional exemptions, refer to TMC 3.26.090.

## **HOW DO I CORRECT AMOUNTS PREVIOUSLY REPORTED ON MY RETURN?**

1. Use a copy of the originally filed tax return or a blank tax return form. On the top of the first page write "AMENDED" in large letters. Enter the corrected figures on the return, and strike through any erroneous figures if applicable.
2. If you owe additional tax, mail a check or money order including your amended return and a written explanation of the reason(s) for the changes.
3. If you are owed a refund, also include an Application for Refund or Credit. State the basis for the refund and include supporting documentation.
4. If additional tax is due, send the information by mail, including a check, to: City of Tukwila, Finance Department, 6200 Southcenter Blvd, Tukwila WA 98188. If a refund is due, you may email your request to [tax@tukwilawa.gov](mailto:tax@tukwilawa.gov).

## **I DID NOT FILE A RETURN BUT OWE PAST DUE B&O TAX. WHAT SHOULD I DO?**

We encourage businesses to voluntarily obtain a business license and file accurate returns (or amended returns) prior to being notified by the city about underpaid taxes. This will reduce any potential liability for penalties and interest and prevent back taxes from accruing. It is the responsibility of every business to stay informed of the city's tax laws and file returns by the due date. The lookback period for back taxes owed (or refunds due) is generally four years plus the current calendar year.

Our goal is to keep businesses informed of the city's tax laws and current with their tax returns. If you need assistance, please don't hesitate to contact us.

## **STILL HAVE QUESTIONS?**

View our [Guide to Tukwila's Business and Occupation Tax](#). If you have additional questions, contact us at [tax@tukwilawa.gov](mailto:tax@tukwilawa.gov) or at 206-433-1835 (option 3).