
HOUSE BILL 2789

State of Washington

54th Legislature

1996 Regular Session

By Representatives Van Luven, Sheldon, Schoesler, Morris, Silver, Ogden, Thompson, Blanton, Patterson, Tokuda, Romero, Conway, Cole and Poulsen; by request of Governor Lowry

Read first time 01/19/96. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to tax reporting and registration requirements of
2 small businesses with no tax liability; amending RCW 82.32.045 and
3 82.16.040; reenacting and amending RCW 82.32.030; creating a new
4 section; and providing an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that small businesses
7 play a vital role in the state's current and future economic health.
8 The legislature also finds that the state's excise tax reporting and
9 registration requirements are unduly burdensome for small businesses
10 incurring little or no tax liability. The legislature recognizes the
11 costs associated in complying with the reporting and registration
12 requirements that are hindering the further development of those
13 businesses. For these reasons the legislature with this act simplifies
14 the tax reporting and registration requirements for certain small
15 businesses.

16 **Sec. 2.** RCW 82.32.030 and 1994 sp.s. c 7 s 446 and 1994 sp.s. c 2
17 s 2 are each reenacted and amended to read as follows:

1 (1) Except as provided in subsection (2) of this section, if any
2 person engages in any business or performs any act upon which a tax is
3 imposed by the preceding chapters, he or she shall, under such rules as
4 the department of revenue shall prescribe, apply for and obtain from
5 the department a registration certificate. Such registration
6 certificate shall be personal and nontransferable and shall be valid as
7 long as the taxpayer continues in business and pays the tax accrued to
8 the state. In case business is transacted at two or more separate
9 places by one taxpayer, a separate registration certificate for each
10 place at which business is transacted with the public shall be
11 required. Each certificate shall be numbered and shall show the name,
12 residence, and place and character of business of the taxpayer and such
13 other information as the department of revenue deems necessary and
14 shall be posted in a conspicuous place at the place of business for
15 which it is issued. Where a place of business of the taxpayer is
16 changed, the taxpayer must return to the department the existing
17 certificate, and a new certificate will be issued for the new place of
18 business. No person required to be registered under this section shall
19 engage in any business taxable hereunder without first being so
20 registered. The department, by rule, may provide for the issuance of
21 certificates of registration to temporary places of business.

22 (2) Unless the person is a dealer as defined in RCW 9.41.010,
23 registration under this section is not required if the following
24 conditions are met:

25 (a) A person's value of products, gross proceeds of sales, or gross
26 income of the business, from all business activities taxable under
27 chapter 82.04 RCW, is less than twelve thousand dollars per year;

28 (b) The person's gross income of the business from all activities
29 taxable under chapter 82.16 RCW is less than twelve thousand dollars
30 per year;

31 (c) The person is not required to collect or pay to the department
32 of revenue any other tax or fee which the department is authorized to
33 collect; and

34 ~~((e))~~ (d) The person is not otherwise required to obtain a
35 license subject to the master application procedure provided in chapter
36 19.02 RCW.

37 **Sec. 3.** RCW 82.32.045 and 1983 2nd ex.s. c 3 s 63 are each amended
38 to read as follows:

1 (1) Except as otherwise provided in this chapter, payments of the
2 taxes imposed under chapters 82.04, 82.08, 82.12, 82.14, and 82.16 RCW,
3 along with reports and returns on forms prescribed by the department,
4 are due monthly within twenty-five days after the end of the month in
5 which the taxable activities occur.

6 (2) The department of revenue may relieve any taxpayer or class of
7 taxpayers from the obligation of remitting monthly and may require the
8 return to cover other longer reporting periods, but in no event may
9 returns be filed for a period greater than one year. For these
10 taxpayers, tax payments are due on or before the last day of the month
11 next succeeding the end of the period covered by the return.

12 (3) The department of revenue may also require verified annual
13 returns from any taxpayer, setting forth such additional information as
14 it may deem necessary to correctly determine tax liability.

15 (4) Notwithstanding subsections (1) and (2) of this section, the
16 department may relieve any person of the requirement to file returns if
17 the following conditions are met:

18 (a) The person's value of products, gross proceeds of sales, or
19 gross income of the business, from all business activities taxable
20 under chapter 82.04 RCW, is less than twenty-four thousand dollars per
21 year;

22 (b) The person's gross income of the business from all activities
23 taxable under chapter 82.16 RCW is less than twenty-four thousand
24 dollars per year; and

25 (c) The person is not required to collect or pay to the department
26 of revenue any other tax or fee which the department is authorized to
27 collect.

28 **Sec. 4.** RCW 82.16.040 and 1961 c 15 s 82.16.040 are each amended
29 to read as follows:

30 The provisions of this chapter shall not apply to persons engaging
31 in one or more businesses taxable under this chapter whose total gross
32 income is less than (~~five hundred~~) two thousand dollars for a monthly
33 period or portion thereof. Any person claiming exemption under this
34 section may be required to file returns even though no tax may be due.
35 If the total gross income for a taxable monthly period is (~~five~~
36 ~~hundred~~) two thousand dollars, or more, no exemption or deductions
37 from the gross operating revenue is allowed by this provision.

1 NEW SECTION. **Sec. 5.** This act shall take effect July 1, 1996.

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