

WAC 296-17-31030 Successorship and other transfers of ownership.

RCW 51.16.200 requires a taxpayer to make a return and pay the tax due to the department of labor and industries within ten days of quitting business, selling out, exchanging, or otherwise disposing of the employer's business or stock of goods. If this tax is not paid by the employer, any successor to the employer becomes liable for the full amount of the tax. RCW 51.08.177 defines the term "successor." Subsections (1) through (3) of this section provide an interpretation of successorship issues.

(1) **What does the term "a major part" mean as that term is used in RCW 51.08.177?** A major part refers to a significant or substantial portion of a business's property. Major does not mean more than half.

Example: A sand and gravel business owns several trucks and a gravel pit as its primary assets. Each may be considered "a major part" of the property of the taxpayer.

(2) **Can a taxpayer/employer have more than one successor?** Yes.

Example: Using the sand and gravel business in the example above, if the gravel pit were to be sold to one business (A) and the fleet of trucks to another business (B), both A and B would be considered successors.

(3) **What is intangible property?** Intangible property is property that has no physical existence, but may have value.

Example: The most common example is "goodwill." Goodwill is the value of a trade or business based on expected continued customer patronage due to its name, reputation, or any other factor. Other examples of intangible property include literary rights, bank accounts, customer lists, and internet domain names.

[Statutory Authority: 2004 c 243, RCW 51.04.020 and 51.16.035. WSR 04-20-023, § 296-17-31030, filed 9/28/04, effective 11/1/04.]