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ENGROSSED HOUSE BILL 2350

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State of Washington                      65th Legislature                      2018 Regular Session

By Representatives Kraft, Vick, Shea, McDonald, Walsh, and Young

Prefiled 12/29/17. Read first time 01/08/18. Referred to Committee on Finance.

1            AN ACT Relating to relieving burdens on small businesses by  
2 updating the tax return filing thresholds to reflect inflation; and  
3 amending RCW 82.16.040, 82.32.030, and 82.32.045; creating a new  
4 section; and providing an effective date.

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

6            **Sec. 1.** RCW 82.16.040 and 1996 c 111 s 4 are each amended to  
7 read as follows:

8            The provisions of this chapter shall not apply to persons  
9 engaging in one or more businesses taxable under this chapter whose  
10 total gross income is less than two thousand five hundred dollars for  
11 a monthly period or portion thereof. Any person claiming exemption  
12 under this section may be required to file returns even though no tax  
13 may be due. If the total gross income for a taxable monthly period is  
14 two thousand five hundred dollars, or more, no exemption or  
15 deductions from the gross operating revenue is allowed by this  
16 provision.

17            **Sec. 2.** RCW 82.32.030 and 2017 c 323 s 505 are each amended to  
18 read as follows:

19            (1) Except as provided in subsections (2) and (3) of this  
20 section, if any person engages in any business or performs any act

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

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

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

27 (ii) Fifty-six thousand dollars per year for persons generating  
28 at least fifty percent of their taxable amount from activities  
29 taxable under RCW 82.04.255, 82.04.290(2)(1) and 82.04.285;

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

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

36 (d) The person is not otherwise required to obtain a license  
37 subject to the business license application procedure provided in  
38 chapter 19.02 RCW.

39 (3) All persons who agree to collect and remit sales and use tax  
40 to the department under the agreement must register through the

1 central registration system authorized under the agreement. Persons  
2 required to register under subsection (1) of this section are not  
3 relieved of that requirement because of registration under this  
4 subsection (3).

5 (4) Persons registered under subsection (3) of this section who  
6 are not required to register under subsection (1) of this section and  
7 who are not otherwise subject to the requirements of chapter 19.02  
8 RCW are not subject to the fees imposed by the department under the  
9 authority of RCW 19.02.075.

10 **Sec. 3.** RCW 82.32.045 and 2010 1st sp.s. c 23 s 1103 are each  
11 amended to read as follows:

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

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

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

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

29 (a) The person's value of products, gross proceeds of sales, or  
30 gross income of the business, from all business activities taxable  
31 under chapter 82.04 RCW, is less than:

32 (i) (~~Twenty-eight~~) Thirty-five thousand dollars per year; or  
33 (ii) (~~Forty-six thousand six hundred sixty-seven~~) Fifty-six  
34 thousand dollars per year for persons generating at least fifty  
35 percent of their taxable amount from activities taxable under RCW  
36 82.04.255, 82.04.290(2)(a), and 82.04.285;

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

1 (c) The person is not required to collect or pay to the  
2 department of revenue any other tax or fee which the department is  
3 authorized to collect.

4 NEW SECTION. **Sec. 4.** This act is exempt from the provisions of  
5 RCW 82.32.805 and 82.32.808.

6 NEW SECTION. **Sec. 5.** This act takes effect January 1, 2019.

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