



**NEW WASHINGTON BUSINESS AND
OCCUPATION TAX:
MANY BUSINESSES OUTSIDE WASHINGTON
MAY OWE NEW TAX**

Effective June 1, 2010, the State of Washington has changed its Business and Occupation tax ("B&O") (Section 105, Chapter 23, Laws of 2010, 1st Special Session). B&O Tax is a "Gross Receipts" tax; eg., a tax levied on all money received. Starting June 1, if your company has business contact with the State of Washington, you may owe this tax. Under new rules, B&O tax must be paid by many out-of-state businesses that:

- Are themselves, or use commission sales agents that procure sales or services occurring in Washington;
- Perform personal, professional or business services for anyone located in Washington, or services which have a beneficial effect in Washington, such as lawyers, doctors, accountants, surveyors, architects, real estate brokers, chiropractors, collection agencies, insurance brokers, warehouse operators, engineers, laboratory operators, orchestras, printing and publishing, title insurance, school bus operators, plumbers, contractors, magazine and newspaper sales, photo finishing and photo services, stock brokers travel agencies and advertising services (including internet advertising).

Under Washington's new, far reaching "nexus" rules, your business never has to set foot in Washington to be liable for the tax. A long list of special rules affecting various businesses can be found at <http://apps.leg.wa.gov/wac/default.aspx?cite=458.20>. The State of Washington Department of Revenue is sending out letters now to many out of state businesses notifying them of their new Washington B&O tax liability.

The Closely Held Business Team attorneys at Harrang Long Gary Rudnick are committed to serving the needs of business owners in a responsive and proactive manner. They understand the challenges and the opportunities provided by the law in today's business climate, and are focused on the advancement of each client's success in business.

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Nothing in this communication creates or is intended to create an attorney-client relationship with you, constitutes the provision of legal advice, or creates any legal duty to you. If you are seeking legal advice, you should first contact a member of the Closely Held Business Team with the understanding that any attorney-client relationship would be subsequently established by a specific written agreement with Harrang Long Gary Rudnick P.C. To maintain confidentiality, you should not forward any unsolicited information you deem to be confidential until after an attorney-client relationship has been established.

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