

CITY OF PORT TOWNSEND

BUSINESS AND OCCUPATION TAX INSTRUCTIONS

Every person, firm or other organization doing business in the City of Port Townsend is subject to the licensing and taxation requirements set forth in Port Townsend Municipal Code, Sections 5.04A, 5.04B and 5.08. We encourage you to review these sections to familiarize yourself with the City requirements. Every business whose annual gross receipts are equal to or exceed \$100,000, is required to file a Business and Occupation (B&O) tax return on or before the last day of the month following the end of the reporting period. Late returns may be subject to a penalty.

NOTICE: The Transportation Benefit District (TBD) sales tax increase goes into effect April 1, 2024, to generate revenue for local transportation improvements. Be sure to update your point-of-sale and bookkeeping systems to reflect the new City sales tax rate of 9.4%.

| RETURN DUE DATES | |
|---|--|
| 1 ST Quarter return: January, February, March - due April 30 | 3 RD Quarter return: July, August, September - due October 31 |
| 2 ND Quarter return: April, May, June - due July 31 | 4 TH Quarter return: October, November, December - due January 31 |

DETERMINE YOUR BUSINESS CLASSIFICATION (Column 1)

| | |
|---------------------------------------|---|
| CONSTRUCTION | Constructing, installing, repairing, altering, wrecking, and demolishing any building, roadway, improvements to real property or other structure. A contractor is considered "doing business" in Port Townsend any time that his/her equipment or materials are placed at a work site within the city limits. |
| PRINTING & PUBLISHING | Printing and publication of newspapers, periodicals or magazines. |
| RETAIL | Sale of tangible personal property and/or charges made for labor and services with respect to installing, repairing, etc., of tangible personal property. |
| SERVICE & OTHER ACTIVITIES | Rendering any service which does not constitute a sale "at retail" or "at wholesale." |
| WHOLESALE | Sale of tangible personal property when it is not at retail. |
| MISCELLANEOUS | Business transactions which are not described by any other classification listed herein. |

CALCULATING THE TAX DUE

Column 2 **Gross Income** - For each business classification applicable to your business, enter any GROSS revenue made within Port Townsend city limits.

Column 3 **Deduction Description** - Enter the deduction Code # (see 1-16 below) of any deductions or exemptions claimed (Refer to PTMC 5.04A.090 and 5.04A.100 for detailed explanations.)

1. Revenue resulting from a person's performance as an employee, as opposed to an independent contractor.
2. Revenue from insurance sales, upon which a tax based on gross premiums, is paid to the State of Washington.
3. Sale by a farmer or gardener of his/her own produce.
4. State licensed athletic exhibitions or race meets.
5. Certain gross receipts of fraternal benefit societies.
6. Hospitals owned by a government body or religious corporation.
7. Revenue from the sale, lease or rental (if more than 30 days) of real estate (does not include commissions).
8. Certain amounts resulting from the banking, trust or savings and loan businesses.
9. Sales, distribution or manufacturing of motor vehicle fuel.
10. Liquor sales and distribution (includes beer and wine).
11. Investment revenue for non-financial businesses.
12. Bona fide initiation or membership fees, tuition, donations and contributions to endowment funds & non-profit fundraising income.
13. Trade or cash discounts taken by customers.
14. Bad debts incurred by accrual basis taxpayers.
15. Amounts collected by taxpayers as excise taxes.
16. Business transactions which federal and/or state laws and constitutions prohibit the City from taxing. Must provide documentation of proof.

Column 4 **Deduction Amount** - Enter dollar amount of deductions or exemptions IF ANY.

Column 5 **Taxable Revenue Amount** - Subtract Col. 4 from Col. 2 and enter the resulting taxable revenue for each business classification.

Column 6 **Tax Rate** - Current tax rate for all business classifications in the City of Port Townsend.

Column 7 **B&O Tax Amount** - Multiply Col. 5 times Col. 6 and enter the resulting tax due in Col. 7 for each business classification.

Line A: TAX AMOUNT (Add all the amounts in Col. 7 and enter the result in Line A.)

Line B: PENALTY (Add any penalties due if tax is due and the return is mailed or postmarked after the due dates shown above.)

- ▶ Up to 1 month past due date: add **9%** of the tax due (**minimum of \$5.00**)
- ▶ Greater than 1 month and less than 2 months past due date: add **19%** of the tax due (**minimum of \$5.00**)
- ▶ Greater than 2 months past due date: add **29%** of the tax due (**minimum of \$5.00**)

TOTAL DUE Add the subtotal of Col. 7 to any penalties and/or prior period account balance.

Sign, date and return form with tax payment & penalties (if applicable).

Acceptable forms of payment are cash or checks (made payable to the City of Port Townsend).

Returns filed with no payment are considered delinquent and may be subject to penalties.