



CITY OF PORT TOWNSEND

250 Madison Street, Suite 1
Port Townsend, WA 98368 * (360) 385-2700

BUSINESS & OCCUPATION TAX INSTRUCTIONS

Every business with gross annual receipts equal to or more than \$100,000.00, 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 or incomplete returns are subject to penalty.

STEP 1: BUSINESS CLASSIFICATION (Column 1) – choose your business classification based on the type of business done in Port Townsend.

STEP 2: CALCULATING THE TAX DUE (Columns 2 – 7 & “Total Due”)

- Column 2: GROSS REVENUE made within Port Townsend City Limits for each business classification that is applicable to your business.
- Column 3: DEDUCTION CODE – Enter the Deduction Code # (Refer to Deduction table, below) for any deductions or exemptions claimed.
- Column 4: DEDUCTION AMOUNT – Enter the dollar amount for each deduction or exemption (if any).
- Column 5: TAXABLE REVENUE – Subtract Deduction Amount (Column 4) from Gross Revenue (Column 2) for each classification, enter the result.
- Column 6: TAX RATE – Current Tax Rate for all business classifications within the City of Port Townsend.
- Column 7: B&O TAX AMOUNT – Multiply Column 5 x Column 6. Enter the result in Column 7 for each business classification. This is your tax owed.
- Line A: TAX AMOUNT – Add all amounts in Column 7 and enter the result in Line A. This is your total amount of tax owed for all classifications.
- Line B: PENALTY – If you are paying after the due date, penalty must be included (refer to B&O Tax Penalties table, below).
- TOTAL DUE: Add the subtotal of Column 7 to any penalties and/or prior period account balances.

PAYMENT OPTIONS:

Check / Money Order / Cashier’s Check: (made payable to City of Port Townsend) mailed or hand-delivered City Hall

Debit/Credit Card: card payments may be made in person at City Hall (250 Madison St, Port Townsend, WA 98368)

Cash: Cash payments are accepted at City Hall (250 Madison St, Port Townsend, WA 98368)

B&O TAX DEDUCTIONS

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 their 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 long-term (more than 30 days) rental of real estate (not including commissions)
8	Certain amounts resulting from the banking, trust or savings and loan business
9	Sales, distribution or manufacturing of motor vehicle fuel
10	Liquor sales and distribution (including 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 proof)

B&O TAX PENALTIES

Up to 1 Month After Due Date	Greater of 9% or \$5.00
2nd Month After Due Date	Greater of 19% or \$5.00
3rd Month After Due Date and thereafter	Greater of 29% or \$5.00

IMPORTANT REMINDERS & UPDATES:

STATE UPDATE: The State of Washington released new rules regarding payment of taxes for SERVICE & OTHER Business Classification. If your business location is OUTSIDE Port Townsend city limits, you will need to complete an APPORTIONMENT SCHEDULE to determine your taxable income amount. Forms and information are available on the city website under Departments / Finance / Business & Occupation Tax.

CITY UPDATE: The City of Port Townsend is working on building a consolidated online filing portal to make filing and paying your City B&O Tax easier than ever. We hope to roll out the new portal for 2nd Quarter Filing in 2026. We appreciate your patience as we work towards a new, better way to file taxes.

REMINDER: Is Your Annual Gross Income under \$100,000.00 (for work performed or sales made within City of Port Townsend City limits)? Great News! No Tax is owed and you do not need to file a B&O Tax Return! Simply maintain an active City of Port Townsend Endorsement with the WA State Dept of Revenue!

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.