

**SB 6698** - S AMD 649  
By Senators Benton and Zarelli

2/12/04 ADOPTED

1 On page 1, strike everything after the enacting clause and insert  
2 the following:

3 "**Sec. 1.** RCW 82.08.100 and 1982 1st ex.s. c 35 s 37 are each  
4 amended to read as follows:

5 (1) The department of revenue, by general regulation, shall provide  
6 that a taxpayer whose regular books of account are kept on a cash  
7 receipts basis may file returns based upon his cash receipts for each  
8 reporting period and pay the tax herein provided upon such basis in  
9 lieu of reporting and paying the tax on all sales made during such  
10 period.

11 (2) Upon a showing of substantial hardship by the taxpayer, the  
12 department shall allow a taxpayer whose regular books of account are  
13 kept on an accrual basis to file returns based upon his cash receipts  
14 for each reporting period and pay the tax herein provided upon such  
15 basis in lieu of reporting and paying the tax on all sales made during  
16 such period. "Substantial hardship" means that on the due date of a  
17 return the taxpayer's retail sales tax billed but not collected for the  
18 tax-reporting period is more than seventy-five percent of the total tax  
19 due on the return for the same tax-reporting period. Once a taxpayer  
20 whose regular books of account are kept on an accrual basis elects to  
21 report on a cash basis because of a substantial hardship, the taxpayer  
22 must continue to report on a cash basis for at least twelve months.

23 (3) A taxpayer filing returns on a cash receipts basis is not  
24 required to pay such tax on debts which are deductible as worthless for  
25 federal income tax purposes.

26 **Sec. 2.** RCW 82.12.070 and 1982 1st ex.s. c 35 s 38 are each  
27 amended to read as follows:

28 (1) The department of revenue, by general regulation, shall provide  
29 that a taxpayer whose regular books of account are kept on a cash  
30 receipts basis may file returns based upon his cash receipts for each

1 reporting period and pay the tax herein provided upon such basis in  
2 lieu of reporting and paying the tax on all sales made during such  
3 period.

4 (2) Upon a showing of substantial hardship by the taxpayer, the  
5 department shall allow a taxpayer whose regular books of account are  
6 kept on an accrual basis to file returns based upon his cash receipts  
7 for each reporting period and pay the tax herein provided upon such  
8 basis in lieu of reporting and paying the tax on all sales made during  
9 such period. "Substantial hardship" means that on the due date of a  
10 return the taxpayer's retail sales tax billed but not collected for the  
11 tax-reporting period is more than seventy-five percent of the total tax  
12 due on the return for the same tax-reporting period. Once a taxpayer  
13 whose regular books of account are kept on an accrual basis elects to  
14 report on a cash basis because of a substantial hardship the taxpayer  
15 must continue to report on a cash basis for at least twelve months.

16 (3) A taxpayer filing returns on a cash receipts basis is not  
17 required to pay such tax on debts which are deductible as worthless for  
18 federal income tax purposes."

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21  
22 On page 1, on line 1 of the title, after "purposes;", strike the  
23 remainder of the title and insert "and amending RCW 82.08.100 and  
24 82.12.070."

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**EFFECT:** Allows an accrual basis taxpayer to use a cash basis for state excise tax purposes upon a showing of substantial hardship.