
HOUSE BILL 1496

State of Washington 58th Legislature 2003 Regular Session

By Representatives Sullivan, Cairnes, Gombosky and Sehlin

Read first time 01/28/2003. Referred to Committee on Finance.

1 AN ACT Relating to clarifying the apportionment of business and
2 occupation taxes on certain businesses conducted both within and
3 outside the state; and amending RCW 82.04.460.

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

5 **Sec. 1.** RCW 82.04.460 and 1985 c 7 s 154 are each amended to read
6 as follows:

7 (1) Any person rendering services taxable under RCW 82.04.290 or
8 82.04.260(7) and maintaining places of business both within and without
9 this state which contribute to the rendition of such services shall,
10 for the purpose of computing tax liability under RCW 82.04.290 or
11 82.04.260(7), apportion to this state that portion of his gross income
12 which is derived from services rendered within this state. Where such
13 apportionment cannot be accurately made by separate accounting methods,
14 the taxpayer shall apportion to this state that proportion of his total
15 income which the cost of doing business within the state bears to the
16 total cost of doing business both within and without the state.

17 (2) Notwithstanding the provision of subsection (1) of this
18 section, persons doing business both within and without the state who
19 receive gross income from service charges, as defined in RCW 63.14.010

1 (relating to amounts charged for granting the right or privilege to
2 make deferred or installment payments) or who receive gross income from
3 engaging in business as financial institutions within the scope of
4 chapter 82.14A RCW (relating to city taxes on financial institutions)
5 shall apportion or allocate gross income taxable under RCW 82.04.290 to
6 this state pursuant to rules promulgated by the department consistent
7 with uniform rules for apportionment or allocation developed by the
8 states.

9 (3) The department shall by rule provide a method or methods of
10 apportioning or allocating gross income derived from sales of telephone
11 services taxed under this chapter, if the gross proceeds of sales
12 subject to tax under this chapter do not fairly represent the extent of
13 the taxpayer's income attributable to this state. The rules shall be,
14 so far as feasible, consistent with the methods of apportionment
15 contained in this section and shall require the consideration of those
16 facts, circumstances, and apportionment factors as will result in an
17 equitable and constitutionally permissible division of the services.

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