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**SUBSTITUTE HOUSE BILL 1738**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** House Finance (originally sponsored by Representatives Kraft, Stokesbary, Walsh, Vick, and Young)

READ FIRST TIME 03/26/19.

1 AN ACT Relating to relieving burdens on small businesses by  
2 updating the tax return filing thresholds to reflect inflation; and  
3 amending RCW 82.16.040, 82.32.030, and 82.32.045.

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

5 **Sec. 1.** RCW 82.16.040 and 1996 c 111 s 4 are each amended to  
6 read as follows:

7 The provisions of this chapter (~~shall~~) do not apply to persons  
8 engaging in one or more businesses taxable under this chapter whose  
9 total gross income is less than two thousand five hundred dollars for  
10 a monthly period or portion thereof. Any person claiming exemption  
11 under this section may be required to file returns even though no tax  
12 may be due. If the total gross income for a taxable monthly period is  
13 two thousand five hundred dollars, or more, no exemption or  
14 deductions from the gross operating revenue is allowed by this  
15 provision.

16 **Sec. 2.** RCW 82.32.030 and 2017 c 323 s 505 are each amended to  
17 read as follows:

18 (1) Except as provided in subsections (2) and (3) of this  
19 section, if any person engages in any business or performs any act  
20 upon which a tax is imposed by the preceding chapters, he or she

1 must, under such rules as the department prescribes, apply for and  
2 obtain from the department a registration certificate. Such  
3 registration certificate is personal and nontransferable and is valid  
4 as long as the taxpayer continues in business and pays the tax  
5 accrued to the state. In case business is transacted at two or more  
6 separate places by one taxpayer, a separate registration certificate  
7 for each place at which business is transacted with the public is  
8 required. Each certificate must be numbered and must show the name,  
9 residence, and place and character of business of the taxpayer and  
10 such other information as the department of revenue deems necessary  
11 and must be posted in a conspicuous place at the place of business  
12 for which it is issued. Where a place of business of the taxpayer is  
13 changed, the taxpayer must return to the department the existing  
14 certificate, and a new certificate will be issued for the new place  
15 of business. No person required to be registered under this section  
16 may engage in any business taxable hereunder without first being so  
17 registered. The department, by rule, may provide for the issuance of  
18 certificates of registration to temporary places of business.

19 (2) Unless the person is a dealer as defined in RCW 9.41.010,  
20 registration under this section is not required if the following  
21 conditions are met:

22 (a) (i) A person's value of products, gross proceeds of sales, or  
23 gross income of the business, from all business activities taxable  
24 under chapter 82.04 RCW, is less than (~~twelve~~) thirty-five thousand  
25 dollars per year; or

26 (ii) Fifty-six thousand dollars per year for persons generating  
27 at least fifty percent of their taxable amount from activities  
28 taxable under RCW 82.04.255, 82.04.290(2), and 82.04.285;

29 (b) The person's gross income of the business from all activities  
30 taxable under chapter 82.16 RCW is less than twelve thousand dollars  
31 per year;

32 (c) The person is not required to collect or pay to the  
33 department of revenue any other tax or fee that the department is  
34 authorized to collect; and

35 (d) The person is not otherwise required to obtain a license  
36 subject to the business license application procedure provided in  
37 chapter 19.02 RCW.

38 (3) All persons who agree to collect and remit sales and use tax  
39 to the department under the agreement must register through the  
40 central registration system authorized under the agreement. Persons

1 required to register under subsection (1) of this section are not  
2 relieved of that requirement because of registration under this  
3 subsection (3).

4 (4) Persons registered under subsection (3) of this section who  
5 are not required to register under subsection (1) of this section and  
6 who are not otherwise subject to the requirements of chapter 19.02  
7 RCW are not subject to the fees imposed by the department under the  
8 authority of RCW 19.02.075.

9 **Sec. 3.** RCW 82.32.045 and 2010 1st sp.s. c 23 s 1103 are each  
10 amended to read as follows:

11 (1) Except as otherwise provided in this chapter, payments of the  
12 taxes imposed under chapters 82.04, 82.08, 82.12, 82.14, and 82.16  
13 RCW, along with reports and returns on forms prescribed by the  
14 department, are due monthly within twenty-five days after the end of  
15 the month in which the taxable activities occur.

16 (2) The department of revenue may relieve any taxpayer or class  
17 of taxpayers from the obligation of remitting monthly and may require  
18 the return to cover other longer reporting periods, but in no event  
19 may returns be filed for a period greater than one year. For these  
20 taxpayers, tax payments are due on or before the last day of the  
21 month next succeeding the end of the period covered by the return.

22 (3) The department of revenue may also require verified annual  
23 returns from any taxpayer, setting forth such additional information  
24 as it may deem necessary to correctly determine tax liability.

25 (4) Notwithstanding subsections (1) and (2) of this section, the  
26 department may relieve any person of the requirement to file returns  
27 if the following conditions are met:

28 (a) The person's value of products, gross proceeds of sales, or  
29 gross income of the business, from all business activities taxable  
30 under chapter 82.04 RCW, is less than:

31 (i) (~~Twenty-eight~~) Thirty-six thousand dollars per year; or  
32 (ii) (~~Forty-six thousand six hundred sixty-seven~~) Fifty-six  
33 thousand dollars per year for persons generating at least fifty  
34 percent of their taxable amount from activities taxable under RCW  
35 82.04.255, 82.04.290(2)(a), and 82.04.285;

36 (b) The person's gross income of the business from all activities  
37 taxable under chapter 82.16 RCW is less than (~~twenty-four~~) thirty  
38 thousand dollars per year; and

1           (c) The person is not required to collect or pay to the  
2 department of revenue any other tax or fee which the department is  
3 authorized to collect.

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