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**SECOND SUBSTITUTE HOUSE BILL 1738**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

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

READ FIRST TIME 01/30/20.

1 AN ACT Relating to relieving burdens on small businesses by  
2 updating the tax return filing thresholds to reflect inflation;  
3 amending RCW 82.16.040 and 82.32.030; reenacting and amending RCW  
4 82.32.045; and providing an effective date.

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

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

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

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

19 (1) Except as provided in subsections (2) and (3) of this  
20 section, if any person engages in any business or performs any act

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

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

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

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

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

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

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

39 (3) All persons who agree to collect and remit sales and use tax  
40 to the department under the agreement must register through the

1 central registration system authorized under the agreement. Persons  
2 required to register under subsection (1) of this section are not  
3 relieved of that requirement because of registration under this  
4 subsection (3).

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

10 **Sec. 3.** RCW 82.32.045 and 2019 c 63 s 2 and 2019 c 8 s 302 are  
11 each reenacted and amended to read as follows:

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

18 (2) The department of revenue may relieve any taxpayer or class  
19 of taxpayers from the obligation of remitting monthly and may require  
20 the return to cover other longer reporting periods, but in no event  
21 may returns be filed for a period greater than one year. Except as  
22 provided in subsection (3) of this section, for these taxpayers, tax  
23 payments are due on or before the last day of the month next  
24 succeeding the end of the period covered by the return.

25 (3) For annual filers, tax payments, along with reports and  
26 returns on forms prescribed by the department, are due on or before  
27 April 15th of the year immediately following the end of the period  
28 covered by the return.

29 (4) The department of revenue may also require verified annual  
30 returns from any taxpayer, setting forth such additional information  
31 as it may deem necessary to correctly determine tax liability.

32 (5) Notwithstanding subsections (1) and (2) of this section, the  
33 department may relieve any person of the requirement to file returns  
34 if the following conditions are met:

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

38 (i) (~~Twenty-eight~~) Thirty-six thousand dollars per year; or

1 (ii) (~~Forty-six thousand six hundred sixty-seven~~) Fifty-six  
2 thousand dollars per year for persons generating at least fifty  
3 percent of their taxable amount from activities taxable under RCW  
4 82.04.255, 82.04.290(2)(a), and 82.04.285;

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

8 (c) The person is not required to collect or pay to the  
9 department of revenue any other tax or fee which the department is  
10 authorized to collect.

11 (6)(a) Taxes imposed under chapter 82.08 or 82.12 RCW on taxable  
12 events that occur beginning January 1, 2019, through June 30, 2019,  
13 and payable by a consumer directly to the department are due, on  
14 returns prescribed by the department, by July 25, 2019.

15 (b) This subsection (6) does not apply to the reporting and  
16 payment of taxes imposed under chapters 82.08 and 82.12 RCW:

17 (i) On the retail sale or use of motor vehicles, vessels, or  
18 aircraft; or

19 (ii) By consumers who are engaged in business, unless the  
20 department has relieved the consumer of the requirement to file  
21 returns pursuant to subsection (5) of this section.

22 NEW SECTION. **Sec. 4.** This act takes effect January 1, 2021.

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