

Gross Receipts:

Washington: Subsidiary Deemed to Have Pre-Merger B&O Tax Nexus but No Filing Requirement Post-Merger

Determination No. 21-0083, Wash. Dept. of Rev. (12/22/23). A ruling issued by the Administrative Review and Hearings Division of the Washington Department of Revenue (Division) concluded that certain activities of a parent company within its in-state brick and mortar stores – including placing orders for its out-of-state subsidiary and promoting the subsidiary’s products – were significantly associated with the subsidiary’s ability to maintain an in-state market and allowed the subsidiary to carry on business in Washington, thus creating substantial nexus for the subsidiary for Washington business and occupation (B&O) tax purposes. However, upon the subsidiary’s merger into the parent, the Division explained that the subsidiary ceased to exist as a separate legal entity and became a division of the parent and therefore was no longer subject to the B&O tax as a separate company. Please contact us with any questions.

URL: <https://dor.wa.gov/sites/default/files/2023-12/42WTD066.pdf>

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