

## Gross Receipts:

### Washington: Ultimate Destination-Based Sourcing Did Not Apply to In-State Company Seeking to Apportion Income

*Determination No. 18-0327*, Wash. Dept. of Rev. (5/7/24). A ruling issued by the Administrative Review and Hearings Division of the Washington Department of Revenue (Division) held that an in-state company engaged in stevedoring and related activities was ineligible to apportion its gross income under the applicable state business and occupation (B&O) tax classification to states other than Washington, because the facts showed that its business activities occurred exclusively in Washington, and it lacked nexus elsewhere. In doing so, the Division rejected the taxpayer's claim that even though it provided stevedoring services for shipping company customers in Washington, the activities were performed for the benefit of third-parties (*i.e.*, owners of the cargo) and relate to the cargo being transported such that any tax levied on those activities must be taxed at the property's ultimate final destination outside Washington under a market-based sourcing approach pursuant to Rule 19402. The Division reasoned that, under the facts, the taxpayer was either loading or unloading the cargo in Washington, and its customers were contracting with it to provide such services in Washington; in this respect, the taxpayer's customers received the benefit of its services in Washington given that the principal use for the customer occurred in Washington. Please contact us with any questions.

**URL:** <https://dor.wa.gov/sites/default/files/2024-05/43WTD008.pdf>

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