

## Gross Receipts:

### Washington DOR Adopts Changes to Rule Addressing Sourcing of Services for B&O Tax Purposes

*Amended Rule section WAC 458-20-19402*, Wash. Dept. of Rev. (5/15/24). Based on “interim guidance” and certain stakeholder feedback regarding its rule addressing the sourcing of services for Washington business and occupation (B&O) tax purposes (*i.e.*, WAC 458-20-19402), the Washington Department of Revenue (Department) adopted changes clarifying the apportionment analysis on how to attribute receipts from services relating to the customer’s business activities, including a lengthy list of illustrative examples. Regarding the B&O tax cascading rules, the amendments explain that most taxpayers are expected to be able to attribute apportionable receipts because they will either have access to books and records that contain sufficient information from which to determine where the customer actually received the benefit of their service, or will be able to use a “reasonable method of proportionally attributing receipts” that fairly apportions, and does not distort the apportionment of, where the customer received the benefit of their services. To this end, if a taxpayer is affiliated with another entity that has information indicating where the customer received the benefit of the taxpayer’s service, the amended rule explains that the Department “will presume, unless the facts indicate otherwise, that the taxpayer is able to access that information from the affiliated entity.” The amended B&O tax sourcing rule was adopted May 15, 2024 and becomes effective June 15, 2024 – and it “may be used to determine tax liability on and after the effective date, until the codified version is available from the code reviser’s office.” Please contact us with any questions.

**URL:** <https://dor.wa.gov/sites/default/files/2024-05/20-19402cr3frmdraftMay24.pdf>

— Robert Wood (Seattle)  
Principal  
Deloitte Tax LLP  
robwood@deloitte.com

Myles Brenner (Seattle)  
Senior Manager  
Deloitte Tax LLP  
mybrenner@deloitte.com

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

#### **About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at [www.deloitte.com](http://www.deloitte.com).