

Gross Receipts:

Washington DOR Posts Guidance on Business and Occupation Tax Apportionment and Sourcing

Apportionment, Wash. Dept. of Rev. (rev. 10/24). The Washington Department of Revenue posted updated apportionment guidance on Washington's business and occupation (B&O), intended to "help businesses with apportionable income understand their tax reporting responsibilities" in Washington. Among the topics addressed, the guidance explains how apportionable income may include income reported under the "service and other activities" and "royalties" B&O tax classifications, which are both sourced (*i.e.*, "attributed") based on a delineated hierarchy. The guidance also addresses "throw-out income," which is "a component of the receipts factor that is excluded from the denominator" if both the following are true:

URL: <https://dor.wa.gov/book/export/html/95253>

1. The income is not considered taxable in another state; and
2. At least some of the activity is performed in Washington.

The guidance notes that it is important to validate throw-out income when a taxpayer files its annual reconciliation, and failing to provide underlying throw-out income calculations may delay the processing of such reconciliation. The guidance also includes a number of illustrative examples on calculating the B&O tax receipts factor. Please contact us with any questions.

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