

## Gross Receipts:

### Washington: Ruling Says Out-of-State Company Has Nexus Based on In-State Activities of Contracted Service Providers

*Determination No. 20-0171; 44 WTD 001 (2025)*, Wash. Dept. of Rev. (5/19/25). In a ruling involving an out-of-state business providing insurance companies with water mitigation services via in-state local service providers, the Administrative Review and Hearings Division of the Washington Department of Revenue (Division) held that such contracted service provider activities are significantly associated with the business's ability to establish or maintain an in-state market for its products and represent substantial nexus with Washington for state business and occupation (B&O) tax purposes under both applicable constitutional and statutory nexus thresholds. Under the facts, the business contracts with Washington water mitigation service providers and refers those providers to insureds making claims; the Division reasoned that without this referral network, regardless of how frequently an insured chooses a different provider, the business's insurer customers could not effectively respond to insureds' claims for water mitigation services. In this respect, the Division concluded, the business needs those referral providers available in Washington to provide its services of managing water mitigation claims to its clients, and the existence of this referral network – which was created and maintained by the business – allows it to have a market for its products in Washington. Please contact us with any questions.

**URL:** <https://dor.wa.gov/sites/default/files/2025-05/44WTD001.pdf>

— Robert Wood (Seattle)  
Principal  
Deloitte Tax LLP  
[robwood@deloitte.com](mailto:robwood@deloitte.com)

Angela Deamico (Seattle)  
Senior Manager  
Deloitte Tax LLP  
[adeamico@deloitte.com](mailto:adeamico@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).