

# INSTRUCTIONS FOR MAKING BUSINESS TAX RETURNS

## CITY OF RAYMOND—Ordinance No. 1688 & Ordinance No. 1689

### FILING OF ANNUAL RETURNS AND REMITTANCE—(Annual filing requires special application to City Treasurer):

Within 31 days after the close of a calendar year file the completed tax return and pay the tax due, by mail or personally, direct to the City Treasurer, Raymond, Washington. **THE RETURN MUST BE FILED EVEN THOUGH NO TAX IS DUE**, otherwise a penalty may be imposed.

#### FILING RETURNS AND REMITTANCE:

Read carefully the instructions set forth below before computing on this form your annual or quarterly return of taxes levied under separate classification as defined in the ordinance. Be sure that all entries in your return are taken from your books and records. By the end of the month following the close of the reporting period—that is, January, February, March / April, May, June, etc., file the completed tax return and pay the tax due, by mail or personally, directed to the City Treasurer, Raymond, Washington. **THE RETURN MUST BE FILED** even though no tax is due, otherwise a penalty may be imposed.

#### COLUMN 1 – BUSINESS CLASSIFICATIONS:

Complete the lines provided for each type of business activity in which engaged. Rules relating to the Revenue Act of 1935 as amended issued by the State of Washington Excise Tax Division under which you make your report to the State Tax Commission, generally apply to this tax return to the City of Raymond. A copy of Ordinance No. 1688 and 1689 will be furnished you upon request.

#### COLUMN 2 – GROSS AMOUNT

The aggregate of the gross amounts to be shown in Column 2 must include your gross income for the reporting period under proper classification, whether taxable or not, as shown by the books of account.

**EXTRACTING:** If engaged in the business of extracting articles for sale or for "Commercial Use," enter in Column 2 upon the designated line the total value of all products extracted.

**MANUFACTURING:** If engaged in the business of manufacturing articles for sale, or for "Commercial Use," enter in Column 2 upon the designated line the total value of all products manufactured. Total value of products extracted or manufactured must include:

- 1– Gross proceeds derived from the sales of such products at wholesale and/or retail.
- 2 – Value of such products used by the taxpayer or shipped out of the state or to another person without prior sale. In such cases the value shall be determined by applying the usual selling price obtained by such products when sold to others in similar quantities.

**NOTE:** Persons selling products which have been Extracted or Manufactured by them in the City of Raymond are not required to report the sale of such products under the Wholesaling or Retailing Classification, but should report only under Extracting and Manufacturing. In cases where Extracting and Manufacturing are performed by the taxpayer, such taxpayer then should report under the Extracting and Manufacturing classification.

**WHOLESALE:** If engaged in the business of making wholesale sales of tangible personal property, enter in Column 2 upon the designated line the gross proceeds of such retail sales. If the business includes Wholesaling and retailing the total gross proceeds of each should be reported.

**PRINTING AND PUBLISHING:** If engaged in the business of printing, publishing, multigraphing or mimeography, enter in Column 2 upon the designated line the gross income derived from such business. Gross income includes sales of tangible property, also distribution and sale of newspapers.

**BANKS AND FINANCIAL INSTITUTIONS:** If engaged in the business of national bank, state bank, trust company, mutual savings bank, building and loan and savings and loan association and other financial institutions, enter in Column 2 upon the designated line the total of the gross income.

**SERVICE AND OTHER ACTIVITIES:** If engaged in the business of rendering services, enter in Column 2 upon the designated line the total of the gross income from the rendition of personal, business, professional, educational or other types of service, including among others the following: Amusement, advertising, commission and brokerage, financial, and hotel and local cartage, pickup and delivery service.

**Note:** If engaged in the business of receiving admissions, you must report entire gross income from such business, including admissions of ten cents or less, under "Service and Other Activities" classification, as well as reporting under the Admission Tax Ordinance.

**UTILITIES**— Enter in Column 2 the gross income derived from such businesses specified in Section 3, RMC 3.35 of Ordinance 1688

#### COLUMN 3 – DEDUCTIONS:

Enter here upon each appropriate line the amount of allowable deductions from gross proceeds of sales or from gross income as reported in Column 2. In order that these deductions may be allowed, they must be shown in detail in the appropriate columns of the schedule headed "Tax Deductions." The items deductible are as follows:

- (a) Amount derived from sales made in interstate or foreign commerce. However, interstate commerce means only sales shipped into another state, and does not include amounts derived from sales delivered outside Raymond but within the state. Nor does it include items extracted or manufactured within the city and then shipped into another state.
- (b) Amount derived from the sale of motor vehicle fuel.
- (c) Amounts derived from the sale of liquor, including beer and wine.
- (d) The amount of credit losses (bad debts) actually sustained, provided the gross amount reported in Column 2 is based upon accruals, and not upon cash actually received.
- (e) The amount of trade discount allowed to a customer, and the amount of cash discount actually taken by the purchaser.
- (f) **Freight Charges:** Under certain conditions, actual charges paid as an advance for the customer in the shipment of goods from you factor, store or plant to the customer. No deduction is allowed with respect to freight or delivery charges incurred by the seller in transporting the goods to the agreed point of delivery. No deduction allowed in any case for freight or delivery charges paid on shipment of goods to your factory, store or plant.

### DOING BUSINESS WITHIN AND WITHOUT THE CITY:

**The question of whether or not a person is doing business within the city and subject to the business tax is largely one of fact. In cases of doubt, the circumstances of the particular case should be submitted to the City Attorney in writing for ruling.**

(g) **Initiation Fees, Dues, etc.:** Amounts derived from bona fide initiation fees, dues, contribution, donations, tuition fees, and endowment funds. No deduction is allowed, however, on account of dues graduated upon the amount of services rendered.

(h) Amounts derived from business which the City of Raymond is prohibited from taxing under the Constitution and laws of the United States, the State of Washington, and any amount of collected by the taxpayer as excise taxes.

#### (COLUMN 4 – TAXABLE AMOUNT:

Enter here upon each appropriate line the taxable amount, which is the figure in Column 2 less the figure in Column 3.

#### COLUMN 5 – RATE OF TAX – As shown.

#### COLUMN 6 – TAX DUE:

Enter here upon appropriate line the amount of tax due as computed by multiplying the amount in Column 4 by the rate of tax.

#### COLUMN 7 – LEAVE BLANK – DO NOT USE.

**LINE A** – Add amounts in Column 6 and enter this amount below in Column 6 on line A.

#### LINE B – PENALTY:

Enter in Column 6 on line B the amount of penalty for late filing if the return and payment will not be received by the City Treasurer by the due date. The due date is 31 days after the close of the quarter.

#### LINE C – OVERPAYMENT

#### LINE D – TOTAL TAX AND PENALTY DUE:

Enter in Column 6 on line C the total amounts shown on lines A and B. File the original copy of the completed return and remit the amount shown on line D. Keep duplicate copy for your files.

**EXEMPTIONS:** The provisions of this ordinance shall not apply to:

(1) **Public utilities.** This chapter shall not apply to any person in respect to a business activity with respect to which tax liability is specifically imposed under the provisions of Raymond Municipal Code Chapter 3.35.

(2) **Investments - dividends from subsidiary corporations.** (a) This chapter shall not apply to amounts derived by persons, other than those engaging in banking, loan, security, or other financial businesses, from investments or the use of money as such, and also amounts derived as dividends by a parent from its subsidiary corporations.

(3) **Employees.**

(a) This chapter shall not apply to any person in respect to the person's employment in the capacity as an employee or servant as distinguished from that of an independent contractor. For the purposes of this subsection, the definition of employee shall include those persons that are defined in the Internal Revenue Code, as hereafter amended.

(b) A booth renter, as defined by RCW 18.16.020, is an independent contractor for purposes of this chapter.

(4) **Amounts derived from sale of real estate.** This chapter shall not apply to gross proceeds derived from the sale of real estate. This, however, shall not be construed to allow an exemption of amounts received as commissions from the sale of real estate, nor as fees, handling charges, discounts, interest or similar financial charges resulting from or relating to, real estate transactions. This chapter shall also not apply to amounts received for the rental of real estate if the rental income is derived from a contract to rent for a continuous period of thirty (30) days or longer.

(5) **Mortgage brokers' third-party provider services trust accounts.** This chapter shall not apply to amounts received from trust accounts to mortgage brokers for the payment of third-party costs if the accounts are operated in a manner consistent with RCW 19.146.050 and any rules adopted by the director of financial institutions.

(6) **Amounts derived from manufacturing, selling or distributing motor vehicle fuel.** This chapter shall not apply to the manufacturing, selling, or distributing motor vehicle fuel, as the term "motor vehicle fuel" is defined in RCW 82.36.010 and exempt under RCW 82.36.440, provided that any fuel not subjected to the state fuel excise tax, or any other applicable deduction or exemption, will be taxable under this chapter.

(7) **Amounts derived from liquor, and the sale or distribution of liquor.** This chapter shall not apply to liquor as defined in RCW 66.04.010 and exempt in RCW 66.08.120.

(8) **Casual and isolated sales.** This chapter shall not apply to the gross proceeds derived from casual or isolated sales.

(9) **Accommodation sales.** This chapter shall not apply to sales for resale by persons regularly engaged in the business of making retail sales of the type of property so sold to other persons similarly engaged in the business of selling such property where (1) The amount paid by the buyer does not exceed the amount paid by the seller to the vendor in the acquisition of the article and (2) the sale is made as an accommodation to the buyer to enable the buyer to fill a bona fide existing order of a customer or is made within fourteen days to reimburse in kind a previous accommodation sale by the buyer to the seller.

(10) **Taxes collected as trust funds.** This chapter shall not apply to amounts collected by the taxpayer from third parties to satisfy third party obligations to pay taxes such as the retail sales tax, use tax and admission tax.

For detail on the exemptions briefly stated above, and for the following exemptions (with their qualifying provisions and exceptions) see Ordinance No. 1688 and Ordinance No. 1689: Insurance and bonding companies, fraternal benefit, political subdivision of the national and state governments, employees and servants.