

Deductions/Exemptions:

- Retail/Retail Service—\$125,000 a year (\$31,250 a quarter) for businesses who collect sales tax, \$20,000 a year (\$5,000 a quarter) for businesses who do not.
- Retail or wholesale sales delivered outside of Poulsbo
- Cash or trade discounts taken by customers
- Credit losses or bad debts sustained by sellers
- Public utilities
- Investments
- Insurance business, except fees
- Employees
- Amounts derived from sale of real estate
- Mortgage Brokers' third-party provider services trust accounts
- Motor vehicle fuel
- Liquor
- Casual and isolated sales
- Accommodation sales
- Taxes collected as trust funds
- Non-profit organizations

Resources:

- ◆ PMC Chapter 3.34 provides the code language for the Poulsbo B&O tax.
- ◆ Poulsbo webpage provides information regarding the B&O tax: www.cityofpoulsbo.com/b-and-o-tax/
- ◆ Email: tax@cityofpoulsbo.com
- ◆ FileLocal provides a portal to create an account, fill out forms and pay B&O taxes: www.filelocal-wa.gov
- ◆ Department of Revenue provides Washington state business licenses and endorsements for Poulsbo: www.dor.wa.gov

City of Poulsbo

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Business & Occupation Tax Form Instructions

Poulsbo City Council Adopted a B&O Tax to be implemented July 1, 2024.

The city tax is separate and has different exemptions from the state tax.

- Business who gross over \$100,000 annually, pay quarterly, businesses who gross under \$100,000 annually, pay annually (due January 31.)
- Non-profits are exempt as are businesses who gross under \$20,000 annually, but a zero return is due by January 31 each year.
- Tax rates for all classifications is .2% (.002).

City of Poulsbo

B&O/Multipurpose Tax Form Instructions

1. Add the business gross receipts either for the quarter, or year.
2. Choose the correct classification(s) and enter the gross receipt amount into the correct field.
3. If a deduction is applicable (listed on the back), subtract the deduction.
4. Enter the amount into the Taxable Revenue column(s).
5. Multiply the Taxable Revenue by the Tax Rate of .002.
6. Enter the amount into the Tax Due Amount.
7. Please enter the business name and UBI number, so the correct account is credited.
8. Sign and date the form.

Tax Classification	Gross Receipts	Deductions/Exemptions	Taxable Revenue	Tax Rate	Tax Due Amount
Business & Occupation Taxes					
Retailing/Retail Services		-	=	×	0.0020 = \$
Wholesaling		-	=	×	0.0020 = \$
Manufacturing		-	=	×	0.0020 = \$
Services & Other (Apportioned)		-	=	×	0.0020 = \$

TAX CLASSIFICATIONS:

Retail/Retail Service – Retailing businesses sell tangible personal property at retail to the end user. Retail Service includes the sale of or charge made for personal, business, and some professional services. This classification also includes income generated from interest, rents, and other services.

Wholesaling – Wholesalers sell goods and services to businesses who resell them in the regular course of business to customers.

Manufacturing – Manufacturing businesses produce a new, different or useful substance, or article of tangible personal property from raw materials by applying labor or mechanical services.

Service & Other (Apportioned) – This classification is for businesses that provide personal and professional services, such as lawyers, doctors, financial institutions, real estate brokers, Insurance brokers and solicitors, and accountants. This is also a catch-all category for businesses not subject to another B&O tax classification.

Note: If the business operates in multiple jurisdictions, **apportioning** (dividing) the business gross income ensures taxes are accurately paid to each jurisdiction. Utilize the Apportionment & Payroll Factor Form along with the B&O/Multipurpose Tax Form.

APPORTIONMENT FORMULA:

Payroll Factor = City Compensation Paid ÷ Total Payroll Costs for All Locations

Service Income Factor = Service Income In City ÷ Total Service Income Everywhere

Apportionment Factor (%) = (Payroll Factor + Service Income Factor) ÷ 2*

Taxable Service Receipts = Apportionable Service Receipts X Apportionment Factor (%)

*If a business has no employees in any location, then the payroll factor is zero and the apportionment reverts to a single factor formula using the service factor only. In this case, divide the apportionment factor by 1.