



Excise Taxes for Utilities

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Workshop Agenda

- Water Utility Taxes.
- Sewer Utility Taxes.
- Use Tax.
- Resources.

Objectives



- Provide up-to-date information.
- Direct you to resources.
- Answer your questions.

Tax Types



Business Records

- Keep for five years:
 - Income records.
 - Deduction documentation.
 - Purchase invoices.

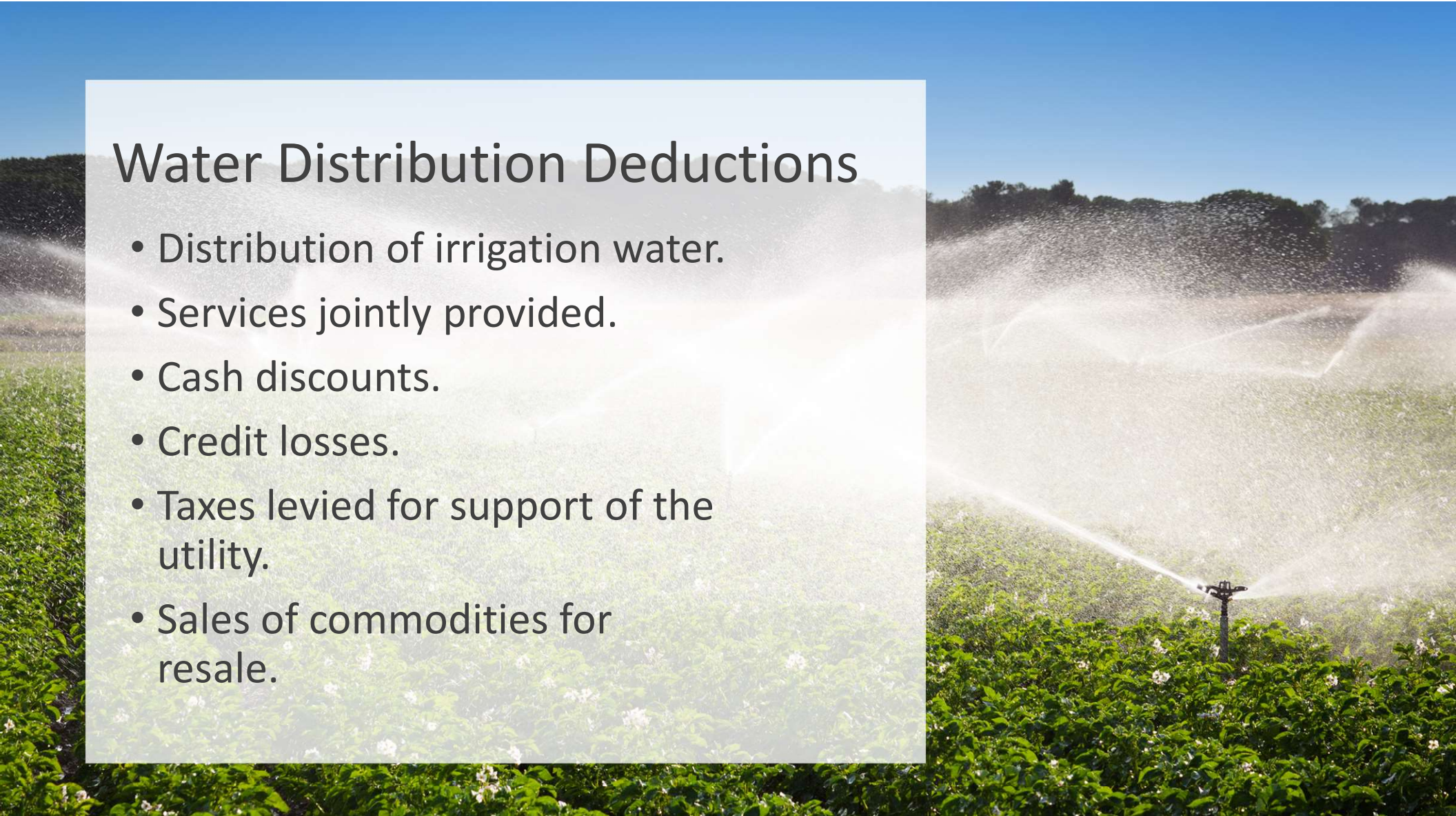
Water Distribution Public Utility Tax

- Gross income subject to tax:
 - Water distribution.
 - Service connections and line extensions for existing customers.



Water Distribution Deductions

- Distribution of irrigation water.
- Services jointly provided.
- Cash discounts.
- Credit losses.
- Taxes levied for support of the utility.
- Sales of commodities for resale.



A photograph of a construction site for water utility infrastructure. In the foreground, there is a large, deep trench. Inside the trench, several large blue valves with handwheels are connected to black pipes. A white pipe runs horizontally across the trench. The background shows a yellow excavator, concrete blocks, and a building under construction. The scene is set during dusk or dawn, with a soft light on the horizon.

Water Utility – Service and Other B&O Tax

- Gross income subject to tax:
 - Interest and penalties charged to customers.
 - Service connections and line extensions for new customers.

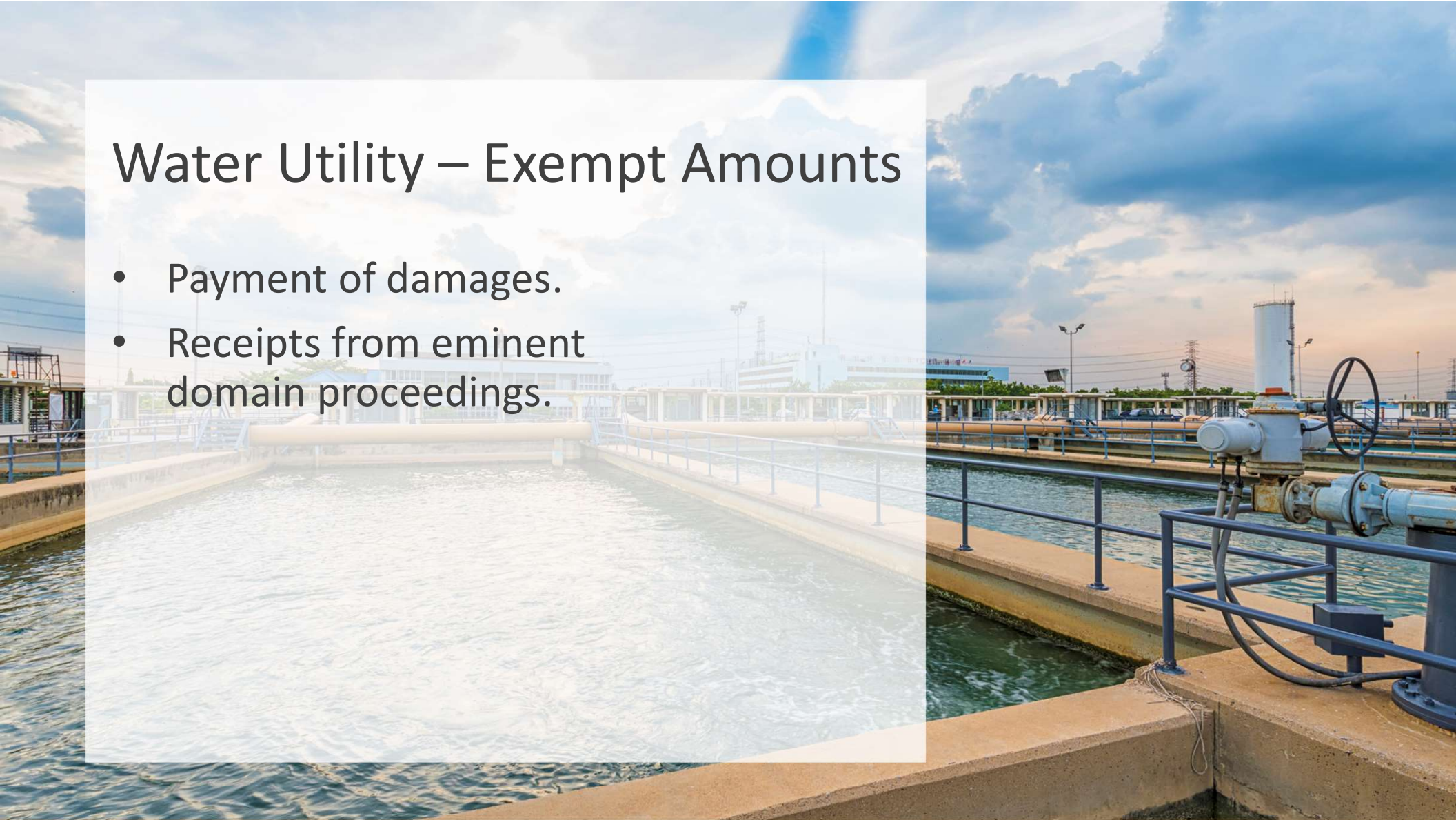
Water Utility – Retail Sales

- Sales and repairs of tangible personal property:
 - Gross income subject to retailing B&O tax.
 - Collect retail sales tax from customer.



Water Utility – Exempt Amounts

- Payment of damages.
- Receipts from eminent domain proceedings.





Sewerage Collection Public Utility Tax

- Itemized customer billings.
- Cost of doing business formula.
 - Based on previous year's costs.
 - Annual reconciliation.



Sewerage Collection Deductions

- Costs paid to others for sewage treatment.
- LID and ULID assessments.
 - Related costs are removed from cost of doing business formula.

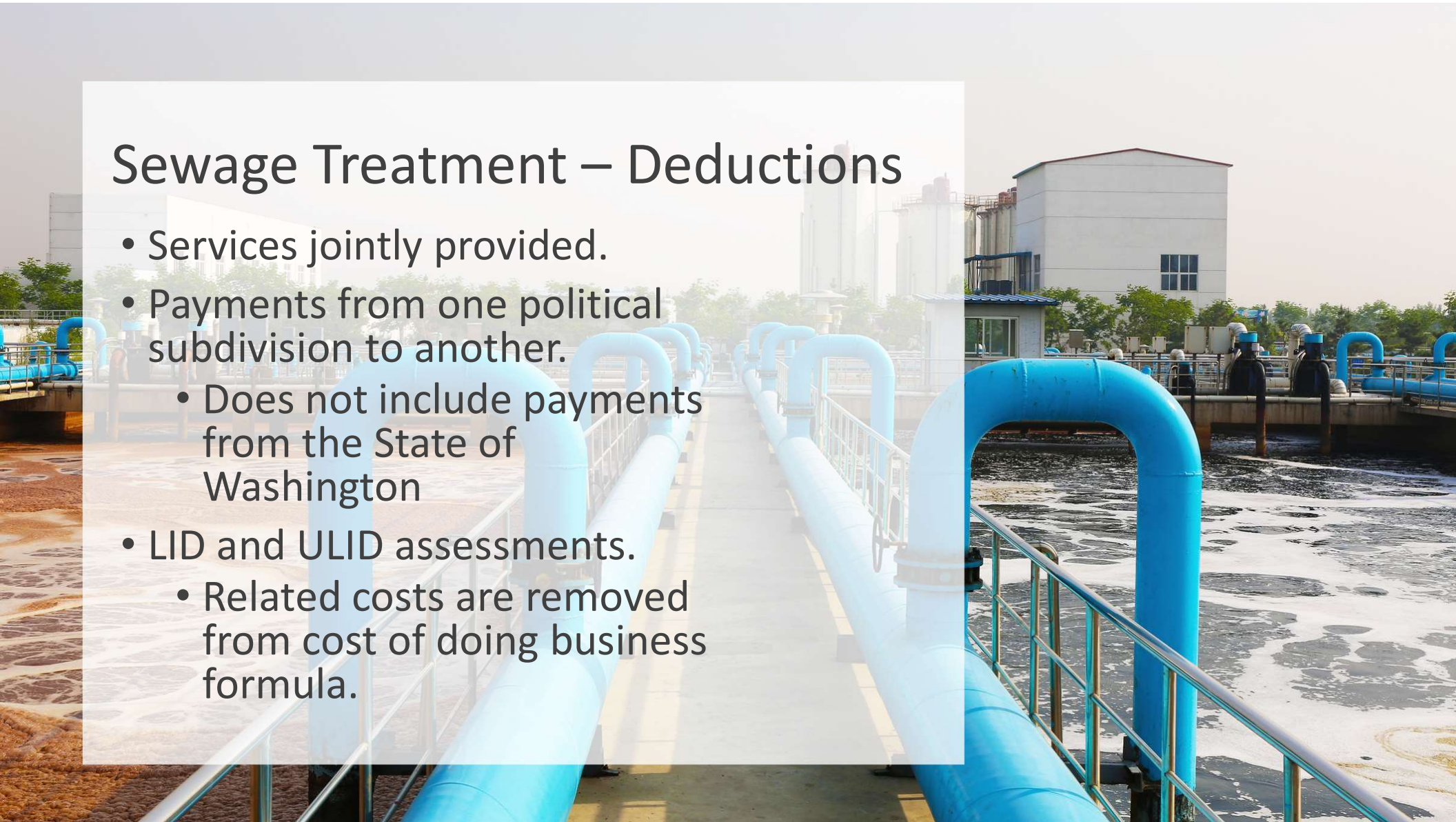
Sewage Treatment – Service and Other B&O Tax

- Gross income subject to tax:
 - Charges for sewage treatment.
 - Pre-collection charges.
 - Late charges and interest.



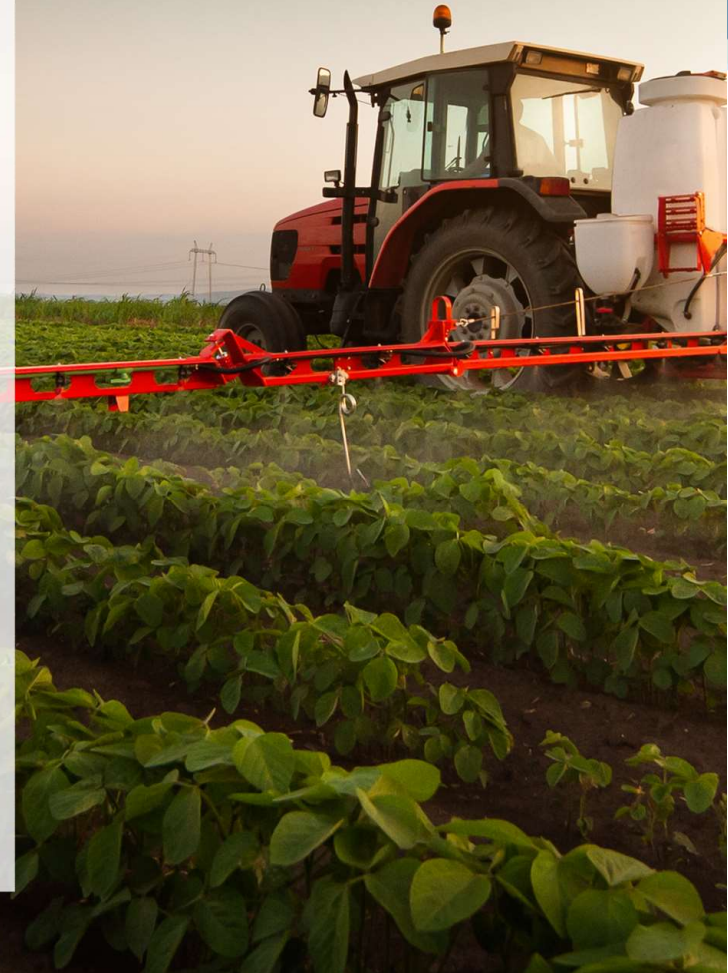
Sewage Treatment – Deductions

- Services jointly provided.
- Payments from one political subdivision to another.
 - Does not include payments from the State of Washington
- LID and ULID assessments.
 - Related costs are removed from cost of doing business formula.



Sales of Sludge

- Manufacturing B&O tax.
- Wholesaling or retailing B&O tax.
- Retail sales tax.
- Multiple Activities Tax Credit.
- Sales/use tax exemption for machinery and equipment.



Use Tax

- When sales tax is not paid, use tax is due.
- Value includes delivery and installation costs.
- Rate is based on location of first use in Washington.
- Reported on excise tax return.



Resources

- dor.wa.gov.
 - Online chat.
- Telephone Information Center.
 - 360-705-6705.
- Request a Binding Tax Ruling.
- Quinn Dickason
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360-704-5683

Questions

