

## Kent Business and Occupation Tax

As of January 1, 2013, the City of Kent imposed a business & occupation tax on gross receipts generated in Kent. The first report to Kent is due April 30th and covers the activity for the quarter ended March 31, 2013

### Who is subject to the tax?

Washington State law dictates who municipalities can impose their B&O taxes on under RCW 35.102.050 which is the nexus provision of Municipal Business and Occupation Tax chapter. "Nexus", in state and local tax parlance, refers to the minimum connection required with the taxing jurisdiction for a taxpayer to be subject to that jurisdiction's taxes. The code reads:

*A city may not impose a business and occupation tax on a person unless that person has nexus with the city. For the purposes of this section, the term "nexus" means business activities conducted by a person sufficient to subject that person to the taxing jurisdiction of a city under the standards established for interstate commerce under the commerce clause of the United States Constitution. Mere registration under or compliance with the streamlined sales and use tax agreement does not constitute nexus for the purposes of this section.*

Generally speaking, this means the taxpayer **must have physical presence in the taxing jurisdiction** to be subject to the tax. Some examples of physical presence would be:

- Having a business location in Kent
- Delivering goods in Kent with company vehicles
- Performing services on customer's property in Kent (repairing, installing, etc)

Depending on your situation, determining if you have nexus can be very easy or quite difficult but we can help. Please call David Volkert or Lois Vankat at 253-852-8500. We'll be happy to help you out!

You can find more information on Kent's website as well:

<http://kentwa.gov/CityTaxes/#BOTax>