

Gross Receipts:

Washington: Various DOR Rulings Address Application of B&O Tax Sourcing Rules

Determination No. 21-0055, Wash. Dept. of Rev. (10/26/22); *Determination No. 21-0044*, Wash. Dept. of Rev. (10/26/22); *Determination No. 21-0102*, Wash. Dept. of Rev. (10/26/22). Three recently posted rulings issued by the Administrative Review and Hearings Division of the Washington Department of Revenue (Division) address application of Washington's business and occupation (B&O) tax sourcing rules for receipts derived from the performance of various services. In one involving a genealogical research company's services, the Division held that the benefit that a customer receives is the information about the customer's ancestry that is yielded by the company's research and that the company's receipts from such services must be attributed to Washington based upon the location of the customer's residence, rather than to the locations that are the subject of the company's research services. In another ruling involving patent acquisition services related to a law firm's clients' strategic planning business activities, the Division held such services involve its customers' related business activity of strategic planning and corporate management, and that these activities occur at those customers' respective headquarters. In this respect, the law firm's receipts from its patent procurement activity must be sourced to the location of each customer's headquarters. Lastly, in a ruling involving a business providing residential real estate property tax payment services for banks, mortgage companies and other financial institution lenders, the Division held that such services are related to the underlying real property and thus income received from the services must be attributed based on where the real property is located, rather than to the locations where its financial institution customers receive the benefit of them. Please contact us with any questions.

URL: <https://dor.wa.gov/sites/default/files/2022-10/41WTD371.pdf>

URL: <https://dor.wa.gov/sites/default/files/2022-10/41WTD355.pdf>

URL: <https://dor.wa.gov/sites/default/files/2022-10/41WTD396.pdf>

— Robert Wood (Seattle)
Senior Manager
Deloitte Tax LLP
robwood@deloitte.com

Myles Brenner (Seattle)
Senior Manager
Deloitte Tax LLP
mybrenner@deloitte.com

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