

CITY OF AUBURN MUTI-PURPOSE TAX RETURN GENERAL INSTRUCTIONS

GENERAL INFORMATION: Every person, firm, association or corporation engaging in business activities in the City, unless otherwise exempted, is subject to taxation and must file a tax return under the appropriate tax classifications. The City of Auburn administers two business & occupation taxes (gross receipts tax and Square Footage tax). In addition, the City administers taxes on admissions, gambling activities, and utility business and occupation activities.

Descriptions of the various tax classifications and allowable deductions are provided in Title 3 Chapter 53 & 54 of the Auburn City Code (ACC). In addition, the City publishes a pamphlet entitled "Guide to the City's Business & Occupation Tax". The pamphlet provides general filing information regarding common types of businesses. This Guide can be found online at: www.auburnwa.gov/BandOtax.

GROSS RECEIPTS B&O TAX: The gross receipts B&O tax is measured on gross proceeds of sales or gross income for the reporting period. For purposes of the gross receipts tax, business activities are reported by classification. B&O tax is due for businesses with Companywide Gross receipts more than \$500,000 annually.

SQUARE FOOTAGE B&O TAX: The square footage B&O tax is measured on the floor area of Indoor and Outdoor Warehouse space in Auburn. Square Footage Tax: Classifications and Minimum Thresholds:

- Business Warehouse Floor Space - 4,000 taxable sq. ft.
- Outdoor Warehouse Space -261,360 taxable sq. ft.

If the taxable square footage changed during the reporting period, provide an explanation in writing and enclose with your tax return. Enter the total square footage tax due to calculate the pro-rated square footage tax due. Multiply the taxable square footage by the daily tax rate by the number of days, based on a 90-day calendar quarter (30 days per month).

NEW BUSINESS TAX CREDIT: The taxpayer has not, for any period of time, engaged in business in the City of Auburn within the five (5) years preceding application of the tax credit; must employ twenty (20) or more full-time equivalent positions in Auburn. An FTE position is defined as each one thousand nine hundred and twenty (1,920) worker hours per calendar year. Tax credit is one thousand dollars (\$1,000) per FTE position in the City of Auburn per quarter (applies only to Quarterly filers). The tax credit can be taken for the first twelve (12)

consecutive reporting quarters or three (3) reporting years. For further details refer to City Tax Guide and ACC 3.53.120.

UTILITY & OTHER TAXES: Following is a brief synopsis of other taxes that may apply to your business:

- **Utility Taxes:** This tax is similar to the gross receipts tax, but it is imposed on utility businesses. Businesses engaging in the following activities are subject to these taxes: telephone, cellular, gas, electric, water, sewerage, drainage, cable TV and garbage.
- **Admission Tax:** This tax is levied upon admission charges for entrance to an event or establishment. It is collected for the City by the business charging the admission, similar to the sales tax. The admission tax is computed on the admission price.
- **Gambling Taxes:** All persons licensed by the Washington State Gambling Commission to conduct gambling activities in the City are required to pay gambling taxes. Gambling activities include bingo games, raffles, cards, amusement games, punchboards and pull-tabs.

CALCULATING YOUR TAX LIABILITY: If you claim a Multiple Activities Tax Credit (Schedule B) and/or apportion income that is taxable under the Service and Other gross receipts tax classification (Schedule A), you must include the appropriate schedule form with your return. If a required form is not provided, the deduction, credit, or apportioned amounts will be denied.

SECTION I: If your business generates gross receipts, determine which tax classification(s) relate to your business activity (Column 1). Businesses conducting several types of activities may report in more than one tax classification.

- **Column 2:** Enter your *worldwide* gross receipts on the appropriate tax classification line.
- **Column 3:** Complete Schedule D (Deduction Detail) and carryover totals if you have any allowable deductions. Enter amounts of any deduction that you are entitled to for each tax classification. To deduct the revenue generated outside of the Auburn city limits, use *Sales Delivered Outside of Auburn* deduction.
- **Column 4:** Subtract the values entered in Column 3 from those entered in Column 2 and enter the results in Column 4 – taxable revenue generated within the City.

- **Column 6:** Multiply each line item in Column 4 by the tax rate listed in Column 5. Enter the results for each line in Column 6. Add all in B&O Gross Receipts Sub-Totals. Reconcile during the year. If you ended up under an annual \$500,000 gross receipts exemption threshold for this year, you may submit an amended return and provide a proof. City may request additional information and exam your records, per ACC 3.54.

SECTION 2: Complete Section 2 Square Footage Tax. If taxable square footage is less than or equal to 4,000 sq ft. of Business Warehouse OR 261,360 sq ft. of Outdoor Warehouse space, then no square footage tax is due Pursuant to Chapters 3.53.040 C2 Auburn City Code

- **Column 2:** List the total square footage of the business indoor and outdoor space.
- **Column 3:** List the total of non-taxable square footage, per ACC 3.53.040 (B).
- **Column 4-6:** If the amount in Column 4 is greater than the exemption level listed above, multiply by the tax rate listed in Column 5. Enter the result in Column 6.

NOTE: In the first two Sections, Tax is due *ONLY* on either business & occupation tax or Square Footage tax - whichever is higher! Pursuant Chapter 3.53.040 (B7)

SECTION 3 & 4: Complete Section 3 & 4 if your business generates gross receipts on admissions, gambling and/ or utility activities. Refer to ACC Chapter 3 for detailed descriptions of the various tax classifications and allowed deductions for certain business activities. Determine which tax classification(s) relate to your business activity. Businesses conducting several types of activities may report in more than one tax classification.

- **Column 2:** Enter your gross receipts under the appropriate tax classification.
- **Column 3:** Complete Schedule D (Deduction Detail) and carryover totals of any allowable deductions in appropriate line for each tax classification.
- **Column 4:** Subtract the values entered in Column 3 from those entered in Column 2 and enter the results.
- **Column 6:** Multiply the amount in Column 4 by the tax rate listed in Column 5 and enter the result in Column 6.

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SECTION 5: New Business Tax credit can be claimed **ONLY** on quarterly returns. Tax credit is allowed for first 3 years from first day of business in Auburn; New Business Tax Credit requires 20 or more Auburn employees. Credit only applies to the greater of the Total Net Taxable Warehouse Space Tax or Gross Receipts Tax Due. Unused Credits don't carry over and are lost.

TAX SUB-TOTALS: Calculate and enter B&O Tax Due from Sections 1 (Gross Receipts Tax) OR 2 (Square Footage Tax) – whichever is higher; enter New Business Tax Credit (if applicable) (Section 6) – this credit **ONLY** applies against of B&O tax and cannot be carry over. Enter Utility Taxes (Section 3), and Other Taxes (Section 4) in the field provided beside Tax Sub-Totals. Calculate Grant total of all tax due.

PENALTIES: Calculate the penalty on the amount reported in the TAX SUB-TOTALS and enter the penalty amount in the field provided.

Penalty is calculated as follows:

- If not paid by the due date penalty is 9% (\$5 minimum)
- If not paid on or before the last day of the month following the due date penalty is 19% (\$5 minimum)
- If not paid on or before the last day of 2nd month following the due date penalty is 29% (\$5 minimum)

INTEREST: Calculate interest in accordance with ACC 3.54 and enter the amount in the field provided.

TOTAL DUE: Add Total Tax, Penalty, and Interest, and enter the result in the field provided. Then, please print name, title, phone, email, sign and date your return, and remit back with the appropriate forms and payment.

REPORTING FREQUENCY: Tax payments are due on or before the last day of the month following the end of the reporting period covered by the return. Tax returns must be filed by the due date whether or not any tax is owed. Monthly filers are only classified as monthly for Utility or Other Taxes B&O taxes are required to be reported on an Annual or Quarterly basis as specified by the department.

REPORTING FREQUENCY: Quarterly tax payments are due on or before the last day of the month following the end of the reporting period covered by the return. Monthly returns are due the 25th of the month following the end of the reporting period covered by the return Annual returns are due April 30 following the calendar year reporting period's end. Tax returns must be filed by the due date whether any tax is owed.

Monthly (M)

Each month's end during a calendar year.

Quarterly (Q)

03/31/XX | Jan, Feb, March

06/30/XX | April, May, June

09/30/XX | July, Aug, Sept

12/31/XX | Oct, Nov, Dec

Annual (A)

12/31/XX | Jan through Dec

AMENDED RETURNS: To amend a previously filed return, write "AMENDED" on the front of the form and enter the correct amounts. Mail the amended return to the address provided on Page 1 and include payment if additional tax is due. If you are requesting a refund, include an explanation for the adjustments. If no additional tax is owed, you may email the amended return to tax@auburnwa.gov

ADMINISTRATIVE APPEAL: Pursuing ACC 3.54.170 Any person, except one who has failed to comply with ACC 3.54.080, having been issued a notice of additional taxes, delinquent taxes, interest, or penalties assessed by the finance department may, within 30 days after the issuance of such notice or within the period covered by any extension of the due date granted by the finance department, request a correction of the amount of the assessment and a conference for review of the assessment. Interest and penalties assessed shall continue to accrue during the finance department's review of a request for a correction, except and to the extent that the finance department later determines that a tax assessment was too high or the delay in issuing a determination is due to unreasonable delays caused by the finance department. After the conference, the finance department will make a final determination regarding the assessment and shall notify the taxpayer of the finance department's determination within 60 days, unless otherwise notified in writing by the finance department. Such determination shall be subject to appeal pursuant to subsection B of this section. If no request for correction is filed within the time period provided herein, the assessment covered by such notice shall become final and immediately due and payable.

For alternate formats, interpreters, or reasonable accommodation requests please email at least 48 hours in advance at tax@auburnwa.gov.