



RULE-MAKING ORDER PERMANENT RULE ONLY

CR-103P (December 2017) (Implements RCW 34.05.360)

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: May 23, 2024

TIME: 11:01 AM

WSR 24-12-008

Agency: Department of Revenue

Effective date of rule:

Permanent Rules

31 days after filing.

Other (specify) _____ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

Yes No If Yes, explain:

Purpose: The department is amending WAC 458-20-144 to incorporate 2023 legislation, Engrossed Second Substitute Senate Bill (E2SSB) 5199, which provides a business and occupation (B&O) tax exemption for amounts received by any person engaged in printing and/or publishing newspapers, or publishing eligible digital content. See RCW 82.04.759

Citation of rules affected by this order:

New:

Repealed:

Amended: WAC 458-20-144 Printing industry

Suspended:

Statutory authority for adoption: RCW 82.01.060; RCW 82.32.300

Other authority: n/a

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 24-06-058 on March 4, 2024 (date).

Describe any changes other than editing from proposed to adopted version: N/A

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name:

Address:

Phone:

Fax:

TTY:

Email:

Web site:

Other: A preliminary cost-benefit analysis was not prepared.

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	___	Amended	___	Repealed	___
Federal rules or standards:	New	___	Amended	___	Repealed	___
Recently enacted state statutes:	New	___	Amended	1	Repealed	___

The number of sections adopted at the request of a nongovernmental entity:

New	___	Amended	___	Repealed	___
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The number of sections adopted on the agency's own initiative:

New	___	Amended	___	Repealed	___
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	___	Amended	___	Repealed	___
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The number of sections adopted using:

Negotiated rule making:	New	___	Amended	___	Repealed	___
Pilot rule making:	New	___	Amended	___	Repealed	___
Other alternative rule making:	New	___	Amended	___	Repealed	___

Date Adopted: May 23, 2024	Signature: 
Name: Brenton Madison	
Title: Rules Coordinator	

AMENDATORY SECTION (Amending WSR 18-13-094, filed 6/19/18, effective 7/20/18)

WAC 458-20-144 Printing industry. (1) **Introduction.** This ((see-
tion)) rule discusses the taxability of the printing industry. ((For
information on the taxability of mailing bureau services and a discus-
sion of direct mail, refer to WAC 458-20-141. For information on the
taxability of printers and publishers of newspapers, magazines, and
periodicals, refer to WAC 458-20-143)) Readers may want to refer to
other rules for additional information, including:

(a) WAC 458-20-141 Duplicating activities and mailing bureaus;
(b) WAC 458-20-143 Printers and publishers of newspapers, maga-
zines, and periodicals;
(c) WAC 458-20-102 Reseller permits;
(d) WAC 458-20-13601 Manufacturers and processors for hire—Sales
and use tax exemptions for machinery and equipment.

(2) **Definition.** The phrase "printing industry" includes letter-
press, offset-lithography, and gravure processes as well as multi-
graph, mimeograph, autotyping, addressographing and similar activi-
ties.

(3) **Business and occupation (B&O) tax.**

(a) Printers are subject to the ((business and occupation)) B&O
tax under the printing and publishing classification upon the gross
income of the business.

(b) ((Effective)) Printers of newspapers. From July 1, 2009,
through December 31, 2023, printers of newspapers are taxable under
the publication of newspapers classification of the B&O tax upon the
gross income of the business.

Effective January 1, 2024, printers of newspapers are exempt from
B&O tax under RCW 82.04.759 on the amounts received from engaging in
printing a newspaper. The exemption amount is reduced by an amount
equal to the value of any expenditure made by the person during the
tax reporting period. For purpose of this section, "expenditure" has
the meaning provided in RCW 42.17A.005.

Persons reporting income under the publication of newspapers
classification of the B&O tax ((must file a complete)), or claiming
the B&O tax exemption for income received from engaging in printing a
newspaper on or after January 1, 2024, are required to electronically
file an annual tax performance report with the department by May 31st
of the following year. ((In addition, such persons must electronically
file with the department all reports, returns, and any other forms.))
Refer to RCW ((82.32.600)) 82.32.534 and WAC 458-20-267 (Annual tax
performance reports for certain tax preferences) for the specific
guidelines and requirements.

(c) **Doing business inside and outside the state.** RCW 82.04.460
requires that advertising income earned by printers derived from busi-
ness activities performed within Washington be apportioned to this
state for tax purposes. Refer to chapter 23 (E2SSB 6143), Laws of 2010
1st sp. sess. Part I for information on apportioning advertising in-
come.

(4) **Retail sales tax.**

(a) The printing or imprinting of advertising circulars, books,
briefs, envelopes, folders, posters, racing forms, tickets, and other
printed matter, whether upon special order or upon materials furnished
either directly or indirectly by the customer is a retail sale and

subject to the retail sales tax, (~~providing~~) provided the customer either consumes, or distributes such articles free of charge, and does not resell such articles in the regular course of business. The retail sales tax is computed upon the total charge for printing, and the printer may not deduct the cost of labor, author's alterations, or other service charges in performing the printing, even though such charges may be stated or shown separately on invoices.

(b) Sales of printed matter to advertising agencies who purchase for their own use or for the use of their clients, and not for resale in the regular course of business, are sales for consumption and subject to the retail sales tax.

(c) Sales of tickets to theater owners, amusement operators, transportation companies and others are sales for consumption and subject to the retail sales tax. Such tickets are not resold by (~~the~~) theater owners or amusement proprietors as tangible personal property but are used merely as a receipt to the patrons for payment and as evidence of the right to admission or transportation.

(d) Sales of school annuals and similar publications by printers to school districts, private schools or student organizations therein are subject to the retail sales tax.

(e) Sales by printers of books, envelopes, folders, posters, racing forms, stationery, tickets and other printed matter to dealers for resale in the regular course of business are wholesale sales. Such sales are not subject to retail sales tax when the seller obtains (~~a resale certificate for sales made before January 1, 2010, or~~) a reseller permit (~~for sales made on or after January 1, 2010,~~) from the buyer to document the wholesale nature of the sale as provided in (~~WAC 458-20-102A (Resale certificates) and~~) WAC 458-20-102 (Reseller permits). (~~Even though resale certificates are no longer used after December 31, 2009, they must be kept on file by the seller for five years from the date of last use or December 31, 2014.~~)

(f) Charges made by bookbinders or printers for imprinting, binding or rebinding of materials for consumers are subject to the retail sales tax.

(g) Sales to printers of equipment, supplies and materials which do not become a component part or ingredient of the finished printed matter sold or which are put to "intervening use" before being resold are subject to the retail sales tax unless specifically exempt (see subsection (5) of this section). This includes, among others, sales of fuel, furniture, and lubricants.

(h) Sales to printers of paper stock and ink which become a part of the printed matter sold are sales for resale and are not subject to retail sales tax when the buyer provides (~~a resale certificate (WAC 458-20-102A) for sales made before January 1, 2010, or~~) a reseller permit (WAC 458-20-102) (~~for sales made on or after January 1, 2010,~~) to the seller.

(5) **Exemption for sales of computer equipment to printers.** RCW 82.08.806 and 82.12.806 provide a retail sales and use tax exemption to a printer or publisher(~~r~~) for the following:

(a) Purchase and use of computer equipment(~~r~~, including) primarily used in printing or publishing of any printed materials. This includes for repair parts and replacement parts (~~for~~) of such qualifying equipment(~~r~~, when the computer equipment is used primarily in the printing or publishing of any printed material, or to)). "Computer equipment" has the same meaning as defined in RCW 82.08.806 (3)(b). "Primarily" means greater than 50 percent as measured by time. RCW 82.08.806 (3)(d).

(b) Sales of or charges made for labor and services rendered in respect to installing, repairing, cleaning, altering, or improving the computer equipment.

~~((This exemption applies))~~ These exemptions apply only to computer equipment not otherwise exempt under RCW 82.08.02565.

(6) **Commissions and discounts.**

(a) There is a general trade practice in the printing industry of making allowances to advertising agencies of a certain percentage of the gross charge made for printed matter ordered by the agency either in its own name or in the name of the advertiser. This allowance may be a "commission" or may be a "discount."

(b) A "commission" paid by a seller constitutes an expense of doing business and is not deductible from the measure of ~~((tax under either business and occupation))~~ B&O tax or retail sales tax. On the other hand, a "discount" is a deduction from an established selling price allowed to buyers, and a bona fide discount is deductible under both ~~((these classifications))~~ B&O tax and retail sales tax.

(c) In order that there may be a definite understanding, printers, advertising agencies and advertisers are advised that tax liability in such cases is as follows:

(i) The allowance taken by an advertising agency will be deductible as a discount in the computation of the printer's liability only in the event that the printer bills the charge on a net basis; i.e., less the discount.

(ii) Where the printer bills the gross charge to the agency, and the advertiser pays the sales tax measured by the gross charge, no deduction will be allowed, irrespective of the fact that in payment of the account the printer actually receives from the agency the net amount only; i.e., the gross billing, less the commission retained by the agency. In all cases the commission received is taxable to the agency.