

# Business & occupation tax

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What is the business and occupation (B&O) tax?

What is the B&O rate?

What credits are allowed?

How do I pay the B&O tax?

## What is the business and occupation (B&O) tax?

The state B&O tax is a gross receipts tax. It is measured on the value of products, gross proceeds of sale, or gross income of the business.

Washington, unlike many other states, does not have an income tax. Washington's B&O tax is calculated on the **gross** income from activities. This means there are no deductions from the B&O tax for labor, materials, taxes, or other costs of doing business.

## What is the B&O tax rate?

The B&O tax rate varies by classification. Once you know which classification your business fits into you can find the rate that corresponds to your classification on our list of B&O tax rates. If you're not sure of your classification, see our tax classifications for common business activities page or our list of tax classification definitions.

## What credits are allowed?

Credits are amounts that have been paid to the Department of Revenue and are not due or are granted by the Legislature for a specific purpose. Credits are subtracted from the B&O tax due on your excise tax return. Credit definitions provide detailed instructions for reporting credits on the tax return.

The major B&O tax credits are:

- Rural County B&O Credit for New Employees
- High Technology B&O Tax Credit
- Small Business B&O Tax Credit
- Multiple Activities Tax Credit (MATC)
- Credit for Hiring Unemployed Veterans

## How do I pay the B&O tax?

The B&O tax is reported and paid on the excise tax return or by electronic filing.

If you are a new business, register with the Department of Revenue first. Once you are registered, you will receive information about filing.

Monthly returns are due on 25th of the following month; quarterly returns are due by the end of the month following the close of the quarter; and the due date for the annual returns changed from Jan. 31 to April 15th.

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[Local B&O tax rates](#) 

### Forms & publications

[Business License Application](#)

Excise tax returns

Small Business Credit Tables

## References

RCW 82.04



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