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# *Small Business Requirements & Resources*

## 6 Steps for Starting a Business in WA



# 6 Steps for Starting a Business in WA

1. Learn about resources and make a **Business Plan**.
2. Form the business.
3. Get required licenses and permits.
4. Prepare for state tax and reporting requirements.
5. Learn employer requirements.
6. Accelerate your success by using advisors.



# Step 1: Resources and Planning

## Resources

- Business.wa.gov Website
- Small Business Guide
- Training & Advising Programs
- Small Business Liaison Team



# Step 1: Resources and Planning



Use your phone now and browse to:

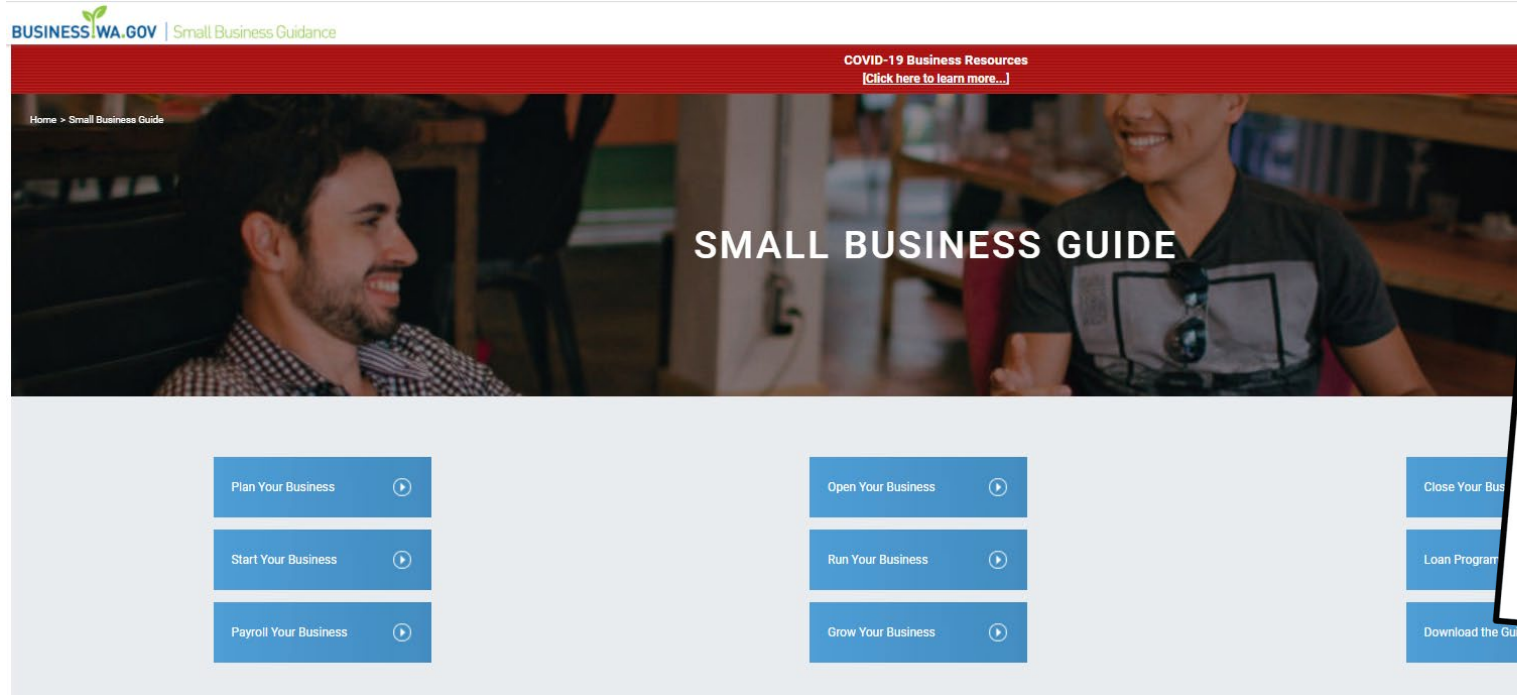
<http://business.wa.gov>

# Step 1: Resources and Planning



## The Small Business Guide

Available at <http://business.wa.gov/guide>

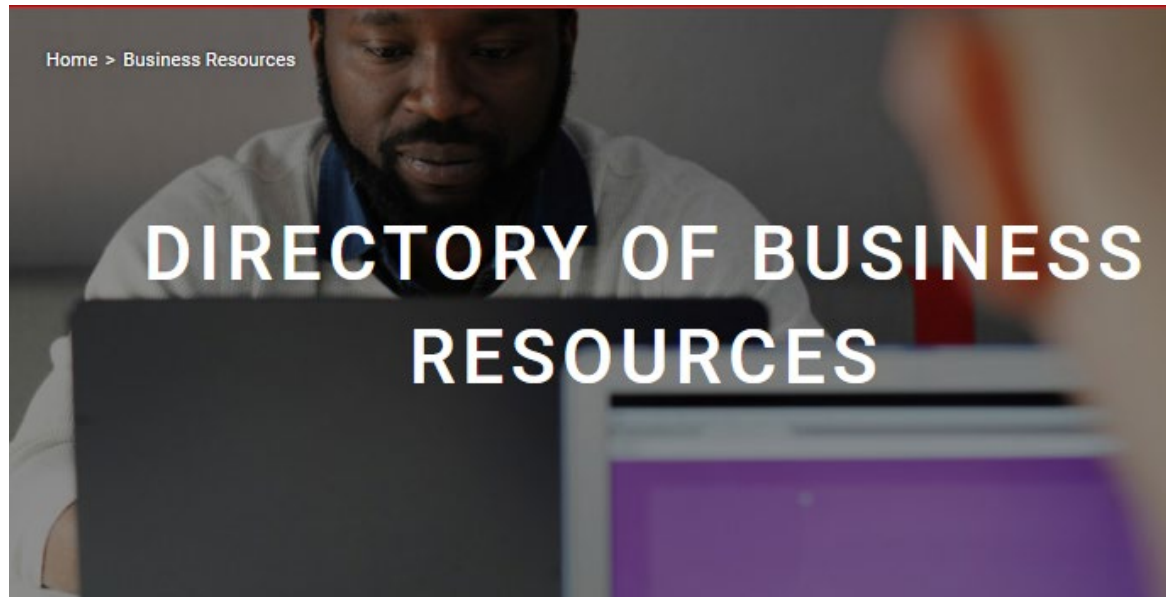




# Step 1: Resources and Planning

## Training and Advising Programs

Listing available at <http://business.wa.gov/business-resources>





# Step 1: Resources and Planning



## The Small Business Liaison Team

Download a directory at:















<http://business.wa.gov/liaisons>

Look for this button:

Download the Liaison contact  
List NOW! 



### WASHINGTON STATE SMALL BUSINESS LIAISON TEAM

AGENCY	SERVICES	LIAISON
GOVERNOR'S OFFICE FOR REGULATORY INNOVATION & ASSISTANCE	Assistance with local, state, and federal business licensing regulations and environmental permitting.	 Scott Hitchcock <a href="mailto:help@business.wa.gov">help@business.wa.gov</a> 800-917-0043
DEPT. OF LABOR & INDUSTRIES	Regulate Workers Compensation; employment standards & policies; workplace safety & health and Contractor registration.	 Celia Nightingale 360-902-4865 Andrew Bryan 360-902-4730 <a href="mailto:smallbusiness@lni.wa.gov">smallbusiness@lni.wa.gov</a>
DEPT. OF REVENUE	One stop state and city business licensing service, tax account registration, state business excise taxes, reseller permits, and tax incentives/credits.	 Tom Wieland 360-705-6603 <a href="mailto:tomw@dor.wa.gov">tomw@dor.wa.gov</a> Kim Johnson 360-705-6615 <a href="mailto:kimberly@dor.wa.gov">kimberly@dor.wa.gov</a>
EMPLOYMENT SECURITY DEPT.	Regulate Unemployment Insurance, Paid Family Medical Leave, Labor Market information, and Work-Source program.	 Rafael Colon <a href="mailto:smallbusiness@esd.wa.gov">smallbusiness@esd.wa.gov</a> 360-902-9540
SECRETARY OF STATE CORPORATIONS & CHARITIES	Register Corporate Business Entities, Charitable Organizations, Trademarks, and Domestic Partnerships.	 Patrick Reed <a href="mailto:patrick.reed@sos.wa.gov">patrick.reed@sos.wa.gov</a> 360-725-0358
COMMISSION OF HISPANIC AFFAIRS	Improving the development of public policy and government services to the Hispanic Community.	 Nancy Rocha Aguilar <a href="mailto:nancy.rochaaguilar@cha.wa.gov">nancy.rochaaguilar@cha.wa.gov</a> 360-725-5661
COMMISSION OF AFRICAN AMERICAN AFFAIRS	Improving the policies, programs, and services of the African American Community.	 Ed Prince <a href="mailto:ed.prince@caa.wa.gov">ed.prince@caa.wa.gov</a> 360-725-5663
COMMISSION OF ASIAN PACIFIC AMERICAN AFFAIRS	Improve the well-being, education, health, and economic development of the Asian Pacific Americans Community.	 Toshiko Hasegawa <a href="mailto:toshiko.hasegawa@capaa.wa.gov">toshiko.hasegawa@capaa.wa.gov</a> 206-377-9583
DEPT. OF AGRICULTURE	Provide licenses and permits for agricultural products, regulate food safety and compliance with WSDA & USDA.	 Laura Raymond <a href="mailto:lraymond@agr.wa.gov">lraymond@agr.wa.gov</a> 206-256-6157
DEPT. OF COMMERCE	Improve economic development, housing, public safety, international trade, and funding for small businesses.	 Robb Zerr <a href="mailto:robb.zerr@commerce.wa.gov">robb.zerr@commerce.wa.gov</a> 206-256-6111
DEPT. OF ECOLOGY	Provide environmental permitting and certifications, sustain healthy land, air & water; regulate waste and pollution.	 Sharlett Mena <a href="mailto:sharlett.mena@ecv.wa.gov">sharlett.mena@ecv.wa.gov</a> 360-407-7012
DEPT. OF ENTERPRISE SERVICES	Doing business with the state: register to receive bid opportunities, provide contract services to state & local government.	 Shana Barehand <a href="mailto:shana.barehand@des.wa.gov">shana.barehand@des.wa.gov</a> 360-902-7926
WOMEN'S COMMISSION	Address the problems and needs of women, such as discrimination, harassment, compensation and job opportunities and the specific needs of women of color.	 Daniya Baisubanova <a href="mailto:daniya.baisubanova@wsdc.wa.gov">daniya.baisubanova@wsdc.wa.gov</a> 360-529-7799
DEPT. OF FISH AND WILDLIFE	Fishing and hunting permits, Hydraulic Project Approvals, enforcement regulations to conserve and protect the wildlife.	 Peter Vernie <a href="mailto:peter.vernie@dfw.wa.gov">peter.vernie@dfw.wa.gov</a> 360-902-2302



# Step 1: Resources and Planning

## Make a Business Plan

- If you need help making a plan, contact a mentor or advisor, but **don't skip making a business plan.**
- Many business fail within the first 5 years and it is often due to a lack of planning.
- Get started at: <http://business.wa.gov/plan>





# Step 2: Form the Business

- Business Structure / Types of Ownership
- Registering with the Secretary of State
- Licensing with the Dept. of Revenue





# Step 2: Form the Business

## Business Structures / Forms of Ownership

- Sole proprietorship
- General partnership
- Limited liability company
- Corporation
- Other

# Step 2: Form the Business



## 3. Choose a business structure

A business is a legal entity. It can own property, hire employees, pay taxes. There are different types of business entities and their limitations.

**START**  **your business**

- Liability concerns.
- Federal tax implications - [Internal Revenue Service](#)
- Registration and tax filing requirements and
- Paperwork and entity management considerations

**Sole Proprietorships** are owned by a single person. These businesses are inexpensive to form and there are no ongoing requirements. The owner is personally responsible (liable) for all business debts.

**Limited Liability Companies (LLCs)** are very popular. They have liability like a corporation, but has fewer governance requirements. They are easy to form and manage.

Washington State Business and Organization Structure Considerations:

Considerations	Sole Proprietorship	General Partnership	Limited Liability Company (LLC)	Corporation
File or register with Washington Secretary of State	No	No	Yes	Yes
Cost to form	Low	Low	Medium	Medium/High
Liability	Sole Proprietor has unlimited liability for debts and taxes.	Partners have unlimited liability for debts and taxes.	Members are not typically liable for debts other than taxes.	Shareholders are not typically liable for debts other than taxes.
Legal Requirements	Relatively few legal requirements.	Relatively few legal requirements	Some formal requirements such as operating agreements and annual reporting.	Board of directors, annual meetings, annual reporting required.
Management	Sole proprietor has full control of management and operations.	Typically each partner has an equal voice, unless otherwise arranged.	LLCs have an operating agreement that outlines governance and management.	Corporations have bylaws that outline governance. Typically managed by directors who are elected by shareholders.



# Step 2: Form the Business



If your business will be a:

- Corporation
- LLC

✓ **Start with the Secretary of State**



If your business will be a:

- Sole Proprietorship
- Partnership

✓ **Start with the Dept. of Revenue**



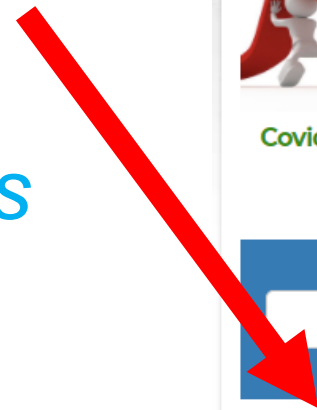
# Step 2: LLCs & Corporations



## Registering with the Secretary of State

- Watch the YouTube video for instructions

[sos.wa.gov/corps](https://sos.wa.gov/corps)



A screenshot of the Washington State Secretary of State's Corporations website. The header includes the Secretary of State's name, "Corporations", and a search bar. A navigation bar lists: INFORMATION CENTER, NONPROFITS, CHARITIES, AWARDS, PUBLIC NOTICES, CONTACT US, and FAQ. A COVID-19 notice states that in-person services are limited. A red banner says "Quickly start filing your ANNUAL REPORT". Below this is a "Covid19 Fee Update" section with an image of figures running. To the right are links for "COVID-19 Response", "Covid19 Resources for Business and Workers", "Services that remain available", and "Emergency changes to nonprofit corporation meetings". On the right side, a green box says "Corporations &amp; Charities Filing System", followed by "CCFS Browser Support". A "Most Requested Information" list includes: Service of Process, Download Forms, Limited Liability Companies (LLC), Apostilles, Nonprofit Information, Domestic Partnerships, Information Center, Trademarks, Registered Agent FAQ, Glossary of Terms, and Corporations Data Extract. At the bottom, there are "Business Search" and "Advanced Business Search" bars, and a "Creating a User Account" section with a video player and text: "Easy steps to create a user account when registering a new business entity, and making changes to an existing entity".

# Step 2: LLCs & Corporations



Completing the online registration form

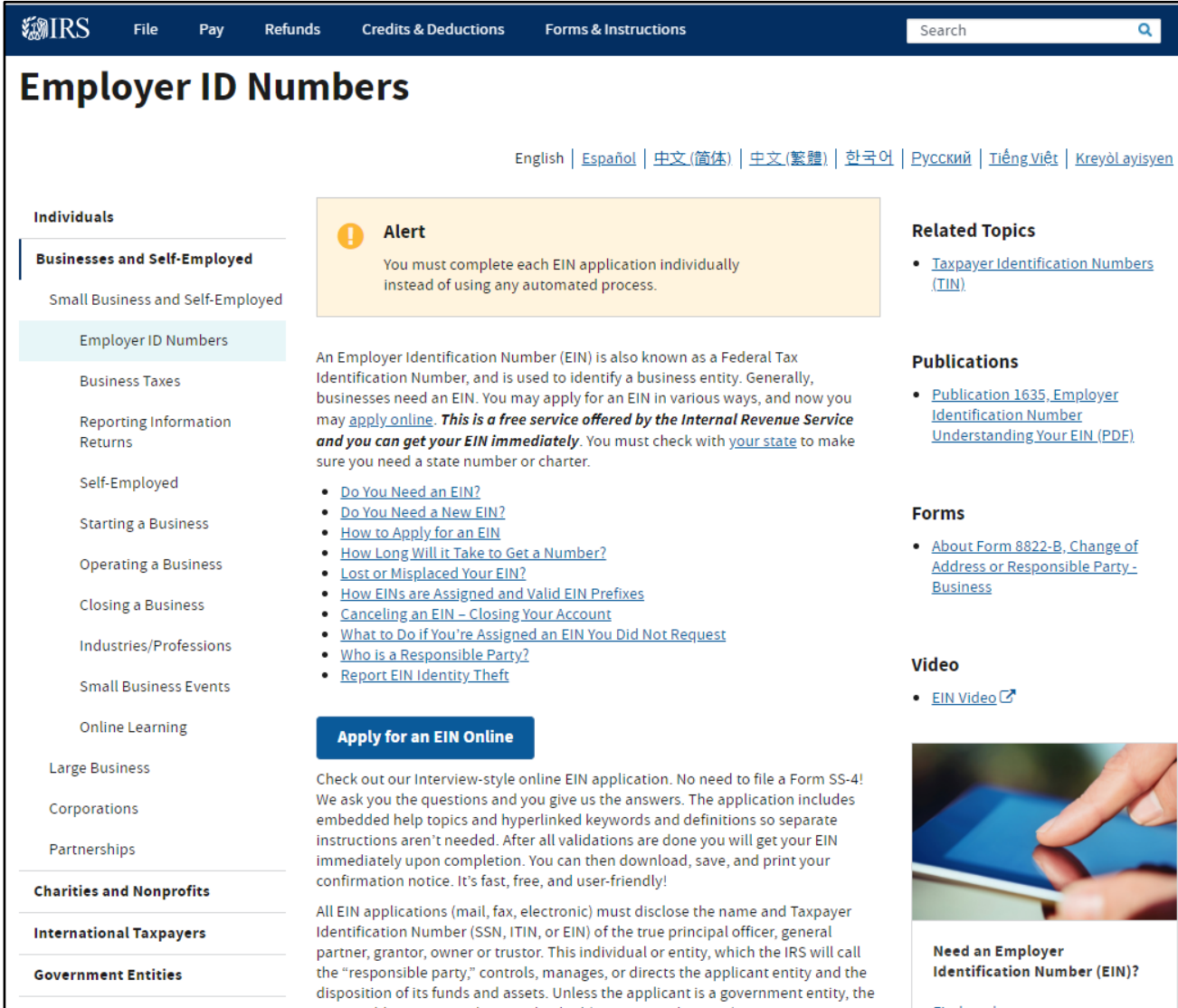
- Create a user account
- Name the entity
- Name governing people
- Name registered agent

Should receive confirmation of entity formation within two days

A screenshot of a YouTube video showing the Washington State Corporations and Charities Filing System (CCFS) website. The video player interface is visible at the top and bottom. The website header includes the YouTube logo, a search bar, and a user greeting "Welcome! MATT Logout". The main navigation menu on the left lists: My Dashboard, Business Search, Charities Search, Trademark Search, Create or Register a Business (highlighted), Business Maintenance Filings, Reactivate a Business, Charities Filings, Request Certificate/Certified Copies, Account Preferences, and Logout. The main content area is titled "Create or Register a Business" and contains a form. The form has a section "CREATE OR REGISTER A BUSINESS" with the instruction "Please select the appropriate statement regarding the type of business you'd like to form or register." There are two radio button options: "I would like to form a Washington State business." (selected) and "I would like to register a business from a different state or country." Below this is another instruction: "Please select the appropriate business type from the choices below." followed by a dropdown menu labeled "Business Type:" with the placeholder "--Select Business--". At the bottom of the form is a checkbox labeled "Defer Initial Report: I would like to file my initial report at a later time. I acknowledge that an initial report is due within 120 days of the effective date of this formation per RCW 23.95.255." and a green "Continue" button. The video title is "CCFS: Registering a Business Entity" and it shows 78,465 views from February 15, 2018.

# Step 2: Federal Taxpayer Number

- Apply online for a federal identification number for your new entity
- EIN, FEIN, TIN – Employer Identification Number
- No cost
- *IRS.gov*



The screenshot shows the IRS website's "Employer ID Numbers" page. The top navigation bar includes links for File, Pay, Refunds, Credits & Deductions, and Forms & Instructions. A search bar is located on the right. The main heading is "Employer ID Numbers". Below this, there are language options: English, Español, 中文(简体), 中文(繁體), 한국어, Русский, Tiếng Việt, and Kreyòl ayisyen.

On the left, a sidebar lists various topics under "Individuals" and "Businesses and Self-Employed". The "Businesses and Self-Employed" section is expanded, showing "Employer ID Numbers" as the selected topic. Other topics include Business Taxes, Reporting Information Returns, Self-Employed, Starting a Business, Operating a Business, Closing a Business, Industries/Professions, Small Business Events, Online Learning, Large Business, Corporations, Partnerships, Charities and Nonprofits, International Taxpayers, and Government Entities.

The main content area features an "Alert" box stating: "You must complete each EIN application individually instead of using any automated process." Below this, a paragraph explains that an Employer Identification Number (EIN) is also known as a Federal Tax Identification Number and is used to identify a business entity. It states that businesses need an EIN and that they can apply online for free. A list of links provides further guidance, including "Do You Need an EIN?", "Do You Need a New EIN?", "How to Apply for an EIN", "How Long Will it Take to Get a Number?", "Lost or Misplaced Your EIN?", "How EINs are Assigned and Valid EIN Prefixes", "Canceling an EIN - Closing Your Account", "What to Do if You're Assigned an EIN You Did Not Request", "Who is a Responsible Party?", and "Report EIN Identity Theft".

A blue button labeled "Apply for an EIN Online" is prominently displayed. Below it, a paragraph describes the online application process, noting that it is an interview-style application that includes embedded help topics and hyperlinked keywords. It states that after all validations are done, the user will receive their EIN immediately upon completion. A final paragraph mentions that all EIN applications must disclose the name and Taxpayer Identification Number (SSN, ITIN, or EIN) of the true principal officer, general partner, grantor, owner or trustee.

On the right side, there are sections for "Related Topics" (linking to "Taxpayer Identification Numbers (TIN)"), "Publications" (linking to "Publication 1635, Employer Identification Number Understanding Your EIN (PDF)"), "Forms" (linking to "About Form 8822-B, Change of Address or Responsible Party - Business"), and "Video" (linking to "EIN Video").

At the bottom right, there is a small image of a hand pointing at a tablet screen, with the text "Need an Employer Identification Number (EIN)?" and a link to "Find out how."







# Step 2: Out of State Business

Are you an LLC or corporation registered in another state, but planning to do business in Washington?

- Complete the “Foreign Registration Statement”
- Online or on paper
- Go to [sos.wa.gov/corps](https://sos.wa.gov/corps)



Office of the Secretary of State  
Corporations & Charities Division

Physical/Overnight address  
801 Capitol Way S  
Olympia, WA 98501-1226

Mailing Address  
PO Box 40234  
Olympia, WA 98504-0234

☐ Nonprofit \$30  
☐ All Other Entity Types \$180  
☐ To Expedite Filing Add \$50

This Box For Office Use Only

**FOREIGN REGISTRATION STATEMENT**  
**RCW 23.95**

All fields required unless otherwise specified

**(1) REQUALIFICATION:**  
Has this entity previously registered with the Office of the Secretary of State? (Check one) ☐ Yes ☐ No  
If Yes, provide UBI # and Expiration date, then continue: UBI #:  Expiration:   
If No, please continue.

**(2) Do you already have a UBI Number?** (Check one) ☐ Yes ☐ No If Yes, provide UBI #   
If No, a new UBI # will be issued to you upon successful completion of the filing.

**(3) ENTITY NAME:**   
Name must match the name listed on the Certificate of Existence/Good Standing

Does the entity have a name reserved? (Check one) ☐ Yes ☐ No  
If Yes, provide the Name Reservation Number and Name . If No, provide only the name above.  
Reservation Number:

**For name requirements, please see the following RCW(s) as shown below.**  
Profit Corporation - [RCW 23.95.305 \(1\)](#), Nonprofit Corporation - [RCW 23.95.305 \(2\)](#), Limited Partnership - [RCW 23.95.305 \(3\)](#),  
Limited Liability Partnership - [RCW 23.95.305 \(4\)](#), Limited Liability Company - [RCW 23.95.305 \(5\)](#)

**(4) DOING BUSINESS AS (DBA) NAME:** [RCW 23.95.525](#)



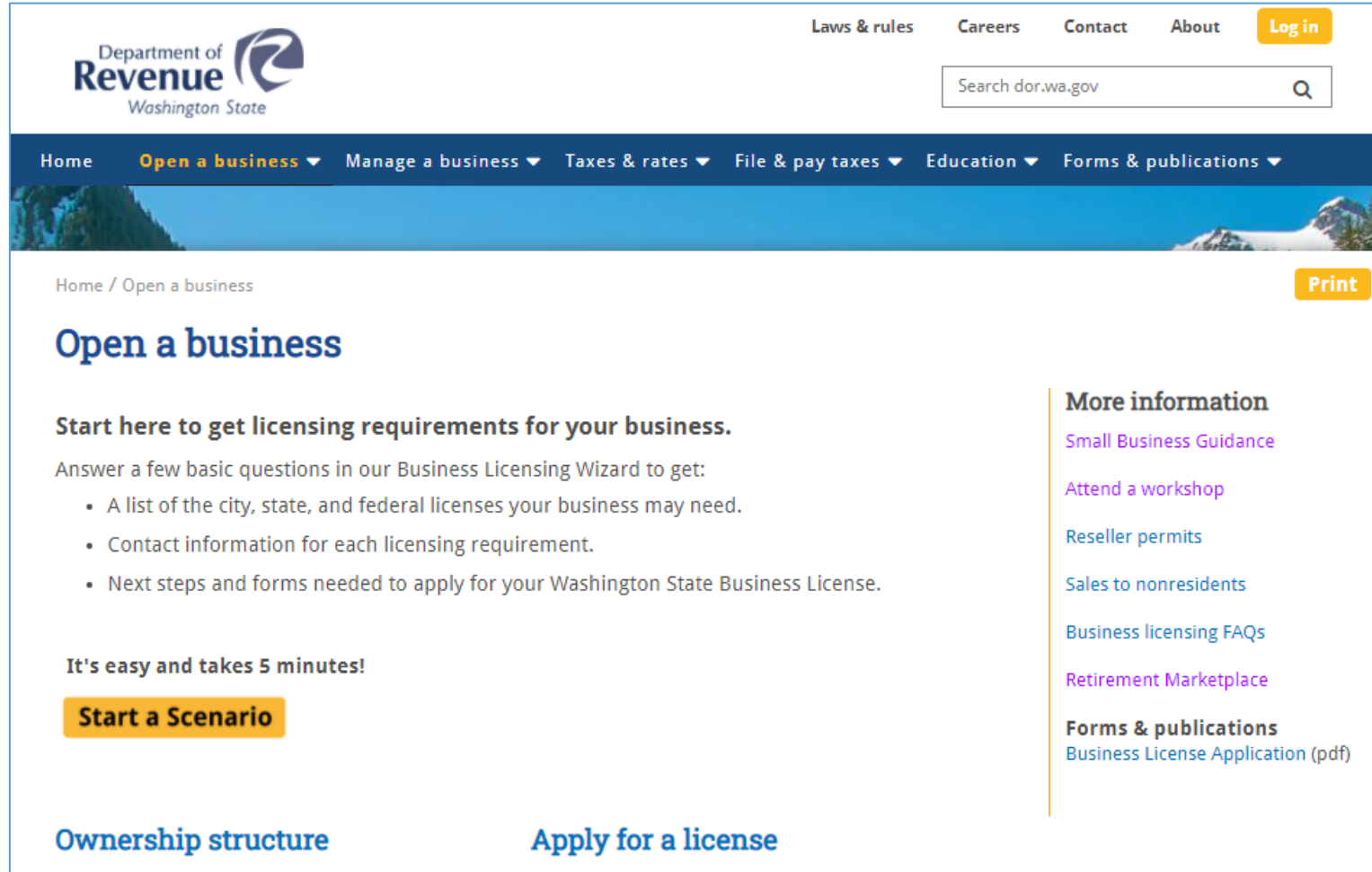
# Step 3: Get Licenses & Permits

- Licensing wizard
- Create a SAW account
- Licensing questions
- Trade names
- Hiring plans
- Other licenses and permits

# Step 3: Licensing Wizard

## Business Licensing

- Business Licensing Wizard
- [dor.wa.gov/LicenseWizard](https://dor.wa.gov/LicenseWizard)



The screenshot shows the Washington State Department of Revenue website. The header includes the department logo, navigation links (Laws & rules, Careers, Contact, About, Log in), and a search bar. The main navigation bar lists: Home, Open a business (selected), Manage a business, Taxes & rates, File & pay taxes, Education, and Forms & publications. The page title is 'Open a business'. The main content area states: 'Start here to get licensing requirements for your business. Answer a few basic questions in our Business Licensing Wizard to get:' followed by a list of three items: 'A list of the city, state, and federal licenses your business may need.', 'Contact information for each licensing requirement.', and 'Next steps and forms needed to apply for your Washington State Business License.' Below this is a yellow button labeled 'Start a Scenario'. At the bottom, there are two links: 'Ownership structure' and 'Apply for a license'. On the right side, there is a 'More information' section with links to 'Small Business Guidance', 'Attend a workshop', 'Reseller permits', 'Sales to nonresidents', 'Business licensing FAQs', and 'Retirement Marketplace'. Below that is a 'Forms & publications' section with a link to 'Business License Application (pdf)'. A 'Print' button is located in the top right corner of the content area.

Department of Revenue  
Washington State

Laws & rules Careers Contact About Log in

Search dor.wa.gov

Home Open a business Manage a business Taxes & rates File & pay taxes Education Forms & publications

Home / Open a business Print

### Open a business

Start here to get licensing requirements for your business.

Answer a few basic questions in our Business Licensing Wizard to get:

- A list of the city, state, and federal licenses your business may need.
- Contact information for each licensing requirement.
- Next steps and forms needed to apply for your Washington State Business License.

It's easy and takes 5 minutes!

Start a Scenario

Ownership structure Apply for a license

**More information**

- Small Business Guidance
- Attend a workshop
- Reseller permits
- Sales to nonresidents
- Business licensing FAQs
- Retirement Marketplace

**Forms & publications**

- Business License Application (pdf)



# Step 3: Licensing

Multiple locations? Mobile business?

- You'll need to provide a physical address for the state business license
  - May be your home
- Most incorporated cities will require you to have a local license to do business in their city
- Use the Wizard to learn requirements



# Step 3: Licensing

## Business Licensing

- Secure Access Washington (SAW) Account
- *dor.wa.gov*

The screenshot displays the Washington State Department of Revenue website. At the top, the header includes the Department of Revenue logo, navigation links (Laws & rules, Careers, Contact, About, Log in), and a search bar. A main navigation bar lists various services: Home, Open a business, Manage a business, Taxes & rates, File & pay taxes, Education, and Forms & publications. A dropdown menu titled 'I want to...' is open, showing options like 'Get or renew a license', 'File taxes online', 'Find a sales and use tax rate', 'Look up a business', and 'Learn about reseller permits'. The main content area features a 'Businesses' section with a list of services: 'Open a business', 'Get or renew a business license', 'File a return', and 'Manage a business account'. A 'Secure Services for Washington State Dept. of Revenue, Business Licensing Service, and Unclaimed Property' section is also visible, containing a login form for the Secure Access Washington (SAW) account. The login form includes fields for 'SAW User ID' and 'Password', both with 'Forgot?' links, a 'Show Password' checkbox, and a 'Log in' button. Links for 'New user? Sign up' and 'Not sure? Check if you have one' are also present. A sidebar on the right titled 'Businesses' lists additional services: 'File a tax return', 'Get or renew a business license', 'Access a reseller permit', 'File UCP holder reports', 'Request a tax status letter', 'Access secure messages', and 'More services' (with sub-links for 'Express file a no business return' and 'Pay a bill').



# Step 3: SAW Account Setup



# WELCOME

to your login for Washington state.

 SecureAccess  
Washington

[SIGN UP!](#) [GET HELP](#) [TIPS ON](#)

## LOGIN

USERNAME

PASSWORD

[SUBMIT](#)

[Forgot your username?](#) | [Forgot your password?](#)

## ON BEHALF OF



# WASHINGTON STATE AGENCIES



# Step 3: Licensing Questions

## Prepare for online business licensing form questions:

- State Unified Business Identifier number (UBI)
- Ownership structure
- Location info
- Industry info
- Expected revenue
- Business tradename
- Hiring plans

[dor.wa.gov/Apply](https://dor.wa.gov/Apply)

Home / Manage a business / My DOR Help / Renew or update business license / Apply for a new business license

### Apply for a new business license

#### Sole Proprietorship or General Partnership

- ▶ Before you begin
- ▶ Access the business license
- ▶ Tell us about your business
- ▶ Location information
- ▶ Hiring employees
- ▶ State endorsements
- ▶ Review and pay

#### Corporation or Limited Liability Company (LLC)

- ▶ Before you begin
- ▶ Access the application
- ▶ Tell us about your business
- ▶ Location
- ▶ Hiring employees
- ▶ State endorsements
- ▶ Review and pay



# Step 3: Trade Names

## Registering a Trade Name

- When its required
- What it means
- Distinction from trademarks
- Researching names
- Registration cost: \$5 plus the application fee

[dor.wa.gov/TradeNames](https://dor.wa.gov/TradeNames)

### Register trade names

You must register a trade name, or “doing business as” name, per RCW 19.80.10 for:

- A Sole Proprietor or Partnership using a name other than the full legal name of the owner or owners.
- A Corporation, Limited Partnership, or Limited Liability Company operating under a name other than the name registered with the Office of the Secretary of State.
- Any business name you are using that is not your full legal name.

Registering your trade name does not protect the name from use by others. A business can register an unlimited number of trade names.

A trade name will remain registered indefinitely until the owner requests that it be canceled. There is no charge for canceling a trade name.

If you also want to file a trademark or service mark, you may want to consult an [attorney](#). If your business activities will extend beyond Washington State, it may be to your benefit to file for a trademark with the [U.S. Patent and Trademark Office](#). If your business activities will stay within Washington, it may be to your benefit to file for a trademark with the [Secretary of State](#).

#### Find out if a name is already in use

- Our [business lookup](#): General license
- [Secretary of State Corporations Registration Data Search](#): Corporation and limited liability company names.
- [U.S. Patent and Trademark Commission](#): Search for federally registered names.

#### Resources

Business Licensing Service  
360-705-6741

# Step 3: Hiring Plans



## Hiring Related Questions

- Will you be using independent contractors?
- Will you hire staff in the next 90 days?
- What type of work will your employees do?
- Will you employ youth?



### 10. Hire employees

- Prepare to hire employees, if needed. Having employees with the right attributes and skills for your business is critical for successful growth. There are resources to help you with employment planning, including [Labor Market Information](#).
- There are also programs to help you find and train qualified employees.
  - [WorkSource](#) can bring you applicants that are skilled and ready to work.
  - Job fairs and [free, online job posting](#) can help increase your pool of applicants.
  - [Tax credits](#) can help lessen the cost of new employees.
  - Options for employee [training assistance](#).
  - [On-the-job training wage subsidies](#).
  - Employee training resources - [Career Bridge](#)
  - [Apprenticeship programs](#)
  - [WorkSource Apprenticeship](#)
  - [Work study employees](#)
- If you noted on the form that you would be hiring employees, information from your Business License Application will be forwarded to the Employment Security Department to set up a state unemployment tax account, and the Department of Labor & Industries to set up a workers' compensation insurance account and issue your minor work permit, if applicable. You will have quarterly filing responsibilities with both agencies, plus the IRS (see the [RUN Your Business](#) chapter of the Small Business Guide).
- Every new employee will need to complete the federal [I-9 Employment Eligibility Verification Form](#) within three days of hire, and the internal Revenue Service (IRS) [W-4 Form](#).
- You'll also need to report each newly hired and rehired employee through the Department of Social and Health Services [New Hire Reporting Program](#) within 20 days of hire. Reporting is done through a secure web portal, [Secure Access Washington \(SAW\)](#). If you don't already have a SAW account, you'll have to create one prior to doing your first reporting. To report, you'll need information from the employee's W-4 Form plus the hire date and the birth date.



# Step 3: Hiring Plans

## Independent Contractors

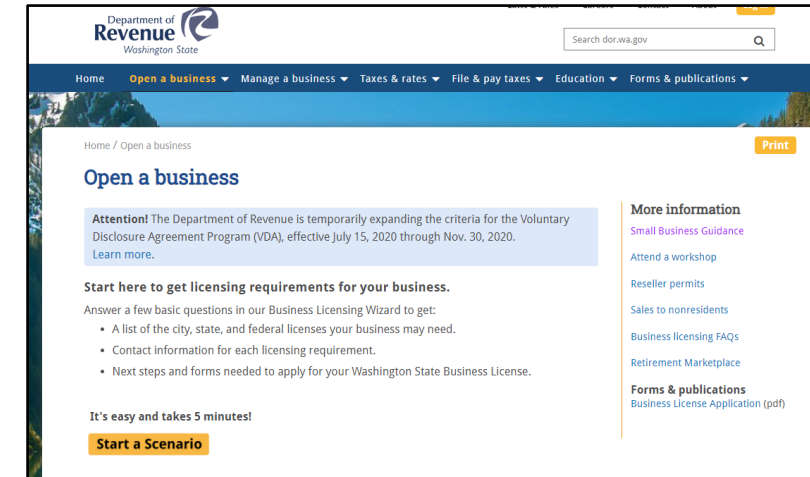
- Strict laws define “employee” vs “independent contractor”
- An independent contractor should:
  - Have a contract
  - Be a fully licensed and tax-reporting business
  - Keep good business financial records
  - Have multiple clients
  - Work away from one of your locations
  - Do something different from what you do



# Step 3: Other Licenses & Permits

## Other licenses and permits

- Professional licenses
- Contractor registration
- County health department permits
- Liquor and cannabis licenses
- Building permits (city or county)
- Etc.



Business Licensing Wizard – dor.wa.gov

# Step 4: Tax & Reporting Requirements



## Typical State Business Taxes

- Business and occupation tax (B&O)
- Sales tax
- Use tax
- Real and personal property tax
- If you have employees:
  - State unemployment tax
  - Paid family & medical leave
  - Workers' compensation insurance premiums



### 2. State business taxes

Washington State does not have a personal or business income tax. Instead, its tax structure includes the Business & Occupation Tax, sales and use taxes, property taxes, and a variety of industry-specific taxes. The Washington [Department of Revenue](#) (DOR) administers over 60 different taxes.

Most small businesses need to [file an excise tax return](#) with DOR. Your tax [filing frequency](#), assigned after you submit your Business License Application, is based on an estimate of the amount of tax you will owe. If you are assigned a monthly or quarterly filing frequency, then you are required to file your taxes electronically using [E-file](#), DOR's online filing system, and pay electronically using one of several payment options. For assistance with E-file registration and filing, call 1-877-345-3353. If you are unable to file electronically, you can request a [waiver](#). State taxes include:

- [Business and Occupation \(B&O\) tax](#) – This is a tax on the business' gross revenue. In addition to the state B&O tax, many cities and towns also impose local B&O taxes (see below).
- [Sales tax](#) – Businesses collect sales taxes from customers on the sale of most retail products, construction activities, and some services.
- [Use tax](#) – Use sales tax applies when businesses make purchases without paying sales tax, such as internet purchases or purchases made in Oregon.
- [Real and Personal Property Taxes](#) – Businesses pay a property tax based on the value of real estate, buildings and other structures, furnishings, equipment and other assets. Property tax is collected by counties rather than by DOR.
- [Industry-specific taxes](#) – There are a variety of taxes that apply to specific industries, such as hotel/motel, rental cars, cigarettes, etc. Click the heading to see if any specific taxes apply to your business.

Because sales tax is destination-based, businesses that collect sales tax must charge the tax rate of the location where the product or service was delivered. DOR has a [look-up tool](#) to determine tax rates and the location code.

DOR provides New Business Tax Workshops throughout the state during the year. Below are links to additional information and tools provided by DOR to assist in tax calculation and reporting:

- [New Business Tax Basics](#)



# Step 4: State Tax Basics

## Business & occupation (B&O) tax

- Based on gross receipts
- Most common: Retailing, Wholesaling, and Service & Other Activities
- You may need to report under multiple classifications, depending on your specific business activity
- No deduction for expenses or costs of doing business.
- Some deductions are available, such as out of state sales.
- B&O is a tax on business, you can't "add this" on to the product/service price as a separately stated item (like we do for sales tax)

## Public utility tax (PUT)

- Most common: transporting people/products, communications, utilities



# Step 4: Business & Occupation Tax



We have tools to help you determine what classification applies to your business:

A screenshot of the Washington State Department of Revenue website. The header includes the Department of Revenue logo and a search bar. A navigation menu lists various services. The main content area is titled "Tax classifications for common business activities" and includes a brief explanation of the list, a note about multiple activities, and a link to contact the office. Below this is a table with three columns: Business Activity, Tax Classification, and Rules/Laws.

Business Activity	Tax Classification	Rules/Laws
Accounting, Bookkeeping, Tax Preparation	Service & Other Activities B&O	WAC 458-20-224
Actuarial	Service & Other Activities B&O	WAC 458-20-224
Advertising Agencies	Service & Other Activities B&O	WAC 458-20-218
	Retailing B&O, Retail Sales Tax, Service & Other Activities B&O	WAC 458-20-183; RCW 82.04.050

- [dor.wa.gov/CommonBusinessActivities](https://dor.wa.gov/CommonBusinessActivities)
- [dor.wa.gov/IndustryGuides](https://dor.wa.gov/IndustryGuides)





# Step 4: Sales & Use Taxes

Sales & use taxes apply to:

- Tangible personal property and digital products.
- Services (for example)
  - Installing, repairing, cleaning, altering or improving tangible personal property
  - Lawn maintenance
  - Amusement, recreational, and physical fitness activities

The selling price must be separately stated on the bill. Sales tax is also due on shipping and handling charges.



# Step 4: Sales & Use Taxes

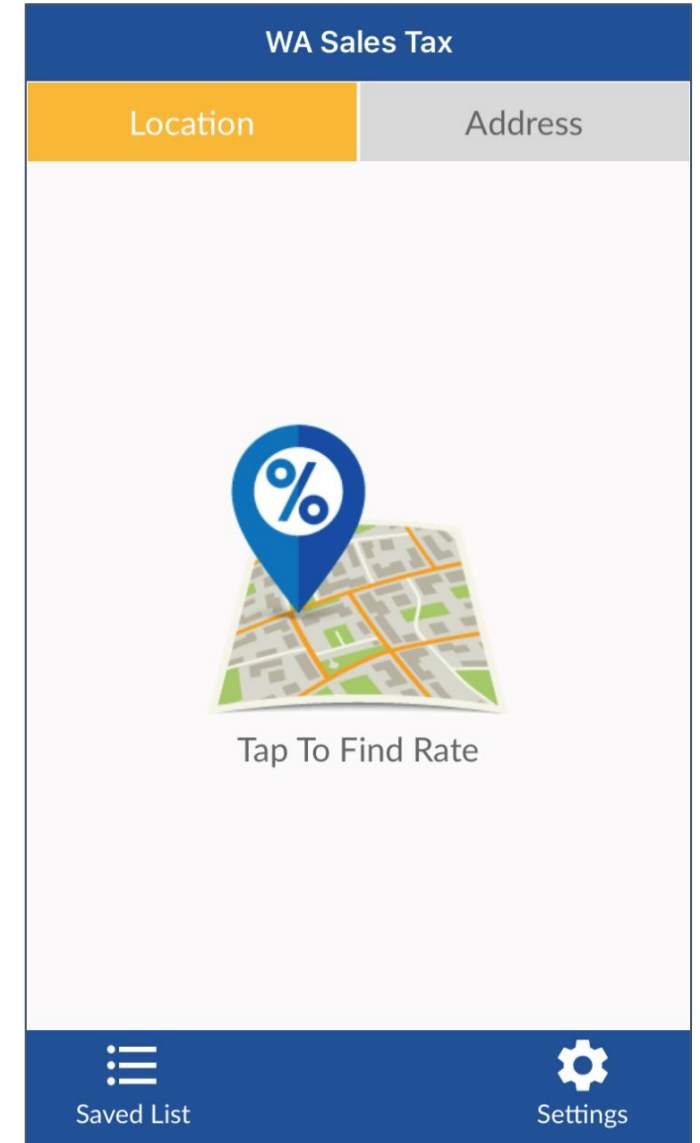


What is the rate?

- State portion .065
- Local portion
  - Varies; boundaries do not follow zip codes or often not even municipal boundaries
  - Local tax rate charged is based on delivery point for goods or services
  - We have well over 350 local tax codes

**But don't worry – we have an app for that!**

We also have several tools on our website.





# Step 4: Real & Personal Property Taxes

## Real & Personal Property Taxes

- Applies to personal property used in conducting business
- County assessors and treasurers administer
- By April 30 of each year, businesses must complete and file a Personal Property Listing Form with the county assessor.

[dor.wa.gov/CountyContacts](https://dor.wa.gov/CountyContacts)

Home / Find taxes & rates / Property tax / County assessor and treasurer websites Print

**County assessor and treasurer websites**

**Note:** Property tax is administered by local governments. County assessors value and assess the tax and county treasurers collect it. For questions about paying your property tax or your property valuation, please contact your local county officials.

County	Assessor	Treasurer
ADAMS	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
ASOTIN	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
BENTON	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
CHELAN	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
CLALLAM	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
CLARK	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
COLUMBIA	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
COWLITZ	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
DOUGLAS	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
FERRY	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
FRANKLIN	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
GARFIELD	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
GRANT	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
GRAYS HARBOR	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
ISLAND	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
JEFFERSON	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
KING	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
KITSAP	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
KITTITAS	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
Klickitat	<a href="#">Assessor</a>	<a href="#">Treasurer</a>
LEWIS	<a href="#">Assessor</a>	<a href="#">Treasurer</a>



# Step 4: Employment Taxes

- **State Unemployment Taxes**
  - Employers pay ~2-3% of their gross payroll
  - Don't have to pay on wage amounts above the taxable wage limit of \$56,500 per employee (2021)
- **Paid Family & Medical Leave**
  - Employees pay ~0.25% of their earnings
  - If more than 50 employees, employers pay ~0.15% of their gross payroll
- **Workers' Compensation Insurance Premiums**
  - Employers pay the majority of an hourly rate of \$0.17-\$17.00, based on the job classification
  - Employees pay a part of it

- Quarterly [941 Forms](#) report gross wages and federal taxes (income, social security and Medicare). They are due to the IRS by April 30, July 31, October 31 and January 31 for the preceding calendar quarters.
- [W-2 Forms](#) report wages and withholdings for the calendar year. They must be provided to each employee by January 31 of the following year.
- [W-2 Forms](#) and the accompanying [W-3](#) transmittal form are due to the Social Security Administration by February 28 of the following year.
- Annual [940 Forms](#) report federal unemployment taxes. They are due to the IRS by January 31 for the preceding calendar year. The tax rate for most employers is 0.6% of the first \$7,000 each worker earns, up to a maximum of \$42 per employee. For very small employers, these payments may be made at the time of annual filing but larger employers are required to make payments quarterly. See the IRS [Employer's Tax Guide](#) for more information.

## 5. State employment taxes

- [Unemployment taxes](#) are due quarterly to the Employment Security Department (ESD). Reporting and payment is generally done on-line. Due dates are April 30,

## Run your business, Section 5





# Step 4: Employment Taxes



Requirement (in order of action timing)	Purpose	Action	Agency
<u><a href="#">Workers' compensation premium report</a></u> (1 each calendar quarter per employer)	Workers' compensation insurance for medical costs and wage replacement if injured on the job.	Complete and pay online at <a href="http://www.lni.wa.gov">www.lni.wa.gov</a> (due 4/30, 7/31, 10/31, 1/31)	WA Dept. of Labor & Industries
<u><a href="#">State unemployment tax report</a></u> (1 each calendar quarter per employer)	Unemployment benefits for employees who lose their jobs.	Complete and pay online at <a href="http://esd.wa.gov">esd.wa.gov</a> (due 4/30, 7/31, 10/31, 1/31)	WA Employment Security Dept.
<u><a href="#">Paid Family and Medical Leave report</a></u>	Paid leave for employee to care for themselves or their family	Complete and pay online at <a href="http://paidleave.wa.gov">paidleave.wa.gov</a> (due 4/30, 7/31, 10/31, 1/31)	WA Employment Security Dept.



# Step 4: Employment Taxes

- Business owners are exempt from Washington employment taxes if they are:
  - Sole proprietors
  - General partners in a partnership
  - LLCs – If designated as:
    - “Member-managed” – all members on record are exempt
    - “Manager-managed” – only managing members are exempt
  - Corporations
    - May exempt up to 8 officers if they are shareholders and they exercise substantial control in daily management of the corporation
    - If a family corporation, all officers are exempt if they are related within the 3<sup>rd</sup> degree
  - Note – spouses and other family members of LLCs and Corporations are exempt only if they meet the above requirements
- Business owners can choose to participate in Paid Family & Medical Leave and Workers’ Compensation Insurance.



# Step 5: Learn Employer Requirements

- Hiring employees
- New hire reporting
- Employer requirements
- Employer services



# Step 5: Hiring Employees

- If you want your business to be certified as a [woman, minority or economically disadvantaged business](#), or a [veteran-owned business](#), complete the certification paperwork.

## 10. Hire employees

- Prepare to hire employees, if needed. Having employees with the right attributes and skills for your business is critical for successful growth. There are resources to help you with employment planning, including [Labor Market Information](#).
- There are also programs to help you find and train qualified employees.
  - [WorkSource](#) can bring you applicants that are skilled and ready to work.
  - Job fairs and [free, online job posting](#) can help increase your pool of applicants.
  - [Tax credits](#) can help lessen the cost of new employees.
  - Options for employee [training assistance](#).
  - [On-the-job training wage subsidies](#).
  - Employee training resources - [Career Bridge](#)
  - [Apprenticeship programs](#)
  - [WorkSource Apprenticeship](#)
  - [Work study employees](#)
- If you noted on the form that you would be hiring employees, information from your Business License Application will be forwarded to the Employment Security Department to set up a state unemployment tax account, and the Department of Labor & Industries to set up a workers' compensation insurance account and issue your minor work permit, if applicable. You will have quarterly filing responsibilities with both agencies, plus the IRS (see the [RUN Your Business](#) chapter of the Small Business Guide).
- Every new employee will need to complete the federal [I-9 Employment Eligibility Verification Form](#) within three days of hire, and the Internal Revenue Service (IRS) [W-4 Form](#).
- You'll also need to report each newly hired and rehired employee through the Department of Social and Health Services [New Hire Reporting Program](#) within 20 days of hire. Reporting is done through a secure web portal, [Secure Access](#).

START  your business

Small-  
Business  
Guide  
WASHINGTON STATE



### Labor Law

- [Wage and hour laws \(such as minimum wage, overtime, breaks, etc.\)](#)
- [Workplace poster requirements](#)
- [Employment of minors](#)
- [Non-Discrimination Laws](#)
- [Independent contractors \(Labor & Industries\)](#)
- [Independent contractors \(Employment Security\)](#)
- [Independent contractors \(IRS\)](#)
- [Workplace safety](#) (including required written accident prevention program)
- [Federal payroll taxes](#)
- [Child Support Withholding Laws](#)
- Restrictions on [noncompete agreements](#), [salary history](#), and [salary secrecy](#)
- [Isolated worker protection](#)
- [Changes to Overtime Rules](#)

### Worker Benefits

- [State unemployment taxes](#)
- [Workers' compensation insurance](#)
- [Washington Health Benefit Exchange](#)
- [Washington Health Plan Finder](#)
- [Paid Sick Leave](#)
- [Paid Family and Medical Leave](#)
- [Other Types of Leave](#)

# Step 5: New Hire Reporting



## New Hire Reporting

### Program Information

Washington state law **RCW 26.23.040** requires employers to report **all** newly and rehired (not worked for you for at least 60 consecutive days) employees regardless of age, gender or the number of hours worked within 20 days of hire. If reporting for the first time, only report employees hired since your last quarterly report to Employment Security Department as **DCSOnline** only accepts reports with a date of hire no more than one year in the past and 90 days in the future. You can find information on how to set up a DCSOnline account on our **Employer Educational Materials** page.

For more information check out the **Introduction to New Hire Reporting**, watch our video in **English** or **Spanish** or browse our **Frequently Asked Questions**.



### What to Report

When reporting new hires, you will need the following information about your employees and company:

### Employee Information:

## My Secure DSHS

With one login you can access multiple Washington state government services.

Please login to access this service.

User ID:

Password:

**LOGIN**

[Forgot your User ID?](#)  
[Forgot your password?](#)  
[Activate your account?](#)



### Employers:

- Report newly hired or rehired employees
- Make child support payments electronically  
(Required as of January 1, 2019)

### Parents:

- View or make child support payments
- Get notified when a child support payment is received
- Authorize direct deposit to receive child support
- Request a DCS Debit Card to receive child support
- Set up reminders for payments that are due

### Medical Premium Payers:

- Children's Health Insurance Program (CHIP)
- Healthcare for Workers with Disabilities (HWD)

## New User?

Check to see if you already have an User ID.

**Sign up**



[www.dshs.wa.gov/esa/division-child-support/new-hire-reporting](http://www.dshs.wa.gov/esa/division-child-support/new-hire-reporting)

# Step 5: Learn Employer Requirements



## Some Employment Laws

*\* indicates for 2021*

- Independent contractors *(must meet requirements or they're employees)*
- Minimum wage *(\$13.69/hr\*)* & overtime required
- Youth employment *(permit, form & restricted duties if under 18)*
- Breaks & meal periods required
- Safety & health *(must have written safety plan and follow other rules)*
- Employee leaves *(paid sick leave required)*
- Isolated worker protections *(panic button & training required)*
- Non-compete agreements *(only if pay at least \$101K/yr\*)*
- Can't restrict outside employment *(unless pay at least \$28/hr\*)*
- Equal employment opportunity *(can't discriminate)*
- Equal pay & opportunities *(can't ask about salary history or prohibit sharing of salary information)*
- Workplace posters required
- Employment related recordkeeping *(must keep detailed time, pay & other records for 3+ yrs)*



# Step 5: Employer Requirements



To learn more about employer requirements, attend this webinar.

Register at:

[LNI.wa.gov/workshops-training](http://LNI.wa.gov/workshops-training)





# Step 5: Employer Services

<https://esd.wa.gov/about-employees#business-services>



## QUICK LINKS

### FREQUENTLY USED LINKS

The SharedWork Program  
Work Opportunity Tax Credit (WOTC)  
The H-2A Program  
Business layoff assistance  
YesVets

### FORMS

SharedWork forms and media library  
Employer resources forms and publications library

## Employer resources

(en español)

Whether you need to hire employees, are facing layoffs, or have to let an employee go, we have resources and information that can help you.

### On this page

[COVID-19 Response](#) | [Return to work](#) | [Forms and publications library](#) | [Paid Family and Medical Leave](#) | [WorkSource business services](#) | [Reduction in staff](#) | [Employer information](#) | [Small business resources](#)



<https://esd.wa.gov/about-employees>

## WorkSource business services

WorkSource is a partnership of organizations, including the Employment Security Department, that is committed to developing a workforce with the skills your business needs.

Our business solutions professionals can help you make connections to grow and sustain your business, including:

- Workforce planning.
- Labor market data
- Online recruitment tools at [WorkSourceWA.com](#).
- Staffing resources, including job fairs and hiring events.
- Tax incentives.
- Worker training.
- Layoff aversion and/or assistance.

WorkSource services are free to employers thanks to careful stewardship of public funding and leveraged resources. Please take time to watch this video on [WorkSourceWA.com](#) and [WorkSource services](#).

[Login to your WorkSource Employer Account](#) | [Post a job](#) | [Watch the WorkSourceWA.com video](#) | [Talk to a WorkSource Business Solutions Professional](#) | [WorkSource frequently asked questions](#)

### Employer incentives

- [Worker Opportunity Tax Credit \(WOTC\)](#)
- [Incentives for hiring veterans](#)
- [Federal bonding](#)
- [On the job training \(OJT\)](#)

### Staffing resources

- [Advertise your jobs for free](#)
- [Search for talent](#)
- [Hire a veteran](#)
- [Contact a business solutions professional](#)
- [Find information on the H-2A agricultural program](#)

### Employee skill development and other resources

- [On the job training \(OJT\)](#)
- [Apprenticeship programs](#)





# Step 6: Use Advisors

## Training & Advising Programs

Listing available at <http://business.wa.gov/business-resources>



- SCORE

[score.org](http://score.org)



- Small Business Development Center

[wsbdc.org](http://wsbdc.org)



- Women's Business Centers

[sba.gov](http://sba.gov)



- Various Microenterprise Development Organizations

[wamicrobiz.org](http://wamicrobiz.org)

# Contacts



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