

## ATTACH TO BUSINESS & OCCUPATION TAX RETURN AND MAIL TO:

City of Kent Attn: Customer Services 220 4th Avenue South

Kent, WA 98032-5895

WA State Tax Registration Number (TRN)	City Business License Number	Tax Reporting Period (Quarter/Year)	Due Date (See Instructions)

Line No.	B&O Tax Deductions	Wholesaling Enter on B&O Tax Form Line 2, Column 3	Retailing Enter on B&O Tax Form Line 3, Column 3
1	Receipts from sales delivered outside of Washington		
2	Receipts from sales delivered outside of the city, but within Washington		
3	Cash discounts taken by the purchaser		
4	Credit losses or bad debts sustained by sellers		
5	Other (must specify):		
	TOTAL		

Line No.	B&O Tax Deductions	Retail Service Enter on B&O Tax Form Line 4, Column 3	Service & Other Enter on B&O Tax Form Line 5, Column 3*
1	Cash discounts actually taken by customers		
2	Credit losses or bad debts sustained by sellers		
3	Compensation from public entities for health or social welfare services		
4	Interest on obligations of the state, its political subdivisions, and municipal corporations		
5	Interest on loans to farmers and rangers, producers or harvesters of aquatic products, or their cooperatives		
6	Interest on investments or loans secured by mortgages or deeds of trust		
7	Professional employer services		
8	Other (must specify):		
	TOTAL		

Line No.	Deductions	Manufacturing/ Processing for Hire/ Extracting for Hire Enter on B&O Tax Form Line 1, Column 3	Printing/ Publishing Enter on B&O Tax Form Line 7, Column 3	Extracting Enter on B&O Tax Form Line 8, Column 3
1	Eligible Gross Receipts Tax Paid to Another City		Refer to Kent City Code 3.28.075	
2	Credit losses or bad debts sustained by sellers			
3	Other (must specify):			
	TOTAL			

<sup>\*</sup> We cannot approve deductions on the B&O Tax Return that are not itemized on this schedule.

## Instructions for Schedule C – Deductions Detail

Pursuant to Section 3.28.100\* of the Kent City Code the following deductions in computing the gross receipts tax may be claimed:

- (1) Compensation from public entities for health or social welfare services exception. In computing tax, there may be deducted from the measure of tax amounts received from the United States or any instrumentality thereof or from the State of Washington or any municipal corporation or political subdivision thereof as compensation for, or to support, health or social welfare services rendered by a health or social welfare organization (as defined in RCW 82.04.431) or by a municipal corporation or political subdivision, except deductions are not allowed under this subsection for amounts that are received under an employee benefit plan. For purposes of this subsection, "employee benefit plan" includes the military benefits program authorized in 10 USC Sec. 1071 et seq., as amended, or amounts payable pursuant thereto.
- (2) <u>Interest on investments or loans secured by mortgages or deeds of trust.</u> In computing tax, to the extent permitted by Chapter 82.14A RCW, there may be deducted from the measure of tax by those engaged in banking, loan, security or other financial businesses, amounts derived from interest received on investments or loans primarily secured by first mortgages or trust deeds on non-transient residential properties.
- (3) Interest on obligations of the state, its political subdivisions, and municipal corporations. In computing tax, there may be deducted from the measure of tax by those engaged in banking, loan, security or other financial businesses, amounts derived from interest paid on all obligations of the State of Washington, its political subdivisions, and municipal corporations organized pursuant to the laws thereof.
- (4) Interest on loans to farmers and ranchers, producers or harvesters of aquatic products, or their cooperatives. In computing tax, there may be deducted from the measure of tax amounts derived as interest on loans to bona fide farmers and ranchers, producers or harvesters of aquatic products, or their cooperatives by a lending institution which is owned exclusively by its borrowers or members and which is engaged solely in the business of making loans and providing finance-related services to bona fide farmers and ranchers, producers or harvesters of aquatic products, their cooperatives, rural residents for housing, or persons engaged in furnishing farm-related or aquatic-related services to these individuals or entities.
- (5) <u>Receipts from tangible personal property delivered outside the State.</u> In computing tax, there may be deducted from the measure of tax under retailing or wholesaling amounts derived from the sale of tangible personal property that is delivered by the seller to the buyer or the buyer's representative at a location outside the State of Washington.
- (6) <u>Cash discount taken by purchaser</u>. In computing tax, there may be deducted from the measure of tax the cash discount amounts actually taken by the purchaser. This deduction is not allowed in arriving at the taxable amount under the extracting or manufacturing classifications with respect to articles produced or manufactured, the reported values of which, for the purposes of this tax, have been computed according to the "value of product" provisions.
- (7) <u>Credit losses of accrual basis taxpayers.</u> In computing tax, there may be deducted from the measure of tax the amount of credit losses actually sustained by taxpayers whose regular books of account are kept upon an accrual basis.
- (8) <u>Constitutional prohibitions.</u> In computing tax, there may be deducted from the measure of the tax amounts derived from business which the City is prohibited from taxing under the Constitution of the State of Washington or the Constitution of the United States.
- (9) Receipts from the sale of tangible personal property and retail services delivered outside the city but within Washington. Amounts included in the gross receipts reported on the tax return derived from the sale of tangible personal property delivered to the buyer or the buyer's representative outside the city but within the State of Washington may be deducted from the measure of tax under the retailing, retail services, or wholesaling classification.
- (10) <u>Professional employer services.</u> In computing the tax, a professional employer organization may deduct from the calculation of gross income the gross income of the business derived from performing professional employer services that is equal to the portion of the fee charged to a client that represents the actual cost of wages and salaries, benefits, workers' compensation, payroll taxes, withholding, or other assessments paid to or on behalf of a covered employee by the professional employer organization under a professional employer agreement.

The more common deductions are listed on Schedule C. All eligible deductions claimed not pre-printed on this Schedule must be reflected as "Other" and must be separately identified. Further, all deductions must be fully supported by the taxpayer's books and records.

<sup>\*</sup> Manufacturers may be eligible for a separate deduction under section 3.28.075.