

THE CITY OF SEATTLE
DIRECTOR'S RULE
IMPLEMENTING SEATTLE BUSINESS TAX ORDINANCE

Seattle Rule 5-012 Refunds.

(1) Introduction. This section explains the procedures relating to refunds or credits for overpayment of taxes, penalties, or interest. It indicates the statutory period for refunds.

(2) Statute of limitations for refunds or credits. Time limit for a tax refund or Credit.

With the exception of (a) and (b) of this subsection, no refund or credit may be made for taxes, penalties, or interest paid more than four years prior to the beginning of the calendar year in which a refund or credit application is made or examination of records is completed. See SMC 5.55.100.

(a) The execution of a written waiver shall extend the time for applying for, or making, a refund or credit of any taxes paid during, or attributable to, the years covered by the waiver if, prior to the expiration of the waiver period, an application for refund of such taxes is made by the taxpayer or the Director discovers that a refund or credit is due.

(b) A taxpayer who obtains a license and pays taxes, whether through voluntary compliance or discovery, after having commenced doing business in the City, and later finds that he or she has incorrectly reported the tax or license fee, may apply for a refund of the overpaid taxes or fees within four years from date of payment of the license fees and taxes.

(3) Refund/credit procedures. How Do I get a Refund or Credit?

(a) Departmental review. When the Department audits or examines the taxpayer's records and determines the taxpayer has overpaid its taxes, penalties, or interest, the Department will issue a credit.

(b) Refund of audit assessment. If the taxpayer locates additional records which were not and could not have been presented to the auditor at the time of the audit, but would have reduced the tax, penalties, or interest liability if the records had been available, then the taxpayer may contact the Department's audit section, file a petition for a refund or credit of overpaid amounts, and request that a re-examination of the appropriate records be performed. A petition for a refund of amounts paid pursuant to an audit assessment must be received by the Department within the statute of limitations for refund or credit and may not be based upon any legal issues that the taxpayer could have or should have raised in an appeal of the assessment. The amount of refund of an audit assessment is limited to the additional amount assessed and paid on audit and does not open up for re-examination the entire audit period.

(c) Taxpayer request. When a taxpayer discovers that he or she has overpaid taxes, penalties, or interest, he or she may file an amended return or an application for refund or credit with the Department. The application must be submitted within the statute of limitations as provided in subsection (2). Refund application forms are available from the following sources:

- The Department's internet web site at <http://www.seattle.gov/business-license-tax>
- By facsimile by calling 206-684-5170

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-By writing to:

Refunds

City of Seattle/ License Tax Administration

P.O. Box 34214

Seattle, WA. 98124

The application form should be submitted to the department at the following location:

Via email/ tax@seattle.gov

Via mail:

Refunds

City of Seattle/ License Tax Administration

P.O. Box 34214

Seattle, WA. 98124

Taxpayers are encouraged to use the Department's refund application form to ensure that all necessary information is provided for a timely valid application. However, while use of the Department's application form is encouraged, it is not mandatory and any written request for refund or credit meeting the requirements of this section shall constitute a valid application. Filing an amended return showing an overpayment will also constitute an application for refund or credit, provided that the taxpayer also specifically identifies the basis for the refund or credit. A taxpayer must submit a refund application within the time limits described in subsection (2)(a) of this section.

An application must contain the following five elements:

(A) The taxpayer's name and Seattle Customer number must be on the application.

(B) The amount of the claim must be stated. Where the exact amount of the claim cannot be specifically ascertained at time of filing, the taxpayer may submit an application containing an estimated claim amount. Taxpayers must explain why the amount of the claim cannot be stated with specificity and how the estimated amount of the claim was determined.

(C) The tax type and taxable period must be on the application.

(D) The specific basis for the claim must be on the application. Any basis for a refund or credit not specifically identified in the initial refund application will be considered untimely, except that an application may be refiled to add additional bases at any time before the time limits in subsection (2) of this section expire.

(E) The signature of the taxpayer or the taxpayer's representative must be on the application. If the taxpayer is represented, the confidential taxpayer information waiver signed by the taxpayer specifically for that refund claim must be received by the Department by the date the

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substantiation documents are first required, without regard to any extensions. If the signed confidential taxpayer information waiver for the refund claim lists the representative as an entity, every member or employee of that entity is authorized to represent the taxpayer. If the signed confidential taxpayer information waiver for the refund claim lists the representative as an individual, only that individual is authorized to represent the taxpayer.

(iii) If the statute has run prior to the filing of the application, the Department will deny the application and notify the taxpayer.

(iv) If the Department determines that the taxpayer is not entitled to a refund as a matter of law, the application may be denied without requiring substantiation. The taxpayer shall be responsible for maintaining substantiation as may eventually be needed should taxpayer appeal.

(v) The taxpayer is encouraged to file substantiation documents at the time of filing the application. However, once an application is filed, the taxpayer must submit sufficient substantiation to support the claim for refund or credit before the Department can determine whether the claim is valid. The Department will notify the taxpayer if additional substantiation is required. The taxpayer must provide the necessary substantiation within forty five days after such notice is sent, unless an extension is granted in writing by the Director, or the documentation is under the control of a third party who is not affiliated with or under the control of the taxpayer, in which case the taxpayer will have ninety days to provide the documentation.

(4) Is my refund final? The Department may review a refund or credit provided on the basis of a taxpayer application without an examination by audit. If the refund or credit is granted and the Department subsequently determines that the refund or credit exceeded the amount properly due the taxpayer, the Department may issue an assessment to recover the excess amount. This assessment must be made within the time limits of SMC 5.55.100.

(5) What interest is due on my refund? Interest is due on a refund or credit granted to a taxpayer. The rate of interest on refunds and credits is the average of the federal short-term rate as defined in 26 U.S.C. Sec. 1274(d) plus two percentage points. The rate is adjusted on the first day of January of each year by taking an arithmetical average to the nearest percentage point of the federal short-term rate, compounded annually, for the months of January, April and July of the immediately preceding calendar year and October of the previous preceding year, as published by the United States Secretary of Treasury.

(c) Start date for the calculation of interest. If the taxpayer made all overpayments for each calendar year and all reporting periods ending with the final month included in a credit notice or refund on or before the due date of the final return for each calendar year or the final reporting period included in the notice or refund, interest is computed from either:

- (i) January 31st following each calendar year included in a notice or refund; or
- (ii) The last day of the month following the final month included in a notice or refund.

If the taxpayer did not make all overpayments for each calendar year and all reporting

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periods ending with the final month included in the notice or refund, interest is computed from the last day of the month following the date on which payment in full of the liabilities was made for each calendar year included in a notice or refund, and the last day of the month following the date on which payment in full of the liabilities was made if the final month included in a notice or refund is not the end of a calendar year.

(6) May I get a refund of commercial parking tax or admission tax paid in error?

(a) Refund from the seller. Both the Seattle Parking Tax and Admission Tax are taxes that are due from the customer that are collected by the Seller and remitted to the City of Seattle. If a buyer pays commercial parking tax or admission tax on a transaction that the buyer later believes was not taxable, the buyer should request a refund or credit directly from the seller from whom the purchase was made. If the seller determines the tax was not due and issues a refund or credit to the buyer, the seller may seek its own refund from the Department. The seller has the records to know if commercial parking or admission tax was collected on the original sale, knows the buyer, knows the circumstances surrounding the original sale, is aware of any disputes between itself and the buyer concerning the sale, and may already be aware of the circumstances as to why a refund of parking or admission tax is or is not appropriate.

(b) Refund from Department. In certain situations where the buyer has not received a refund from the seller, the Department will refund commercial parking or admission tax directly to a buyer. The buyer must file a complete refund application as described in subsection (3)(b) of this section and either a seller's declaration or a buyer's declaration, under penalty of perjury, must be provided for each seller.

(i) If the buyer is able to obtain a waiver from the seller of the seller's right to claim the refund, the buyer should file a seller's declaration, under penalty of perjury, with the refund application. A seller's declaration substantiates that:

- (A) Commercial Parking or Admission tax was collected and paid to the Department on the purchase for which a refund is sought;
- (B) The seller has not refunded the Commercial Parking or Admissions tax to the buyer or claimed a refund from the Department; and
- (C) The seller will not seek a refund of the Commercial Parking or Admission tax from the Department.

(ii) If the seller no longer exists, the seller refuses to sign the declaration under penalty of perjury, or the buyer is unable to locate the seller, the buyer should file a buyer's declaration under penalty of perjury with the refund application. The buyer's declaration explains why the buyer is unable to obtain a seller's declaration and provides information about the seller and declares that the buyer has not obtained and will not in the future seek a refund from the seller for that claim.

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(iii) Seller's declaration under penalty of perjury and buyer's declaration under penalty of perjury forms are available from the following sources:

- The Department's internet web site at [http:// http://www.seattle.gov/business-license-tax](http://http://www.seattle.gov/business-license-tax)
- By facsimile by calling 206-684-5170
- By writing to:
Refunds
City of Seattle/ License Tax Administration
P.O. Box 34214
Seattle, WA. 98124

(7) Taxpayer appeal of refund denial. If the taxpayer believes that the Department has erred in denying an application for refund, the taxpayer may appeal to the Hearing Examiner within thirty (30) days of the date the notice denying the refund is mailed by the Department.

Court decision. Refunds will be made, or accounts credited by the Department as required by decisions of any court of competent jurisdiction when the decision of the court is not being appealed.

(8) Prompt refunds. Taxpayers may expect refund requests to be processed promptly by the Department. Refunds can generally be processed faster if the taxpayer provides the following information at the time a refund application is made:

- (a) The taxpayer should include his or her customer number on all documents.
- (b) The taxpayer should include the telephone number and name of the person the Department should contact in case the Department needs additional information or has questions.
- (c) The taxpayer should include a detailed description or explanation of the claimed overpayment.
- (d) Amended tax returns or worksheets should be attached to the refund or credit application and clearly identify the tax reporting periods involved.

* Please note that if a taxpayer is under audit and submits a refund request for tax periods that fall within the audit period, then the City of Seattle will generally consider the refund request within the audit process.

(9) Offsetting overpayments against deficiencies. Application or payment of credit. A credit will be applied first against delinquent obligations, if any. Any balance will be refunded to the taxpayer, unless the taxpayer timely instructs the Department, in writing, to apply the credit to future tax obligations. The Department may apply overpayments against existing deficiencies/assessments for the same legal entity.

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(10) Unclaimed Property. Verified credits remaining in the Department's possession two years after the date they become payable are presumed abandoned and shall be treated as unclaimed property under RCW 63.29.020 and 63.29.190.

(a) Verified credit. A "verified credit" is an amount that the Department has determined through investigation was paid in excess of taxes or fees due and that can not be offset against valid debits.

(b) Verified credits are payable on the verification date.

(c) Where the Department is unable to locate the rightful owner, verified credits will be remitted to the State of Washington, Department of Revenue, Unclaimed Property Division in the form and manner proscribed by the Department of Revenue.

(11) Application of this rule. This rule shall apply to Chapters 5.35, 5.40, 5.45, 5.46, 5.48, and 5.52 of the Seattle Municipal Code. In the event of a conflict between a rule adopted and an ordinance of The City of Seattle, the ordinance shall prevail.

DIRECTOR'S CERTIFICATION

I, Glen Lee, Finance Director of the City of Seattle, do hereby certify under penalty of perjury of law, that the within and foregoing is a true and correct copy as adopted by the City of Seattle, Department of Finance and Administrative Services.

DATED this 16th day of September 2014.

CITY OF SEATTLE,

a Washington municipality

By: _____

Glen Lee, Finance Director

Department of Finance and Administrative Services

Effective date: September 16, 2014

2014 SEP 16 PM 4:26

CITY CLERK

MEMORANDUM

TO: Monica Martinez Simmons, City Clerk

FROM: Glen Lee, Finance Director
Joseph Cunha, City Tax Administrator
License & Tax Administration

DATE: September 16, 2014

RE: The Official Published Notice:
Director's Business Tax Rules adoption for SMC Chapter 5.45
Effective September 16, 2014

Please file the attached paperwork concerning the following City of Seattle "Tax Rules" 5-620 Hospitals, other medical care facilities, and adult family homes; 5-522 International Investment Management Services Rule; 5-012 Refunds; 5-129 Tribes and Tribal Members/Citizens; and, 5-521 Stock Brokers and Security Houses.

An Affidavit of Publication for the "Notice of Proposed Rule Hearing and Opportunity to Comment" that went to the *Daily Journal of Commerce* for publication on August 6, 2014 is also included in this packet. The required public hearing was held on August 19, 2014 at 10:00 A.M. in Seattle Municipal Tower.

If we can provide any additional information, please let us know. You may contact Joseph Cunha, at 233-7820 for any questions.

STATE OF WASHINGTON -- KING COUNTY

--SS.

314156
CITY OF SEATTLE:FINANCE&ADMIN

No.

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

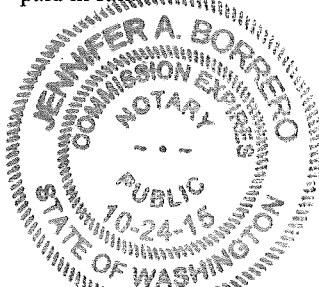
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:TAX RULE HEARING

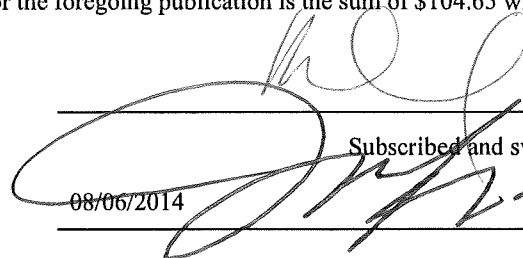
was published on

08/06/14

The amount of the fee charged for the foregoing publication is the sum of \$104.65 which amount has been paid in full.



Affidavit of Publication


Subscribed and sworn to before me on
08/06/2014

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

NOTICE OF PROPOSED RULE MAKING HEARING

AND OPPORTUNITY TO COMMENT

The Director of Finance, acting under the authority of Seattle Municipal Code Chapters 5.02 and 5.55, proposes to adopt new rules for implementing the Seattle Business License Tax Ordinance (Seattle Municipal Code,

Chapter 5.45). Please note that although these rules are applicable to SMC 5.45, the individual rules may also apply to other chapters of the City's Tax Code, including, but not limited to, SMC 5.30 (Definitions), SMC 5.32 (Revenue Code), SMC 5.35 (Commercial Parking Tax), SMC 5.40 (Admissions Tax), SMC 5.48 (Business Tax - Utilities), SMC 5.52 (Gambling Tax), and SMC 5.55 (General Administrative Provisions). The following rules are proposed for adoption or amendment and will become effective as of September 9, 2014:

Seattle Rule 5-015 Refunds

Seattle Rule 5-129 Tribes and Tribal members/Citizens

Seattle Rule 5-521 Stockbrokers and Security Houses

Seattle Rule 5-522 International Investment Management

Seattle Rule 5-620 Hospitals, other medical care facilities, adult family homes

PUBLIC HEARING AND COMMENT:
The Department of Executive Administration has scheduled a public hearing on the proposed rule changes for 10:00 p.m. to 12:00 p.m., on Tuesday, August 19, 2014. The hearing will be held in a conference room on the 40th floor of the Seattle Municipal Tower, Suite 4070, located at 700 Fifth Avenue. All interested persons are invited to present data, views, or arguments, with regard to the proposed rules, orally at the hearing, or in writing at or before the hearing.

Written comments should be mailed or delivered to:

Department of Finance and Administrative Services

Attn: Joseph A. Cunha, Tax Manager
License and Tax Administration

700 Fifth Avenue - Suite 4250

P.O. Box 34214

Seattle, Washington 98124-4214

The public may inspect copies of the proposed rules at the License and Tax Administration offices, 700 Fifth Avenue, Suite 4250. If you would like a copy of the proposed rules, please call (206) 233-3789, FAX (206) 684-5170, email: rca.bizlictx@seattle.gov, or submit a written request to the address above.

Glen Lee, Finance Director,
Department of Finance and Administrative Services

Date of publication in the Seattle Daily Journal of Commerce, August 6, 2014.

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