



**Director's Rule Template**

FILED  
CITY OF SEATTLE  
19 DEC 16 PM 12:14  
CITY CLERK

Department:  <b>City of Seattle</b> <b>Department of Finance and Administrative Services</b>	Rule No: <b>5-006</b>	Supersedes: <b>5-006</b>
	Publication: <b>November 5, 2019</b>	Effective: <b>January 1, 2020</b>
Subject: <b>Tax Returns - Filing and Payment</b>	Code and Section Reference(s): <b>SMC 5.55.040</b>	
Approved:   <hr/> Division Director	 <hr/> Date	
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**1. Purpose**

This draft rule updates return due dates for annual returns pursuant to HB1059. This rule also:

- Updates Department from Executive Administration and Consumer Affairs to Finance and Administrative Services
- Adds rule and examples for requesting extensions to file return.

**2. Rule**

For tax periods after December 31, 2019, annual tax returns are due on or before April 30th of the year immediately following the end of the period covered by the return. Quarterly tax returns remain due on the last day of the next month after the period covered by the return.

A taxpayer may request an extension to the due date for filing any tax return for good cause. The extension request shall be in writing and received prior to the due date of the return.

### **3. Definitions**

Penalty: If payment of any tax due on a return to be filed by a taxpayer is not received by the extended due date granted by the Director, the Director shall add a penalty in accordance with SMC 5.55.110, as it now exists or as it may be amended.

Interest: Interest shall continue to accrue on the unpaid balance of tax due at the rate set forth in SMC 5.55.090, as it now exists or as it may be amended.

## Seattle Rule 5-006

### Tax Returns - Filing and Payment.

- (1) **Responsibility of Taxpayers to Report.** Taxpayers have a responsibility to become informed about applicable tax laws and to report their tax liability in an accurate and timely manner. For more information, go to the City of Seattle's, Department of Finance and Administrative Services website.
- (2) **Authorized Forms.** Tax returns and remittances are to be filed with the Department by the taxpayer. Returns shall be made upon forms authorized by the Department (SMC 5.55.040 (B)). Forms provided by the Department will be mailed to all registered taxpayers prior to the due date of the tax, unless the taxpayer has opted to file electronically. (SMC 5.55.050 (G)). The Department may reject a return made on a form not authorized by the Department.
- (3) **Reporting Frequency.** The taxes imposed by SMC Chapters 5.32 (Amusement Devices), 5.40 (Admission Tax), 5.45 (Business License Tax), 5.48 (Utility Tax), and 5.52 (Gambling Tax), shall be reported and paid in quarterly installments, unless, at the Director's discretion, businesses are assigned to a monthly or annual reporting period. (SMC 5.55.040 (A)). Taxes imposed by SMC 5.52.030 (A)(2) and (B)(2) for punch boards and pull-tabs shall be reported and paid in monthly installments.
- (4) **Due Dates.** (SMC 5.55.040 (A)).
  - (a) For tax periods prior to January 1, 2020, quarterly and annual tax returns are due on the last day of the next month after the period covered by the return. For example, tax returns covering the first quarter of the year are due on April 30, and annual returns are due on January 31.
  - (b) For tax periods after December 31, 2019, annual tax returns are due on or before April 30th of the year immediately following the end of the period covered by the return. For example, annual tax returns covering the 2020 tax period are due on April 30, 2021. Quarterly tax returns remain due on the last day of the next month after the period covered by the return.
  - (c) Monthly tax returns are due on the last day of the next month after the month covered by the return. For example, a tax return covering the month of February is due on March 31, and a return covering the month of March is due April 30.

**Seattle Rule 5-006 Tax Returns - Filing and Payment.**

- (d) If the due date for filing a tax return falls upon a Saturday, Sunday, or legal holiday, the filing is timely if the return is either (i) received by the City (in the City's possession), or (ii) postmarked by the United States Postal Service, on the next business day (SMC 5.55.040 (F)).
  - (e) The postmark date as shown by the post office cancellation mark stamped on the envelope will be considered as conclusive evidence by the department in determining if a tax return was timely mailed by the taxpayer. Private metered marks are not conclusive. It is the responsibility of the taxpayer to mail the tax return sufficiently in advance of the due date to assure that the postmark date is timely (SMC 5.55.050 (B)).
- (5) **Payment with Return Required.** The Director may refuse to accept any return which is not accompanied by a remittance of the tax shown to be due thereon, or any check which is not accompanied by a return, and if not accepted, the taxpayer shall be deemed to have failed to file a return, and shall be subject to the penalties prescribed in SMC 5.55.110. If the tax return is accepted without payment and payment is not made by the due date, late penalties will apply until the tax is paid.
- (6) **Method of Payment.** (SMC 5.55.050 (A)).
- (a) Payment of taxes must be made in United States currency by bank draft, certified check, cashier's check, personal check, money order, cash, or by wire transfer or electronic payment.
  - (b) Payment by cash must be made at the Department of Finance and Administrative Services, Seattle Municipal Tower, 700 Fifth Avenue, Suite 4250, Seattle, Washington 98104.
  - (c) Payment of tax may be made by uncertified bank check, but if any such check is not honored by the bank on which drawn, the taxpayer shall remain liable for the payment of the tax and fee and will be subject to penalties. The department may refuse to accept any check which, in its opinion, would not be honored by the bank on which such check is drawn. The remittance covered by any check that is so refused will be deemed not to have been made and the taxpayer will remain liable for the tax due, the fee, and the applicable penalties.
- (7) **Completing the Return.** (SMC 5.55.040 (B) and (C)).
- (a) All returns shall be signed by the taxpayer or by a responsible officer or agent of the taxpayer, unless the taxpayer has opted to file electronically. The individual signing the return will certify or declare, under penalty of

**Seattle Rule 5-006 Tax Returns - Filing and Payment.**

perjury under the laws of the State of Washington, that the information contained in the return is true and correct.

- (b) Taxpayers must report gross revenue and eligible deductions, regardless of whether any tax is due for the reporting period. Deductions must be itemized in the space provided on the tax return. A taxpayer claiming a miscellaneous deduction under the category "Other"; must provide a written description of the deduction. If no description is provided, the deduction will be disallowed. If there is a discrepancy between the amount of the itemized deductions and the amount claimed in the deduction column of the return, the itemized total will be used to calculate the tax due.

(8) **Amended Returns.** A taxpayer may correct a return by filing an amended return, provided that:

- (a) the amended return is filed within the applicable statute of limitations for assessment or refund; and
- (b) the period covered by the amended return has not been the subject of an assessment or other administrative or judicial proceeding.

(9) **Extensions.** (SMC 5.55.050 (C)).

- (a) A taxpayer may request an extension to the due date for filing any tax return for good cause. The extension request shall be in writing and received prior to the due date of the return.
- (b) **Penalty:** If payment of any tax due on a return to be filed by a taxpayer is not received by the extended due date granted by the Director, the Director shall add a penalty in accordance with SMC 5.55.110, as it now exists or as it may be amended.
- (c) **Interest:** Interest shall continue to accrue on the unpaid balance of tax due at the rate set forth in SMC 5.55.090, as it now exists or as it may be amended..
- (d) **Examples**

**Example 1:** Company ABC is located in Seattle and provides professional services to customers engaged in business throughout Washington. ABC is reporting and under the Service and Other Business Activities classification and files its Seattle Business License Tax on a quarterly basis. As such, their returns are due on the last day of the next month after the period covered by the return. For the tax returns covering the first quarter of the year, the returns are due on April 30. However,

**Seattle Rule 5-006 Tax Returns - Filing and Payment.**

because of an unexpected computer virus, ABC is not able to retrieve the data necessary to prepare their return. ABC requests a 30-day extended due date for filing its return on April 16. The Director may grant an extension to May 30 for ABC to file its first quarter tax return.

**Example 2:** Same facts as Example 1, however, ABC files and pays their return on May 25, prior to the extended due date. Therefore, ABC will not be assessed a penalty. Interest, however, will be due in accordance with SMC 5.55.090.

**Example 3:** Same facts as Example 1, however, ABC requests a 30-day extended due date for filing its return on April 30. The extension request was not received prior to the due date. Therefore, the Director may deny the extension request.

**Example 4:** Same facts as Example 1, however ABC does not file its return until June 15. The Director shall add a penalty in accordance with SMC 5.55.110. The extended return due date was May 30. Therefore, the return is 15 days late and there is assessed a total penalty of nine percent of the amount of the tax. Interest is also due in accordance with SMC 5.55.090.