



LABOR STANDARDS FOR BUSINESS

**BUSINESS LICENSING AND
INDEPENDENT CONTRACTOR RIGHTS**

Workshop
Facilitators

BUILD 206



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LABOR STANDARDS FOR BUSINESS

AGENDA

- **THE IMPORTANCE OF BUSINESS COMPLIANCE**
- **BUSINESS LICENSING IN WA STATE & THE CITY OF SEATTLE**
- **BUSINESS TAXATION IN WA STATE & THE CITY OF SEATTLE**
- **INDEPENDENT CONTRACTOR PROTECTIONS IN THE CITY OF SEATTLE**
- **RESOURCES TO REMAIN IN COMPLIANCE**

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THE IMPORTANCE OF COMPLIANCE

- Business compliance applies to federal and state laws.
- Compliance can include licensing, employment, taxation, and more.
- Enforcing compliance helps your company prevent and detect violations of rules.
- Complying helps protect your organization from fines and lawsuits.
- The compliance process should be ongoing.
- Compliance may vary by industry, location, or specific process.

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Business **Licensing**

Ensuring Your Business or Organization is correctly licensed to do its best work

Step 1 - State Registration

To do business in the State of WA, you must first register with the Department of Revenue (DOR) to obtain your Unique Business Identification (UBI) Number. Your UBI is required to register to do business in the City of Seattle.



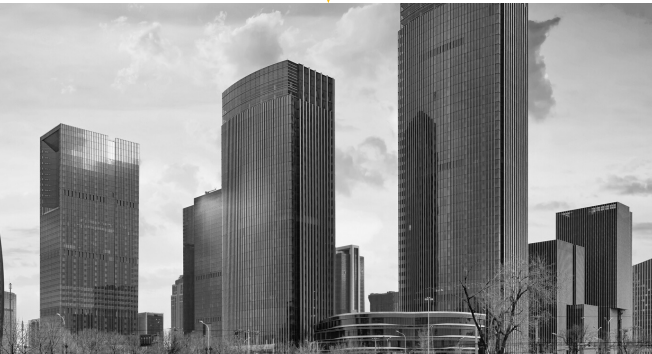
Step 2 - City Registration

To do business in the City of Seattle, you must register for your City of Seattle Business License. This license allows you to legally conduct business within city limits. A WA state UBI is required to file for your Seattle Business license.

Step 3 - Tax Filings

If your business or organization is registered to do business, you are **REQUIRED** to submit tax filings.

State of WA - Monthly or Quarterly, & Annually
City of Seattle - Quarterly or Annually



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PAYING TAXES IN THE STATE OF WA

- Washington has NO State Income Tax.
- Businesses are ONLY responsible for paying Business & Occupation (B&O) tax.
- Your B&O Tax Rate is calculated on your GROSS INCOME from your business activities.
- Your B&O Tax Rate will vary depending on your Business Classification.
 - All state taxes are filed electronically via your [WA State DOR Account](#)
 - You can file Monthly (due on the 25th of the month) or
 - Quarterly (due at the end of the month following the quarter)
 - Annual Excise Tax Returns are due by April 15th of the following year (for the previous year)

You MUST still file a return even if you had \$0.00 in Business Activity

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PAYING TAXES IN THE STATE OF WA

- Your gross revenue determines the amount of tax you pay.
- To calculate this amount, multiply your taxable gross revenue amount by the tax rate.
- Example: The Retailing tax rate is 0.00471 (.471%) and your business has gross revenue amount of:
 - \$100,000, the business pays \$471
 - \$1,000,000, the business pays \$4,710, and so forth.

Business & occupation tax classifications

Major B&O classifications

B&O classification	Rate
Retailing	.00471
Wholesaling	.00484
Manufacturing	.00484
Service & other activities	.015
Service & other activities (\$1 million or greater in prior year)	.0175

- Your business classification will determine your tax rate
- Learn more about Business Classifications at [WA State Business Classifications](#)
- Remember you still **MUST** file - even if your gross income is \$0 to report No Activity.

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PAYING TAXES IN THE CITY OF SEATTLE

- The City of Seattle applies a Business & Occupation (B&O) tax for all active businesses.
- Businesses do not owe (B&O) tax if they have gross annual income of less than \$100,000.
 - The tax is applied to the GROSS REVENUE that the business has earned.
- Your gross revenue determines the amount of tax you pay.
- To calculate this amount, multiply your taxable gross revenue amount by the tax rate.
 - Example: The services sales tax rate is 0.00427 (.427%) and your business has gross revenue amount of:
 - \$100,000, the business pays \$427
 - \$1,000,000, the business pays \$4,270, and so forth.
- Filing is still REQUIRED even if you had no activity (ex: Nonprofit Organizations)
- Seattle businesses (annual filers) now have until April 30 to file returns and submit payments due.

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CURRENT TAX RATES - CITY OF SEATTLE

Tax Classifications & Rates

2018-2023 Business & Occupation Tax Rates

Classification	Tax Rate
Manufacturing - Extracting	0.00222
Printing - Publishing	0.00222
Wholesaling	0.00222
Retail Sales & Retailing Serv	0.00222
Service & Other Business Activ	0.00427
Transporting Freight For Hire	0.00427
Tour Op / Proc for Hire	0.00222
International Investment Management Services *	N/A

* Tax repealed effective January 1, 2017

- Your business classification will determine your tax rate
- Learn more about Business Classifications at [City of Seattle Business Classifications](#)
- Remember you still **MUST** file - even if your gross income is \$0 to report No Activity.



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BUSINESS LICENSING RESOURCES

- **OBTAIN YOUR WASHINGTON STATE BUSINESS LICENSE**
 - Visit the [WA State Department of Revenue](#) Website
 - Pay the fee for the WA Business License - 2023 Fees: \$50.00
- **OBTAIN YOUR CITY OF SEATTLE BUSINESS LICENSE**
 - Visit the [City of Seattle Business Licensing](#) Webpage
 - Pay the fee for the City of Seattle Business License - 2023 Fee: Starting at \$65.00
- **LET BUILD COVER THE COSTS**
 - BUILD will reimburse the costs of Licensing up to \$120
 - Applies to 2023 business licensing (or licensing renewals)
 - Upload Your Receipts of Purchase - BUILD Licensing Reimbursement Form
 - Submit a W9 for yourself or your business
 - Receive a Reimbursement for your fees (via check) in 2 - 3 weeks

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Independent Contractor Protections



What is Covered Under these Protections

The Seattle Office Labor Standards enforces protections for those operating as Independent Contractors working for Commercial Hiring Entities in the City of Seattle. This coverage is ALL or NOTHING - meaning if any part of the work is performed in the City of Seattle AND the hiring entity knows or has reason to know that part of the work is being performed in the City of Seattle, then the performance under the whole contract is subject to this law.

01 **Contracts for Services**

Contracts \$600 or more AND Cumulative Services provided within the Calendar Year

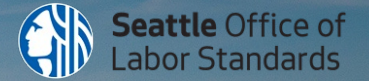
02 **Independent Contractors**

Individual hired by a commercial hiring entity as self-employed to provide compensation services AND is working in Seattle.

03 **Commercial Hiring Entities**

Any employer who employs a covered individual, AND any individual, partnership, association, corporation, business that pays a wage (or wages) for services of a covered individual

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Independent Contractor Protections Exclusions

Lawyers

Lawyers engaged in the practice of law for service at the time of contract issuance are excluded from protections



Contractors for Transportation Network Companies

Companies that provide application dispatch services via an application dispatch system for fares
(Ex: Taxis & Limo Services)

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Law Requirements

Understand what is required by law for business entities to remain in compliance



Notice of Rights

Informing the contractor of their rights under this Ordinance. This can be done via the contract by providing an advance review



Pre-Written Work Notice

Identification of the Scope of Work and payment for services in a single document BEFORE work begins.



Timely Payment

In accordance with the terms and conditions of the Pre-Written Work Notice or if not specified, payment made within 30 days after work is done.



Written Notice

Providing specific itemized payment information (ex: paystub or summary of services) each time the contractor is paid.



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INDEPENDENT CONTRACTOR RESOURCES

- **QUALITY CONTRACT TEMPLATE**
 - Review your terms and conditions annually.
 - Ensure you are including required protections/clauses in your templates.
 - Ask for Help - Reach out to the [Office of Labor Standards](#) or [BUILD](#) for assistance.
- **KNOWING MINIMUM WAGE RATES IN THE CITY OF SEATTLE**
 - Available online [City of Seattle Minimum Wage Rates](#)
 - Updates are (usually) made annually
- **COMMUNICATE WITH YOUR CONTRACTOR**
 - Share your agreement template in advance
 - Give your contractor time to review and discuss the scope of work & payment with you.
 - Be open to negotiation and changes.
 - Follow Up with the contractor when work is completed according to the contract.



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WHAT HAPPENS IF YOU ARE NOT COMPLIANT?

- **CITY OF SEATTLE - OFFICE OF LABOR STANDARDS ENFORCEMENT ACTIONS**
 - A contractor can report your business or organization as being non-compliant.
 - This may trigger an investigation into your practices.
 - If you are found to be out of compliance, you may end up paying a fine + money owed to your contractor(s).
- **STATE OF WA TAXATION**
 - Your account will become delinquent for non-payment of taxes.
 - Penalties and Interest will accrue until the entire balance is paid.
 - If you do not respond to the letters and notices - a Revenue Agent will be assigned to your account.
 - A Tax Warrant can be issued and your business license revoked for non-payment of taxes.
- **CITY OF SEATTLE TAXATION**
 - Your account will become delinquent for non-payment of taxes.
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 - If you do not respond to the letters and notices - a Revenue Agent will be assigned to your account.
 - A Tax Warrant can be issued and your business license revoked for non-payment of taxes.

GOT QUESTIONS?

Seattle Office of Labor Standards

www.seattle.gov/laborstandards

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Visit BUILD Labor Standards

BUILD206.com/laborstandards