

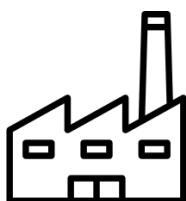


# BUSINESS & OCCUPATION TAX CLASSIFICATIONS

## WHAT IS BUSINESS & OCCUPATION TAX?

The City Business & Occupation (B&O) tax is a gross receipts tax. It is measured on the value of products, gross proceeds of sales, or gross income of the business. For purposes of the B&O tax, business activity is reported under a certain tax classification and each tax classification has its own tax rate. Businesses conducting multiple activities may need to report under more than one tax classification and corresponding tax rate.

## B&O TAX CLASSIFICATIONS



**Manufacturing** – Manufacturing businesses produce a new, different or useful substance, or article of tangible personal property from raw materials by applying labor or mechanical services.

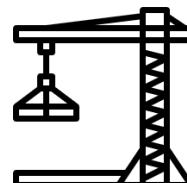
Example: A cabinet maker obtains raw materials and cuts and assembles the wood. They then affix hardware to the doors and stain the cabinets into the final product.



**Retailing** – Retailing businesses sell tangible personal property at retail to the end user or operate in the activity of installing, repairing, cleaning, altering, imprinting, improving, constructing, or decorating real or personal property for consumers.

Example 1: A store located in a shopping mall selling clothing, electronics, or other items.

Example 2: The prime contractor working on a construction site.





**Wholesaling** – Wholesalers sell goods and services to businesses who resell them in the regular course of business to consumers.

Example 1: A food distribution company selling meats and produce to markets, supermarkets, and other food distributors.

Example 2: A sub-contractor working on a construction site.



**Service & Other/Service & Other Apportioned** – The Service & Other classification is for businesses that provide personal and professional services. This is also a “catch-all” category for businesses not subject to another B&O tax classification.

Examples: Lawyers, doctors, financial institutions, real estate brokers, accountants, janitors, and tutors.

Note: If your business operates in multiple jurisdictions you will need to apportion and file as Service & Other Apportioned; please see our website below for more details.



**Retail Service** – Retail Service includes the sale of or charge made for personal, business, and some professional services. This classification also includes income generated from interest, rents, admission fees, and other services.

Example 1: Amusement and recreation services for a bowling alley, skating rink, pool hall, batting cage, or axe throwing facility.

Example 2: Parking in a garage and paying an hourly, daily, or monthly fee.

Example 3: Rental of tangible personal property.

*For more information, check out [tacoma.gov/taxandlicense](http://tacoma.gov/taxandlicense).*



**Finance Department**  
Tax & License Division  
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253-591-5252

Note: This Information Sheet does not substitute for codes and regulations. The business owner is responsible for compliance with all codes and regulations, whether or not described in this document.

To request this information in an alternative format or a reasonable accommodation, please call 253-591-5252.

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