

Small-Business Guide

WASHINGTON STATE



CLOSE **GROW** **RUN** **OPEN** **PAYROLL** **START** **PLAN**



Questions or Comments:

Governor's Office for Regulatory Innovation and Assistance

Information Center

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PLAN your business



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PLAN your business

Are you considering starting a business?

Starting a business is a big decision. If you've never owned a business before, you may be unaware of all the things you need to do to get your business going. Careful planning and research will improve your chances of success.

First, ask yourself – “Why Start a Business?”

Asking and answering this question will help to frame your motivation for everything you will need to do and learn to start a business. Becoming an entrepreneur is not for everyone. In business, there are no guarantees. There is simply no way to eliminate all the risks. It takes a special person with a strong commitment and specific skills to be successful as an entrepreneur. Understanding what it takes to be entrepreneurial is an important part of preparing yourself for the commitment and workload required to be successful.

Are you ready to start your own business? There are two tools that can help you understand your readiness for starting a small business. It is not a scientific assessment. Rather, it will prompt you with questions and assist you in evaluating your skills, characteristics, and experience – as they relate to your readiness for starting a business. One tool will provide videos and the second tool is a checklist, use the one that best fits your learning style.

- [Entrepreneur Academy](#)
- [Going Into Business Checklist](#)

There is also a great quick read provided by the Washington State Department of Commerce with additional assessment tools.

- [Pre-Game](#)
- [Getting Into Shape](#)
- [Deal Breakers](#)

Business training

You don't need a degree in business to start one, but knowledge is power. Taking classes and attending workshops are excellent ways to gain the knowledge you will need to be successful.

Training opportunities:

- [Small business workshops \(SBRR\)](#)
- [Small Business Administration](#)
- [SCORE](#)
- [Small Business Development Center](#)
- [Business Impact NW](#)
- [Washington Center for Women in Business](#)
- [Veterans Business Outreach Center](#)
- [Career Bridge](#) – business training
- [Government training opportunities](#)
- [Your local community college](#)
- [Your local chamber of commerce](#)
- [Your local economic development organization](#)



Business planning

Writing a comprehensive business plan is the first step in starting a business. Your business plan will:

- Guide you as you make your business a reality.
- Help you avoid costly mistakes.
- Assist you in preparing financially, whether you plan to fund your business yourself or to obtain outside financing.
- Gain the confidence of others who may have an interest in your business, such as partners, investors, landlords, and suppliers.

The most valuable part of writing a business plan is the education you gain by researching and writing it. While it may be tempting to hire someone to prepare your plan or to buy an off-the-shelf plan for your type of business, it is in your best interest to do the work yourself. That doesn't mean you should do it alone. It would be wise to work with mentors, consultants, or advisors through the process. Their guidance can save you a lot of time and effort. Below is a list of organizations that can help as you develop your plan.

- [Department of Commerce Mystartup365.com](http://DepartmentofCommerceMystartup365.com)
- [U.S. Small Business Administration](http://U.S.SmallBusinessAdministration)
- SCORE
- [Business Impact NW](http://BusinessImpactNW)
- [Washington Center for Women in Business](http://WashingtonCenterforWomeninBusiness)
- [Washington Small Business Development Center](http://WashingtonSmallBusinessDevelopmentCenter) (contact after you have a draft plan)
- [Community Business Connector](http://CommunityBusinessConnector) (King County)
- [The Washington State Microenterprise Association Evergreen BizLink](http://TheWashingtonStateMicroenterpriseAssociationEvergreenBizLink) (statewide technical support providers)

A typical business plan includes the following:

Mission and vision statements

A mission statement is a brief description of what you do. It helps you and those working with you to stay focused on what's important. A vision statement answers the question "What do we want to become?" It provides you with direction as you make decisions that will impact the future of your business.

Descriptions of business structures

A business is a legal entity separate from an individual or marital community, a sole proprietorship or a general partnership. It can own property, hold bank accounts, and is required to pay taxes. There are different types of business structures, each with unique benefits and limitations.

For a Nonprofit Corporation business structure please see the Washington State Nonprofit Handbook located at the Washington Secretary of State [Corporations and Charities Division](http://CorporationsandCharitiesDivision) website.

To better understand your obligations regarding your business and its structure, seek sound council to discuss which option is best suited for you and your business. This could be [legal](#) advice, [tax](#) advice, or business advisors, including, but not limited to: [Small Business Development Centers](#), [Small Business Association](#), or [SCORE](#). Things to consider when making your decision include:

- Think of where your business will be in five to ten years and align your business structure to that.
- The number of owners now and in the future.
- Liability concerns.
- Federal tax implications – [Internal Revenue Service \(IRS\)](#).

- Registration and tax filing requirements and costs.
- Paperwork and entity management considerations.

Sole Proprietorships are a business with a sole owner (single or married couple) in which the owner(s) may be personally liable for business debts, claims against the business, and federal taxes.

Limited Liability Companies (LLCs) are the most common business structure amongst small businesses. LLCs have fewer governance requirements than corporations but similar to corporations, have limited legal liability. Creating an LLC requires filing with the Washington [Secretary of State](#). In addition, LLCs must create an Operating Agreement, which is a governance document establishing the rules and operations of the LLC. For federal taxes, LLCs are typically treated like sole proprietorships if there is one owner, or like partnerships if there is more than one owner. However, by filing an [Entity Classification Election form](#) with the IRS, LLCs can be treated like corporations for federal tax purposes.

NOTE: See the U.S. Small Business Administration for an overview of what is included in an [Operating Agreement](#). You can also contact your local library to provide some examples of a blank operating agreement at no cost.

General Partnerships are like sole proprietorships with more than one owner. Partners share managerial duties, profits and losses, and each is personally responsible (liable) for all business debt. For federal tax purposes, the business is required to file a [partnership](#) return, with the income or loss going to each partner based on how much of the business each owns.

Corporations also have limited liability like LLCs, but have additional requirements when registering as well as for their internal governance. As with LLCs, corporations have limited legal liability. To form a corporation, you must file with the Washington [Secretary of State](#) and create a governance document known as "bylaws." This internal governance document defines how key business decisions are made and designates duties, powers, and responsibilities of officers and shareholders (aka owners or stockholders). Even if your state does not mandate a set of bylaws, it is highly recommended that you create one to protect yourself and your business. Additional requirements and responsibilities for Corporations are issuing stock certificates, holding annual meetings which have documentation requirements, electing directors, etc. Working owners of corporations are employees and must have federal payroll taxes withheld and reported the same as other employees. [Corporations](#) file federal corporate tax returns with the IRS. If qualified and applied for on a timely basis, corporations may choose pass-through taxation ("[S-Corporation](#)").

Limited Partnerships (LPs) are composed of one or more general partners and one or more limited partners. Creating an LP requires filing with the Washington [Secretary of State](#) (similar to LLCs and corporations). The general partners manage the entity and share fully in its profits and losses. To protect themselves from liability, general partners are often corporations or LLCs rather than individuals. Limited partners share in the profits of the business, but their losses are limited to the extent of their investment. Limited partners are usually not involved in the day-to-day operations of the entity. Obtain legal advice before choosing an LP structure for your business.

Market analysis

A market analysis will help you determine if there is a need in the marketplace for your product or service, who would be most likely to buy your offerings, and where your customers are located. Include:

- An analysis of your industry.
- Evidence of demand for your product or service.
- A description of your target market (customer profile).



- Your market size (looking at area demographics and the growth of your industry).
- Your competition and why people would choose your product or service over the competition.
- Estimated sales volume and revenue.
- Commerce has a free planner to do initial analysis ([SizeUp!](#)).



Marketing plan

Once you've identified your customer, you need to explain how you will get your customers to buy your product or service. Include:

- Your pricing strategy including the price floor (the price at which you would break even), the price ceiling (the maximum price people would consider paying for your product or service), and your pricing relative to your competition (same, lower, higher).
- Your desired image (in light of your target market) and how to achieve it through advertising, signage, business cards and letterhead, brochures, office/store appearance, your appearance, and other means of outreach.
- Your promotion and advertising strategy to reach your target market (such as use of website, social media, yellow pages, news releases, personal network, cold calls, newspaper, radio, television advertising, direct mail, etc.).
- The costs and timing of your marketing activities.

Operations plan

This reflects all the basics of operating your business and includes:

- Your business location. Who owns it? What are the lease terms? What will be required to get it ready with regard to zoning, permitting, construction, and tenant improvements?
- Furnishing, fixtures, equipment, and supply needs.
- Inventory. What will you inventory in what volumes? Who will your vendors be? How will you store and track the inventory?
- Description of operation, such as the activities from when an order for products/services is received through its delivery, the cycles for inventory or materials/supplies purchase, and other cycles inherent to your business.
- Key players and their operational roles in the business (co-owners, managers, advisors).
- Legal needs, insurance needs, and an understanding of your regulatory requirements.
- Recordkeeping and accounting needs (inventory tracking, accounting system, billing method, filing systems, etc.). Who will handle day-to-day accounting? Who will be your business banker? Who will be your business accountant and what services will they provide?
- Consider including a section on emergency preparedness. Unexpected natural and human caused events could damage or destroy your business and its records. [Prepare a plan](#) in advance.
- Another good planning tool designed specifically for small businesses can be found on Commerce's [small business site](#).

Personnel plan

Most new businesses start small and grow. When you do hire, having employees with the right attributes and skills for your business will be very important to your success. There are resources to help you with employment planning, including [Labor Market Information](#).

Employment is an area that has a lot of regulations, including minimum wage, overtime pay, leave and benefits, pregnancy accommodations, employment of minors and family members, workplace safety, etc.

The use of independent contractors is a frequently misunderstood area. Generally, state and federal law would require that an individual be treated as an employee unless the individual:

- It is truly in business for himself or herself.

- Is licensed and actively markets his or her services.
- Has multiple clients/customers.
- Is performing work that is outside the business's normal activities.

Being an employer also requires you to keep detailed records and fulfill your tax reporting obligations. It is important that you understand the regulations and costs as you plan your business. The links below can help you understand your responsibilities.

Labor law

- [Wage and hour laws](#) (such as minimum wage, overtime, breaks, etc.)
- [Workplace poster requirements](#)
- [Employment of minors](#)
- [Non-Discrimination Laws](#)
- [Independent contractors](#) (Washington State Labor and Industries)
- [Independent contractors](#) (Washington Employment Security Department)
- [Independent contractors](#) (U.S. Internal Revenue Service)
- [Workplace safety](#) (including required written accident prevention program)
- [Federal payroll taxes](#)
- [Child Support Withholding Laws](#)
- Restrictions on [noncompete agreements](#)
- [Equal Pay and Opportunities Act](#), including prohibitions against salary history and requiring salary secrecy
- [Isolated worker protection](#)
- [Overtime Requirements](#)

Worker benefits

- [State unemployment taxes](#)
- [Workers' compensation insurance](#)
- [Washington Health Benefit Exchange](#)
- [Washington Healthplanfinder](#)
- [Paid sick leave](#)
- [Paid Family and Medical Leave](#)
- [Other types of leave](#)
- [Retirement marketplace](#)

NOTE: If you have workers in Seattle, Tacoma, or SeaTac, check with your city for minimum wage and other employment requirements.

Include in your Personnel Plan:

- Positions needed and when.
- Whether employees are permanent or temporary. If temporary, whether you'll employ them directly or use an outside agency.
- Job descriptions and skill needs.
- Training requirements.
- Compensation and benefits.
- Personnel policies.





Employee benefits

Health insurance

Offering benefits, such as health insurance, can help you attract and retain good employees. When looking for a health plan for yourself or your employees, it is important to know your goals for providing health coverage. For example, do you wish to contribute to your employees' monthly health premiums, or do you want to support your employees in finding their own coverage? Whatever your goals or resources may be, the [Washington Health Benefit Exchange](#) can help you and/or your employees learn about your options. For more information on accessing health insurance options for your business email us at smallbusiness@wahbexchange.org.

The Washington Health Benefit Exchange operates the state's official online health insurance marketplace, [Washington Healthplanfinder](#).

On *Washington Healthplanfinder*, employers and employees can:

- Shop, compare, and sign up for individual health and dental plans.
- Get exclusive access to federal tax credits to lower monthly costs.
- Apply for Washington Apple Health (Medicaid).

Wondering what your options are? Employers and/or employees can submit a no obligation application on *Washington Healthplanfinder* to see the individual plans and tax credits available to them.

Enrollment times

You and/or your employees can enroll in individual plans during open enrollment (starting Nov. 1) for the following coverage year. If trying to enroll outside of open enrollment, individuals need a qualifying life event. Examples of qualifying life events are loss of employer coverage, addition to your family, permanent move to Washington State, ([see full list of qualifying life events](#)). Qualifying life events must be reported within 60 days of when the life event occurred.

Washington Apple Health (Medicaid) is available to those who qualify year-round (i.e. does not require a special enrollment period).

Group plans and more

Looking to support your employees by providing or subsidizing their health coverage? Certified brokers at our enrollment centers can help you compare group plan options, health reimbursement accounts, and health savings account options.

Need help

Our certified brokers can help you and your employees, *free of charge*, understand your coverage options, the financial assistance available, and even help you apply for coverage.

To learn more about your coverage options or to be connected to a broker, email smallbusiness@wahbexchange.org.

Financing plan

You need to have a well-researched estimate of the start-up and operating costs of your business. You also need to have a realistic expectation of the amount of money your business will bring in. These projections will help you prepare financially for starting your business, whether you finance the business yourself or seek outside loans or investors.

Include projections of:



- Start-up costs. Determine how much start-up money you'll need for facilities, equipment, furnishings, fixtures, supplies, signage, licenses and permits, advertising and marketing, advisors, etc. Include all costs necessary to execute your business plan.
- Monthly cash flow projection. A cash flow projection is effectively your budget. You should budget at least 24 months at a high level of detail, showing the amounts and timing of cash flowing into and out of the business. Together, start-up costs and cash flow projection will show the total funds needed for the business to reach the point of sustainability (when it can pay for itself).
- Projected profit and loss statements (P and Ls) for at least two years. P and Ls, also called income statements, show a picture of the business using the equation:
$$\text{Revenues} - \text{Expenses} = \text{Profit (or Loss)}$$
- Projected balance sheets for the start of the business, the end of year one and two. Balance sheets show a picture of the business using the equation:
$$\text{Assets} - \text{Liabilities} = \text{Net Worth (or Equity)}$$

Financing

Once you know how much money your business will require to reach the point where it can begin supporting itself, you can determine how to get the needed funds.

- Potential sources of funding include owner savings, friends, family, other private lenders, business partners, credit cards, business loans, public stock offerings, etc. Not all of these sources may be appropriate for you and your business.
- Although you may have heard rumors that there are grants to start businesses, it is generally not true. Only in very specific situations are grants provided for starting a business; an example would be scientific research and development that is needed by federal agencies. The Department of Commerce has a free guide outlining 27 strategies for raising business capital called [Startup Wisdom](#). To find the most current funding opportunities and models check out the Washington State Department of Commerce [Access to Capital - Startup Washington](#).
- Business loans typically require the "5Cs:"
 - Capital/Cash – the owner's cash investment. Owners usually must bring 25–30% of the funds needed to start a new business.
 - Capacity/Cash Flow – evidence that the business owner has the ability to start and run the business successfully. The owner's industry experience, business training, and management experience, in combination with a well-developed business plan, will help establish capacity. The cash flow projection is critical here, and it needs to show the ability of the business to meet its financial obligations, including making loan payments. Most banks require a minimum of two years of profit, but banks will also look at your bank relationship and personal credit if you are a new business.
 - Collateral – something of value to pledge. Typically, collateral includes business property, furnishings, fixtures, equipment, and inventory, plus owner assets outside of the business (real estate, stock, etc.).
 - Character – confidence that the owner takes responsibilities seriously, as demonstrated, in part, through the owner's credit history.
 - Conditions – confidence that the overall environment (economy, industry trends, and market forces) supports the business's potential for success.
- The act of seeking investors and private lenders is highly regulated and requires an understanding of [securities laws](#).
- If you can't finance your business at the level you first planned, think of ways you might scale back your plans, such as:
 - start smaller.
 - buy fewer supplies/equipment.
 - lease equipment or buy used equipment.

- hire fewer employees.
- find a less expensive location, etc.

NOTE: Be aware that changes you make on the expense side will likely affect your revenue projections.

- Go to these websites for assistance with business financing:
 - [U.S. Small Business Administration](#)
 - [Small Business Development Center](#)
 - [Washington Department of Commerce](#)
 - [Small Business Administration \(SBA\) Veteran Office](#)
 - [Small Business Administration \(SBA\) Microlenders in Washington State](#)
 - [Fundera](#)

Need assistance?

State of Washington [Small Business Liaisons](#) can help you get the information and resources you need.

Help us improve the Small Business Guide by filling out a short, confidential [survey](#).



START your business

May 2025



START your business

Have you prepared your business plan?

You won't want to start your business before you have completed your business plan! You may want to go to the [PLAN](#) section of the Small Business Guide for some business planning guidelines. For planning assistance and more in-depth information regarding any of the steps on this page, you may wish to check out the following resources:

- [U.S. Small Business Administration](#)
- [SCORE](#)
- [Business Impact NW](#)
- [Washington Center for Women in Business](#)
- [Washington Small Business Development Center](#) (contact after you have a draft plan)

Are you buying an existing business?

If you are buying a business or even just some of the assets of a business, be aware that you may inadvertently be buying past liabilities in the form of unpaid taxes and experience ratings. Get competent legal advice before purchasing a business because these past liabilities are not necessarily part of the regular financial documents.

- For potential liabilities related to the Department of Revenue, you should require the owner to provide a [Tax Status Letter](#) with regard to any outstanding taxes by the business. You may also need to pay [Use Tax](#) to the Department of Revenue on the value of tangible assets included in the purchase, such as equipment, furnishings, supplies, etc. For more information, see our Tax Topics article titled [Buying the assets of a business](#).
- For workers' compensation, the purchaser of a business is potentially liable for premium owed, outstanding or pending audit assessments, as well as inheriting the claim responsibilities and their impact on future premium rates. Potential purchasers should request the seller for data and information listed on this [Buyer Beware](#) publication.
- For unemployment insurance, you may inadvertently be buying past liabilities and be held accountable for the predecessor's debt.

Choose a business structure

What form of business structure you select is an important decision that can have long-term impacts, it is important to do your research on what is best for your long-term plans.

Keep in mind that there **is not** a graduated process for starting a business and upgrading the structure when you get bigger. The idea is not to start as a sole proprietor and eventually grow to be an LLC.

It is best to consider what you think your business will be like in five years and start with that business structure. If you move from a sole proprietorship to an LLC, you are starting over from the beginning and lose valuable business history.

Washington State business and organization structure considerations:

Considerations	Sole Proprietorship	General Partnership	Limited Liability Company (LLC)	Corporation
File/Registers with Washington Secretary of State	No	No	Yes	Yes

Considerations	Sole Proprietorship	General Partnership	Limited Liability Company (LLC)	Corporation
Processing Timeline	Apply online: Up to 10 business days to process. By mail: Up to 2–3 weeks to process. Note: If you have city or state endorsements, it may take an additional 2–3 weeks to receive your business license due to approval time. Does not include additional permits and licenses.		In-person services: Same day. File online: 5 business days to process. Paper Expedited Services: 2–3 business days to process. Paper Standard Services: 2–3 weeks to process. Note: Additional fees apply for the same day and expedited services. Does not include additional permits and licenses.	
Liability Coverage	The individual/marital community are liable for debts and taxes.	Partners are liable for debts and taxes.	Members are not typically liable for debts other than taxes.	Shareholders are not typically liable for debts other than taxes.
Operational Requirements	Business License and additional state agency reports based on operations.		File an annual report with the Washington Secretary of State. Business license and additional state agency reports based on operations.	File an annual report with the Washington Secretary of State. Business license and additional state agency reports based on operations.
Management Structures	Individual or marital community determines the management.	Each partner has an equal voice, unless otherwise arranged.	The operating agreement outlines the governance and management should be maintained annually with updates as needed.	Bylaws outline governance. Typically managed by directors who are elected by shareholders. Hold annual meetings.

Considerations	Sole Proprietorship	General Partnership	Limited Liability Company (LLC)	Corporation
Federal Taxation	Reports all business revenues, expenses, and pays taxes through personal returns.	Each partner reports their share of business revenues, expenses, and pays taxes through personal returns.	An LLC has options regarding taxation. They can file like a sole proprietorship, general partnership, or corporation depending on the number of members.	If standard Corporation (C-Corp), taxed as a business. If dividends are distributed to shareholders, dividends are taxed at the individual level. Can elect to be an S-Corp with IRS, wherein each shareholder reports their share of the business revenues, expenses, and pays taxes through personal return.
Washington Excise Taxation and Liability (Washington Department of Revenue)	Taxes based on business income			

NOTE: This information is for reference only, for detailed considerations, contact your trusted legal or tax advisors.

Determine your business name

Legal entity names become recorded when you file a legal entity such as a Limited Liability Company or Corporation. You can register a trade name when you complete your Washington Business License Application, at a cost of \$5 per name. If you also want to trademark a name, you may want to consult an intellectual property [attorney](#). If your business activities will extend beyond Washington State, file for a trademark with the [U.S. Patent and Trademark Office](#). If your business activities will stay within Washington, file for a trademark with the Washington [Secretary of State](#).

When deciding on a business name, there are many things to consider:

- Will it appeal to your potential customers?
- Will it work well in graphic design and marketing?
- Is anyone else using the name? If so, could there be confusion in the marketplace, or could you be infringing on their legal name, trademark, or service mark? Learn the difference between a “[Legal Entity Name \(Article 3 RCW 23.95\)](#),” “[trade name](#),” a name used in the course of business, and a “[trademark](#),” an exclusive right to use a name. You can do searches through the [U.S. Patent and Trademark Office](#), the Washington Secretary of State – [Corporations and Charities Division](#), and through various web search engines.
- If your business is a corporation or limited liability entity, the name must indicate the type of entity (such as Corp., Inc., LLC, etc.).
- When you submit your origination to the Secretary of State, the business name selected will be reviewed to be sure it is available for use.
-

NOTE: Prior to submitting your documents you may reserve the name you intend to use. This is done by filing a Name Reservation with the Washington Secretary of State. A Name Reservation is valid for 180 days.

If selecting a corporation or Limited Liability Company structure, get registered

If you have chosen for your business structure to be a Limited Liability Company, Corporation, or Limited Partnership and you have chosen to operate your business in Washington State, submit your origination documents to the Washington Secretary of State Corporations and Charities Division.

- If you do the initial registration in another state, you will need to register in Washington as a “foreign entity.” You will not save anything in state registration, licensing, and tax costs for your Washington operation, but you will have the added costs of the other state.
- Determine who will be your “[registered agent](#),” the Washington-based person who will receive your official service of process and business entity notifications. It can be you or an outside party.
- Complete either a "Certificate of Formation" (Limited Liability Company) or "Articles of Incorporation" (Corporation) and file the document with the Washington Secretary of State Corporations and Charities Division. You may draft these documents following the requirements listed in law or the Washington Secretary of State provides an online form or paper form for your use. Both can be located at [WA SOS](#).
- By filing, you will receive your Washington State Unified Business Identifier, or UBI number (state business identification number).

NOTE: be sure to use the issued UBI number when dealing with other state agencies.

- Create the governance document for your entity: “[Bylaws](#)” (corporate entity); “[Operating Agreement](#)” (limited liability entity); or “[Partnership Agreement](#)” (limited partnership).

Determine your business location

Your business may have a clear location, such as a retail store, a restaurant or a practitioner’s office, or it may be mobile or web based. Regardless, to license your business you will need to identify a physical location. Consider the following when determining where to locate your business:

- Will the location appeal to your customers?
- Have you accounted for all site-related start-up and operational costs in your business plan?
- Is the location zoned appropriately?
- If it will involve a [lease](#), what will the terms be?
- What special permits, if any, will be required at that location?
- If home-based, what restrictions will your [city or town](#), [county](#), or homeowner association place on your business?

Get federal tax number and consider federal tax filing options (Limited Liability Companies and Corporations)

If your business is a sole proprietorship or one-owner Limited Liability Company and you won’t have employees, you can use your Social Security Number as the business’s federal identification number, although many business owners choose not to for confidentiality reasons. Otherwise, you will need to obtain a [federal ID number](#) (also called taxpayer ID number and employer ID number).

The federal tax form for [sole proprietorships](#) is 1040-Schedule C, and for [partnerships](#), Form 1065. For standard [corporations](#), tax filing is with Form 1120. If you wish to be treated as an [S-corporation](#) (Form 1120S for pass-through taxation), you must complete [Form 2553 – Election by a Small Business Corporation](#)

within 75 days of forming your business (see [Form 2553 Instructions](#)). The IRS doesn't recognize Limited Liability Companies as a classification for tax purposes. [LLCs](#) default to sole proprietorship taxation if one owner, and partnership taxation if more than one owner. However, Limited Liability Companies can elect to be treated as standard or S-corporations for federal tax purposes through IRS [Form 8832](#). Consult your tax professional for further information and advice.

Obtain required licenses and permits

Most businesses are required to be licensed at both the state and local levels, and many need [professional licenses](#) too. You will likely need licenses in every location where you do business; not just where you're based. Also, some businesses require additional permits.

The online [Business Licensing Wizard](#) is a helpful tool. Use it to learn the licensing and permitting requirements for your specific business. Enter your intended business activity, location, and other key information, and receive an online list of specific licenses and permits that are likely to be required.

- When you file your Washington [Business License Application](#), be prepared to address the following:
 - Whether you will want unemployment insurance coverage for corporate officers. Officers who provide services in Washington State are automatically exempt from unemployment insurance unless the employer specifically requests to cover them. If you want to cover your corporate officers, you must submit a Voluntary Election Form. Find out more [here](#).
 - General business information including physical location and ownership.
 - A rough estimate of your expected gross annual revenues.
 - Whether you intend to hire employees within 90 days of start-up.
 - Whether you will want [optional workers' compensation coverage](#) for business owners.
- The [Business License Application](#) is the state business license form and establishes your accounts with multiple Washington state agencies, including the Washington State Departments of Revenue, Washington Employment Security, and Washington State Labor & Industries. Some [local](#) and [specialty](#) licenses can be obtained by using the Business License Application. Follow the links above for information on local and specialty license fees.
- For information about local licenses NOT handled through the Business License Application, contact each [city or town](#) where you will be conducting business.
- Some businesses require professional licenses, such as architects, engineers, health care providers, counselors, attorneys, certified public accountants (CPAs), etc. For information and requirements, contact the [licensing authority](#) for that profession.
- Food-related businesses (such as restaurants, coffee stands, caterers, food product manufacturers, etc.) will need kitchen and food handler permits. Contact your [county health department](#). Food and beverage manufacturers and processors will need licensing from the [Washington Department of Agriculture](#). If you plan to sell, serve, or produce alcoholic beverages, contact the [Washington State Liquor and Cannabis Board](#) to find out what kind of license you need to apply for. For cannabis-infused products, you will need a cannabis license. Contact the [Business Licensing Service](#) for more information on how to apply. For help opening a restaurant in Seattle, visit the [Seattle restaurant site](#).
- Businesses in the construction trades must be [registered as contractors](#), which requires bonding and insurance. Be aware that even marketing or bidding for a construction job requires you be registered as a contractor.
- Some service businesses require contractor registration if their services extend into [contractor specialties](#). Examples: (a) Garbage haulers haul construction debris; (b) lawn maintenance services modifying flower beds, building paths, planting plants, cutting branches with something more powerful than loppers, or using power equipment to remove unwanted plants; (c) janitorial services that remove construction debris when cleaning new construction; (d) pressure washing

services that clean buildings or decks. There is a minimum \$1,000 fine for performing contractor services without contractor registration. There are descriptions of [specialty contractor classifications](#).

- Businesses that have environmental impacts may need permits at the county and/or state level. Most permits are managed by the Washington Department of Ecology or local county planning department. A great starting point for direction and assistance can be found by contacting the Washington State [Office for Regulatory Innovation and Assistance](#).
- Lodging establishments such as hotels and motels, must be licensed through the Washington State [Department of Health](#).
- Businesses providing residential care and businesses providing medical and health services must be licensed through the Washington State [Department of Health](#). Long-Term Care Professionals and Providers such as adult or residential care services are licensed by the [Washington State Department of Social and Health Services](#).
- Child care businesses must be licensed through the Washington State [Department of Children, Youth and Families](#).

Set up your operations

- With your federal ID number, state UBI number, your governance document if you're a corporation (bylaws) or Limited Liability Company (operating agreement), and some cash, you can set up a bank account. When selecting a bank that best meets your needs, consider:
 - Access to credit (loans, credit cards).
 - Business products and services and their costs.
 - Convenience (location and hours).
 - Staff relationships.
- Ensure understanding of regulatory and tax requirements, including those items listed below (**NOTE:** the [RUN Your Business](#) chapter can help you):
 - U.S. Internal Revenue Service – income tax, Social Security tax, Medicare, federal unemployment tax.
 - Washington State Department of Revenue – business and occupation tax, sales tax, use tax, specialty taxes.
 - Washington State Department of Labor & Industries – contractor licensing, workers' compensation, wage and hour laws.
 - Washington State Employment Security Department – state unemployment tax, Paid Family and Medical Leave premium collection.
 - Your county – property tax, food-related requirements, environmental requirements.
 - Your cities, towns, and counties – license renewals, signage ordinance, zoning restrictions, local business and occupation tax.
- To streamline and expedite the application and permitting process, Washington State Department of Commerce has developed a [Regulatory Roadmap](#) for specific industries. This includes restaurants (Seattle, Tacoma, Spokane, and Spokane Valley), manufacturing (Arlington, Lynnwood, and Marysville and coming soon are Piece County and Sumner) and contracting (Kennewick).
- Set up your accounting system, ideally with assistance from an accountant or skilled bookkeeper.
- Secure business insurance.
- Decide upon employee benefits, such as health insurance (see section [Employee Benefits – Health Insurance](#) under the “Plan Your Business” section).
- If you want your business to be certified as a [woman, minority or economically disadvantaged business](#), or a [veteran-owned business](#), complete the certification paperwork.

Hire employees

- Prepare to hire employees, if needed. Having employees with the right attributes and skills for your business is critical for successful growth. There are resources to help you with employment planning, including [Labor Market Information](#).
- Offering health benefits or supporting employees in finding individual health coverage may help you recruit and retain quality employees. Learn more about your options through the [Washington Health Benefit Exchange](#).
- There are also programs to help you find and train qualified employees.
 - [WorkSource](#) can bring you applicants that are skilled and ready to work.
 - Job fairs and [free, online job posting](#) can help increase your pool of applicants.
 - [Tax credits](#) can help lessen the cost of new employees.
 - Options for employee [training assistance](#).
 - [On-the-job training wage subsidies](#).
 - [Career Bridge](#) – Employee training resources
 - [Apprenticeship programs](#)
 - [WorkSource Apprenticeship](#)
 - [Work study employees](#)
- If you noted on the form that you would be hiring employees, information from your Business License Application will be forwarded to the Washington State Employment Security Department to set up a state unemployment tax account, and the Washington State Department of Labor & Industries to set up a workers' compensation insurance account and issue your minor work permit, if applicable. You will have quarterly filing responsibilities with both agencies, plus the Internal Revenue Service (see the [RUN Your Business](#) chapter of the Small Business Guide).
- Every new employee will need to complete the federal [I-9 Employment Eligibility Verification Form](#) within three days of hire, and the Internal Revenue Service [W-4 Form](#).
- You'll also need to report each newly hired and rehired employee through the Washington State Department of Social and Health Services, Division of Child Support's [New Hire Reporting Program](#) within 20 days of hire. Reporting is easy and can be done online through a secure web portal, [Secure Access Washington \(SAW\)](#) using Division of Child Support Online Services (DCS Online). If you don't already have a SAW account, you'll need to sign up and add the DCS Online service. To submit a new hire report, employer's need to provide their name, address and Federal Employer Identification Number (FEIN). They will also need information found on the employee's W-4 Form, including their name, address, and Social Security Number (SSN), plus the employee's date of hire and date of birth. Contact the DCS Employer Relations Team at 800-562-0479 if you need help or have questions.
- Employment is an area that has a lot of regulations, including minimum wage, overtime pay, leave and benefits, pregnancy accommodations, employment of minors and family members, workplace safety, etc.
- The use of independent contractors is a frequently misunderstood area. Unless an individual is truly in business for himself or herself, is licensed, files federal and state taxes as a business, actively markets, has multiple clients/customers, and is performing work that is outside your normal business activities, chances are state and federal laws will require that the individual be treated as an employee.
- Employment is also an area of significant recordkeeping and tax responsibilities. It's important that you understand those regulations and costs as you plan and operate your business.

Labor law

- [Wage and hour laws \(such as minimum wage, overtime, breaks, etc.\)](#)
- [Workplace poster requirements](#)
- [Employment of minors](#)

- [Non-Discrimination Laws](#)
- [Independent contractors](#) (Washington State Labor & Industries)
- [Independent contractors](#) (Washington State Employment Security Department)
- [Independent contractors](#) (U.S. Internal Revenue Services)
- [Workplace safety](#) (including required written accident prevention program)
- [Federal payroll taxes](#)
- [Child Support Withholding Laws](#)
- Restrictions on [noncompete agreements](#)
- [Equal Pay and Opportunities Act](#) (including prohibitions against salary history and requiring salary secrecy)
- [Isolated worker protection](#)
- [Overtime requirements](#)

Worker benefits

- [State unemployment taxes](#)
- [Workers' compensation insurance](#)
- [Washington Health Benefit Exchange](#)
- [Washington Healthplanfinder](#)
- [Paid sick leave](#)
- [Paid Family and Medical Leave](#)
- [Other types of leave](#)
- [Retirement marketplace](#)

NOTE: If you have workers in Seattle, Tacoma, or SeaTac, check with your city for minimum wage and other employment requirements.

Open your doors

Congratulations – and good luck!

Need assistance?

State of Washington [Small Business Liaisons](#) can help you get the information and resources you need.

Help us improve the Small Business Guide by filling out a short, confidential [survey](#).

Commerce's [Startup](#) website has excellent resources, including articles, technical assistance, and sections specific to women-owned and veteran-owned businesses.

PAYROLL your business

May 2025



PAYROLL your business

What is payroll?

“Payroll” means payments to employees, where those payments are required to be reported to state and federal agencies, such as the U.S. Internal Revenue Service, U.S. Social Security Administration, Washington State Employment Security Department, and Washington State Department of Labor & Industries.

Do I need a payroll?

Most individuals you hire are considered “employees” by law. These include:

- Temporary workers.
 - Unless hired through a temporary services company that has the worker on its payroll.
- “Casual labor” and many “1099 workers.”
- Friends, relatives, and others receiving anything of monetary value in exchange for their work.
- Many independent contractors.
 - Independent contractors must meet specific requirements to be considered exempt from employment laws.
 - There are several laws defining independent contractors, each with different requirements.
 - You can’t assume someone who meets the independent contractor definition and is exempt from one set of employment laws is therefore exempt from other laws.
 - The burden is on you to prove someone who works for you is not an employee or a worker entitled to unemployment or workers compensation coverage.
 - Independent contractor laws that affect payroll tax responsibilities.
 - [U.S. Internal Revenue Service](#)
To determine if you have responsibilities for Social Security and Medicare taxes, income tax withholding, federal unemployment taxes, and W-2 reporting.
 - Washington State [Department of Labor & Industries](#)
To determine if you have responsibilities for providing workers’ compensation insurance.
 - Washington State [Employment Security Department](#)
To determine if you have responsibilities for state unemployment taxes.
 - [Paid Family and Medical Leave](#)
To determine if you have responsibilities for participating in the program.
 - [The WA Cares Fund](#)
To determine if you qualify for benefit see contributions requirements.



Can I handle payroll myself, or do I need a professional?

- Payroll calculations and related taxes aren’t necessarily difficult; however, the recordkeeping, filing, and payment responsibilities are significant.
- Learning all you need to know, keeping up on changes, and taking the time necessary to meet your requirements is time you’re not spending building your business.
- If a business hires just one person early in a year, there will be 18 forms to complete that year, plus the legal responsibility for creating and maintaining employment and payroll records. That’s a lot to keep track of!
- Because of all the requirements and time involved, many businesses contract with bookkeepers, accountants, or payroll services to handle the process and require reporting for them.

- Please do not overlook working closely with your payroll professionals because business owners are ultimately responsible for the accuracy, completeness, and timeliness of payroll calculations and related taxes.

What payroll reporting and tax responsibilities do employers have?

Most responsibilities are summarized in this chart. Detailed explanations follow the chart.

Requirement (in order of action timing)	Purpose	Action	Agency
W-4 Form (completed by employee prior to first payroll; new forms can be completed at any time.)	Needed for employee information and to determine federal income tax withholding.	Keep on file.	U.S. Internal Revenue Service
I-9 (completed by both employee and employer within three days of hire.)	Needed to provide proof of an employee's eligibility to work in the U.S.	Keep on file.	U.S. Dept. of Homeland Security
Employee Paid Sick Leave Notification form (completed by employee and employer at hire.)	Required to provide notice of employee's entitlement to paid sick leave.	Give a copy to the employee and keep a copy on file.	Washington State Department of Labor & Industries
New Hire Reporting (completed by employer within 20 days of hire or rehire.)	Agency determines if employee has a child support case and also shares new hire information with Washington State Employment Security Department and Washington State Labor & Industries.	Online , fax to DSHS (800-782-0624) or call in to DSHS (800-562-0479).	Washington Department of Social and Health Services
Electronic Federal Tax Payment System (EFTPS)	Need account to pay federal taxes.	Set up account.	U.S. Internal Revenue Service
IRS Form 941 – Employer's Quarterly Federal Tax Return (one each calendar quarter per employer.)	Report employee earnings, employer and employee paid Social Security and Medicare taxes, and employee-paid income taxes.	Send forms quarterly to U.S. Internal Revenue Service by mail (due 4/30, 7/31, 10/31, 1/31). Send payments using IRS online Electronic Federal Tax Payment System.	U.S. Internal Revenue Service





Requirement (in order of action timing)	Purpose	Action	Agency
Workers' compensation premium report (one each calendar quarter per employer.)	Workers' compensation insurance for medical costs and wage replacement if injured on the job.	Complete and pay online at www.lni.wa.gov (due 4/30, 7/31, 10/31, 1/31).	Washington State Department of Labor & Industries
State unemployment tax report (one each calendar quarter per employer.)	Unemployment benefits for employees who lose their jobs.	Complete and pay online at esd.wa.gov (due 4/30, 7/31, 10/31, 1/31).	Washington Employment Security Department
Paid Family and Medical Leave report .	Paid leave for employee to care for themselves or their family.	Complete and pay online at paidleave.wa.gov (due 4/30, 7/31, 10/31, 1/31).	Washington Employment Security Department
IRS Form 940 – Employer's Annual Federal Unemployment Tax Return.	Pays for administration of the national unemployment insurance program.	Send form to IRS by mail and transmit payment using IRS online system by 1/31 for the preceding year.	U.S. Internal Revenue Service
IRS Form W-2 - Wage and Tax Statement for each employee for a calendar year.	Employees need the form to file their federal income taxes. IRS and Social Security Administration need for recordkeeping.	Give three copies to each employee by 1/31 of the following year. Send original with the W-3 to the Social Security Administration by 2/28.	U.S. Internal Revenue Service and Social Security Administration
IRS Form W-3, Transmittal of Wage and Tax Statements (W-2 Forms).	Social Security Administration needs for recordkeeping. IRS needs for reconciliation with Forms 940 and 941.	Send with W-2 Forms to Social Security Administration by 2/28 of the following year.	U.S. Internal Revenue Service and Social Security Administration

Federal income taxes – employee paid

- Review [federal income taxes](#).
- Employers withhold income taxes from employee paychecks.
 - Withholding amount is based on each employee's total wages and the latest IRS [Form W-4](#) the employee completed.
 - For amount to withhold, see tax tables in IRS [Publication 15 – Employer's Tax Guide](#).
- Send amounts withheld to the U.S. Internal Revenue Service electronically using [Electronic Federal Tax Payment System](#) at the time due (typically quarterly or monthly for small businesses, depending on total taxes).
- Include information about employee withholding in your U.S. Internal Revenue Service Form 941 – Employer's Quarterly Federal Tax Return. Form 941 due dates:
 - 1st Quarter – April 30
 - 2nd Quarter – July 31
 - 3rd Quarter – October 31
 - 4th Quarter – January 31 the following year

NOTE: The U.S. Internal Revenue Service encourages everyone to use the [Withholding Calculator](#) to perform a quick “paycheck checkup.” The calculator helps employees make sure they have the right amount of tax withheld from their paycheck at work, and helps them determine whether they need to give their employer a new [Form W-4](#), *Employee’s Withholding Allowance Certificate*.

Federal Social Security and Medicare taxes – employee and employer paid

- Review [Federal Social Security and Medicare taxes](#).
- Withhold 7.65% of employee total wages and other compensation from employees’ paychecks (use the same gross payroll figure as used for determining income tax withholding).
- 6.2% for Social Security.
- 1.45% for Medicare.
- The employer portion matches the amount withheld from the employee.
- Employer pays both employee and employer shares to the U.S. Internal Revenue Service.
- Send both employee and employer tax amounts to the U.S. Internal Revenue Service electronically using [Electronic Federal Tax Payment System](#) at the time due (typically quarterly or monthly for small businesses, depending on total taxes).
- Include information about Social Security and Medicare Taxes in your U.S. Internal Revenue Service [Form 941](#) – Employer’s Quarterly Federal Tax Return. Form 941 due dates:
 - 1st Quarter – April 30
 - 2nd Quarter – July 31
 - 3rd Quarter – October 31
 - 4th Quarter – January 31 of the following year

Federal Unemployment Taxes (FUTA) – employer paid

- Review [Federal Unemployment Taxes \(FUTA\)](#).
- Calculate tax based on the employee’s total wages plus other compensation.
- FUTA is paid until the employee’s wages and other compensation add up to \$7000 during the calendar year.
- If an employee earns more than \$7000 in the calendar year, no further Federal Unemployment Tax is due for that year.
- Send tax payment to the U.S. Internal Revenue Service electronically using [Electronic Federal Tax Payment System](#) at the time due (typically quarterly or annually for small businesses, depending on payroll).
- Complete U.S. Internal Revenue Service [Form 940](#) – At the end of the calendar year complete the Employer’s Annual Federal Unemployment Tax Return and submit it by January 31 the following year.

Federal Wage and Tax Statement (Form W-2) and Transmittal (Form W-3)

- Review [Federal Wage and Tax Statement \(Form W-2\) and Transmittal \(Form W-3\)](#).
- By January 31, provide each employee copies of their W-2 Form, which summarizes that employee’s earnings and federal withholdings for the preceding calendar year.
- Complete [Form W-3](#) – Transmittal of Wage and Tax Statements, which summarizes all W-2 Forms issued by the employer.
- By the last day of February, send Form W-3 and all original W-2 forms for the preceding calendar year to the U.S. Social Security Administration.

Paid Family and Medical Leave – employee and employer paid

- Review [Paid Family and Medical Leave](#).
- [Calculate](#) your premiums using the state plan.



- Employers may withhold employees' premium from their paychecks or pay some or all of the premium on the employees' behalf.
- Employers cannot collect missed premiums in later pay periods.
- Premiums are calculated based on an employee's gross wages, not including tips.
- Premiums are shared between employee and most employers.
- Premiums are capped at the Social Security Wage Base.
- Create an account with the business Unified Business Identifier (UBI) number, business name, and contact information.
- Employers can report through [manual filing](#), [single filing](#), or have an employer agent use an [Interstate Conference of Employment Security Agencies](#) (ICESA file).
- Complete [quarterly reports and pay online](#).
- Due dates
 - 1st Quarter – April 30
 - 2nd Quarter – July 31
 - 3rd Quarter – October 31
 - 4th Quarter – January 31 of the following year.
- Employers may follow an approved [voluntary plan](#) or use the state plan. Premium calculations may be different if using a voluntary plan.

State Unemployment Taxes (SUTA) – employer paid

- Review [State Unemployment Taxes \(SUTA\)](#).
- Use the tax rate provided to you by the Washington State Employment Security Department.
- State Unemployment Taxes is paid on wages and other compensation, up to a maximum per employee during each calendar year (the "taxable wage base" is \$67,600 for 2023).
- If an employee earns more than the taxable wage base, no further tax is due for that year.
- Complete [quarterly reports and pay online](#).
- Due dates
 - 1st Quarter – April 30
 - 2nd Quarter – July 31
 - 3rd Quarter – October 31
 - 4th Quarter – January 31 of the following year.

State workers' compensation insurance premiums – employer and employee paid

- Review [State workers' compensation insurance premiums](#).
- Use the rate or rates provided to you by the Washington State Department of Labor & Industries.
- In most cases, rates are per hour worked and are based on risk classes as assigned by the Washington State Department of Labor & Industries for the nature of your business.
- Calculate premiums by multiplying employee hours, as reported on timesheets, by the rate for the appropriate risk class assigned by Washington State Department of Labor & Industries.
- Don't include vacation time, sick leave, or holiday hours in the calculation of premiums.
- Employers can choose to report salaried employee hours at 160 hours per month, or 480 hours per quarter. If employers choose this option, all salaried employees must be handled the same way, and timesheets for those employees aren't required. (If in the trucking industry, please contact Washington State Department of Labor & Industries for special instructions.)
- Withhold the allowable employee portion (provided by Washington State Department of Labor & Industries) from your employees' paychecks.
- Complete [quarterly reports and pay online](#).
- Due dates
 - 1st Quarter – April 30
 - 2nd Quarter – July 31



- 3rd Quarter – October 31
- 4th Quarter – January 31 of the following year.

Washington Cares Fund – employee paid

- Review [Washington Cares Fund](#).
- Beginning July 1, 2023, you'll collect premiums from your employees the same way you do now for Paid Leave.
- If you're self-employed, you can choose to opt in.
- Calculate the total premium amount for each of your employees. The premium for 2025 is 0.58 percent of an employee's gross wages:
 - --Gross Wages x 0.0058 = premium for employee. [Premium Calculator](#).
- Employees may choose to apply for an exemption from the WA Cares Fund. It's the employee's responsibility to apply and if approved, to notify you and provide you with a copy of their approval letter from Washington State Employment Security Department.
- Other exemption categories are conditional upon the employee continuing to meet the requirements of the exemption. It is the employee's responsibility to notify their employer of any changes to their exemption status and failure to do so can result in required back-payment of premiums and additional penalties.
- Employers must keep a copy of the employee's approval letter on file and not deduct WA Cares premiums from exempt workers. [Read more about that here](#).

Do you have employees based out of Washington State?

- Follow the same federal requirements.
- Learn and follow the requirements for each state where you have employees.

What payroll records do I need to create and keep?

- Payroll records are essential. Many government agencies have the right to view and audit payroll records. In the absence of records, agencies have the authority to estimate taxes due, plus assess penalties for failure to keep records.
- Payroll records must be kept. Different agencies have different retention requirements, but six years should be sufficient.
- Payroll records include:
 - Employee information (name, hire date, job title, duties, address, social security number, job change dates, termination date).
 - W-4 form for each employee.
 - Pay rate.
 - Basis of pay (hourly, monthly, commission, bonus, piecework rate, etc.).
 - Timesheets (include dates and hours worked; include activity if multiple workers' compensation risk classes or prevailing wage "scopes of work" apply).
 - Noncash compensation (such as apartments, vehicles, etc.).
 - Overtime pay calculations.
 - Paid sick leave accrual, usage, and balance. Calculate accrued sick time based on regular and overtime hours worked. Minimum required is 1 hour of sick leave per 40 hours of work (or 0.025 hours of sick leave earned per hour of work).
 - Gross payroll calculations.
 - Tax withholdings from the employee.
 - Other payroll deductions authorized by the employee (such as medical insurance, gym memberships, charity deductions).
 - Payroll check registers.



- Employee's pay records (pay stubs).
- Bank statements.
- Tax reports and payments.

What payroll records do I need to create to give my employees?

- For each paycheck, you need to provide the employee with an itemized pay statement, or check stub, which includes the following information:
 - Pay period dates.
 - Basis and rate of pay (Examples of basis include hourly, salary, piecework, etc.).
 - Gross pay.
 - Itemized taxes and other payroll deductions.
 - Net pay (gross pay minus deductions).
 - Sick leave accrual, usage, and balance (notice may be provided separate from pay stub. If you have employees working in Seattle, Tacoma, or SeaTac please check with the city for local requirements)
- The information can be provided electronically if the employee can access it on the established payday.

NOTE: If you have workers in Seattle, Tacoma, or SeaTac, check with your city for minimum wage and other employment requirements.

What do I need to have in place before issuing pay checks?

- Establish a standard seven-day work week for purposes of overtime calculations.
 - Many employers choose Monday 12:00 a.m. to Sunday 11:59 p.m.
 - Employers can't change their standard work week to avoid paying overtime, but they can change it for business reasons if they provide employees advance notice.
- Establish standard pay periods and paydays, no less often than monthly.
Some examples:
 - Weekly:
 - pay period Monday through Sunday
 - > payday the following Wednesday
 - Every two weeks (biweekly):
 - pay period Monday through 2nd Sunday
 - > payday the following Friday
 - Twice per month (semimonthly):
 - 1st pay period the 1st through the 15th of the month
 - > payday the 25th
 - 2nd pay period the 16th through the end of the month
 - > payday the 10th of the following month
 - Monthly
 - pay period the 25th of one month to the 24th of the next month
 - > payday the 1st of the following month
- Establish a basis of pay
 - Hourly: Paid a set amount for each hour worked.
 - Salaried: Paid a set amount each pay period.
 - Salaried as a basis of pay doesn't mean an employee doesn't earn overtime pay when their hours exceed 40 in a work week. See "calculation of overtime" below.



- If paid twice per month or monthly, overtime calculations may require you to look at the previous pay period to determine if an employee's hours exceeded 40 in a work week.
- Piecework: Paid a set amount for each item produced or service provided.
- Commission: Paid a percentage of sales or profits.
- Hybrid: Paid on more than one basis.

What else do I need to know about paying employees?

- Provide these details to your employee each payday to show how you calculated their paycheck:
 - Gross pay.
 - Taxes withheld.
 - Other payroll deductions.
 - [Paid sick leave accrual, usage, and balance](#).
- Read the Washington State Department of Labor & Industries' [Pay Requirements](#) web page to understand employer payroll requirements.
- [Overtime eligible employees](#) versus overtime exempt workers:
 - Most workers are eligible to receive overtime pay for hours they work in excess of 40 in a week, at a rate of 1½ times their regular rate of pay.
 - To determine the overtime pay amount for workers paid hourly:
 - Take the number of hours an employee worked in excess of 40,
 - Multiply that number by the employee's hourly rate, and
 - Multiply the result by 1.5.
 - To determine the overtime pay amount for workers paid two or more hourly rates, a regular salary, or a piecework rate, read [Calculating Overtime](#), from the Washington State Department of Labor & Industries.
 - Federal and state laws require you to pay overtime. Employees who are eligible for overtime cannot choose to have time off as an alternative.
 - The addition of overtime pay will affect payroll tax calculations.
 - See the Washington State Department of Labor & Industries [Understanding Overtime](#) web page for more information.
 - Employers do not have to pay overtime to certain managers, administrators, professionals who have significant decision-making authority, outside sales representatives, some live-in care givers, certain farm workers, and a few other types of workers. Before determining that an employee is exempt from overtime, read Washington State Department of Labor & Industries [Jobs Not Paid Overtime](#) web page.
- Deductions from paychecks
 - See L&I's [Paycheck Deductions](#) web page

How can I estimate payroll costs?

- To calculate the cost of Washington State's Paid Family and Medical Leave Benefit, use the Washington State Employment Security Department's calculator.
- For employers: <https://paidleave.wa.gov/estimate-your-paid-leave-payments/>.
- For employees: <https://paidleave.wa.gov/estimate-your-weekly-pay/>.
- Use the online "[Payroll Calculator](#)" to estimate payroll costs (see [below](#)). There are two different calculators, one for hourly employees and the other for salaried employees.
- You'll need to enter the appropriate information into the white cells. The shaded cells will calculate automatically.
- Starting January 1, 2018, employers in Washington are required to provide their employees with paid sick leave. This calculator does not include a line-item for paying this requirement.



- In addition to wage or salary and hours worked, you'll also need to enter the state unemployment insurance tax rate provided by the Washington State Employment Security Department and the workers' compensation insurance rate provided by the Washington State Department of Labor & Industries.
 - If you don't yet know your unemployment insurance rate, you can use 2% as a reasonable approximation, or contact Washington State [Employment Security Department](#) if accuracy is important.
 - If you don't yet know the workers' comp rate, you can go to [Rates and Risk Classes](#) and find the rate for a similar business activity, or call Washington State Labor & Industries at 360-902-4817 if accuracy is important.



Payroll Calculators

PAYROLL CALCULATOR - HOURLY EMPLOYEE

Employer payroll costs (one employee, one pay period)			
1	Hourly wage	\$ per hour	\$ 15
2	Hours at straight time	hours	80
3	Hours at overtime	hours	10
4	Base pay	line 1 x line 2	\$1,200.00
5	Overtime pay	line 1 x 1.5 x line 3	\$225.00
6	Gross payroll*	line 4 + line 5	\$1,425.00
7	Social Security	line 6 x rate	6.2% \$88.35
8	Medicare	line 6 x rate	1.45% \$20.66
9	Federal Unemployment Tax**	line 6 x rate	0.6% \$8.55
10	State Unemployment Insurance Tax***	line 6 x rate	0% \$0.00
11	Employment Administration Fund***	line 6 x rate	0% \$0.00
12	Paid Medical Leave Premium****	line 6 x rate	0.4% \$5.70
13	Workers' compensation premium*****	lines 2+3 x rate	\$ 0 \$0.00
14	Less employee share of wkrs' comp*****	lines 2+3 x rate	\$ 0 \$0.00
15	Employer paid benefits (if any)		\$ 0 \$0.00
16	Total employer cost		\$1,548.26

*Gross payroll should include value of noncash items, such as apartments and vehicles
 **If state unemployment taxes don't apply (such as in the case of exempt corporate officers), the federal unemployment tax rate is 6% (rather than 0.6%) of the first \$7000 of compensation per year
 ***UI and EAF tax rates provided to you by Employment Security Dept.
 ****Paid Family and Medical Leave premiums can be split between employer and employee. Employers can withhold up to 63.33% of the total premium. (0.004 * .6333) Employers with fewer than 50 employees are assessed less and should see paidleave.wa.gov for more details
 *****Employer and employee rates provided to you by Dept. of Labor & Industries

Employee paycheck			
	Gross payroll	line 6	\$1,425.00
	Social Security	line 7	-\$88.35
	Medicare	line 8	-\$20.66
	Income Taxes	per tax tables	\$ 0 \$0.00
	Paid Family Leave Premium Maximum Withholding*	line 12 x rate	63.33% -\$3.61
	Workers' comp - employee share	line 14	\$0.00
	Other voluntary deductions (if any)		\$ 0 \$0.00
	Net paycheck		\$1,312.38

*Paid Family and Medical Leave employee premiums are capped at 63.33% of the total premium. If an employer chooses to withhold employee portions of the premium, their contribution in the employer portion of this table would be less the employee's amount

PAYROLL CALCULATOR - SALARIED EMPLOYEE

Employer payroll costs (one employee, one pay period)			
1	Salary	\$ per payperiod	\$ 1200
2	Regular hours	hours	80
3	Overtime hours	hours	10
4	Annualized salary		\$ 31200
5	Overtime rate	line 4 / 2080 x 1.5	\$22.50
6	Overtime pay	line 3 x line 5	\$225.00
7	Gross payroll*	line 1 + line 6	\$1,425.00
8	Social Security	line 7 x rate	6.2% \$88.35
9	Medicare	line 7 x rate	1.45% \$20.66
10	Federal Unemployment Tax**	line 7 x rate	0.6% \$8.55
11	State Unemployment Insurance Tax***	line 7 x rate	0% \$0.00
12	Employment Administration Fund***	line 7 x rate	0% \$0.00
13	Paid Medical Leave Premium****	line 7 x rate	0.4% \$5.70
14	Workers' compensation premium*****	lines 2+3 x rate	\$ 0 \$0.00
15	Less employee share of wkrs' comp*****	lines 2+3 x rate	\$ 0 \$0.00
16	Employer paid benefits (if any)		\$ 0 \$0.00
17	Total employer cost		\$1,548.26

*Gross payroll should include value of noncash items, such as apartments and vehicles
 **If state unemployment taxes don't apply (such as in the case of exempt corporate officers), the federal unemployment tax rate is 6% (rather than 0.6%) of the first \$7000 of compensation per year
 ***UI and EAF tax rates provided to you by Employment Security Dept.
 ****Paid Family and Medical Leave premiums can be split between employer and employee. Employers can withhold up to 63.33% of the total premium. (0.004 * .6333) Employers with fewer than 50 employees are assessed less and should see paidleave.wa.gov for more details
 *****Employer and employee rates provided to you by Dept. of Labor & Industries. For salaried employees, employers can calculate workers' compensation premiums on actual hours (as shown here), or a standard number of hours to total 480 hours per quarter (160 for monthly pay periods, 80 for semi-monthly, 74 for biweekly, 37 for weekly).

Employee paycheck			
	Gross payroll	line 7	\$1,425.00
	Social Security	line 8	-\$88.35
	Medicare	line 9	-\$20.66
	Income Taxes	per tax tables	\$ 0 \$0.00
	Paid Family Leave Premium Maximum Withholding*	line 13 x rate	63.33% -\$3.61
	Workers' comp - employee share	line 15	\$0.00
	Other voluntary deductions (if any)		\$ 0 \$0.00
	Net paycheck		\$1,312.38

*Paid Family and Medical Leave employee premiums are capped at 63.33% of the total premium. If an employer chooses to withhold employee portions of the premium, their contribution in the employer portion of this table would be less the employee's amount

<https://www.business.wa.gov/payrollcalculators>



What other responsibilities do I have as an employer?

- Employers have many responsibilities beyond what's required for payroll. These include development and implementation of an [employee safety program](#), [posting required posters](#), [providing breaks and meal periods](#), getting a minor work permit and authorizations when [hiring workers under 18](#), and a number of others. Attending the Washington State [Department of Labor and Industries workshops](#) is highly recommended.
- You are also obligated to report all new employees to the Washington State Department of Social and Health Services. Instructions are available at <http://NewHire.wa.gov>.
- Learn more about employer responsibilities in the [GROW](#) and [RUN](#) Chapters of the [Washington Small Business Guide](#).

Need assistance?

State of Washington [Small Business Liaisons](#) can help you get the information and resources you need.

Help us improve the Small Business Guide by filling out a short, confidential [survey](#).

OPEN your business

May 2025



OPEN your business

Is your out-of-state business planning to operate in Washington?

Your out-of-state businesses will need to comply with Washington laws and regulations if you:

- Purchase a Washington business.
- Operate in or open a physical location in Washington.
- Perform on long-term or short-term contracts in Washington.
- Hire employees who work from their homes in Washington.
- Have a taxable presence (i.e. nexus) in Washington.

Are you buying an existing Washington business?

If you are buying a business or even just some of the assets of a business, be aware that you may inadvertently be buying past liabilities in the form of unpaid taxes and experience ratings. Get competent legal advice before purchasing a business because these past liabilities are not necessarily part of the regular financial documents.

- For potential liabilities related to the Washington State Department of Revenue, you should require the owner to provide a [Tax Status Letter](#) with regard to any outstanding taxes by the business. You may also need to pay [Use Tax](#) to the Washington State Department of Revenue on the value of tangible assets included in the purchase, such as equipment, furnishings, supplies, etc. For more information, see our Tax Topics article titled [Buying the assets of a business](#).
- For workers' compensation, the purchaser of a business is potentially liable for premium owed, outstanding or pending assessments, as well as inheriting the claim responsibilities and their impact on future premium rates. Potential purchasers should request claim and safety records listed on this [Buyer Beware](#) publication from the seller.
- For unemployment insurance, you may inadvertently be buying past liabilities and be held accountable for the predecessor's debt.

Foreign (non-Washington) registration – corporations and limited liability companies

What is your company's business structure: Sole Proprietorship, Partnership, Corporation, or Limited Liability Company (LLC)? If your entity was formed outside of Washington, filing a "Foreign Entity Registration" in Washington through the Washington [Secretary of State](#) is typically a first step.

Failure to register your out-of-state Corporation or Limited Liability Company can lead to legal challenges and affect your ability to obtain financing or win contracts. It can also lead to individual owner responsibility for liabilities. Registration is required for all contractors and many businesses specialty licenses and certifications. Talk with your legal advisor to understand the benefits, risks, and requirements.

Registration requires that you designate a "[registered agent](#)" in Washington, a Washington-based person or business with a physical address who is to receive your official business entity notifications and service of process.

Obtain required licenses and permits

Most businesses are required to be licensed at both the state and local levels and many need [professional licenses](#) too. You will likely need licenses in every location where you do business; not just where you're



based. Also, some businesses require additional permits. Check for fees and/or annual renewal fees associated with licenses and permits.

The online [Business Licensing Wizard](#) is a helpful tool. Use it to learn the licensing and permitting requirements for your specific business. Enter your intended business activity, location, and other key information, and receive an online list of specific licenses and permits that are likely to be required.

- When you file your Washington [Business License Application](#), be prepared to address the following:
 - General business information including physical location and ownership.
 - A rough estimate of your expected gross annual revenues.
 - Whether you intend to hire employees within 90 days of start-up.
 - Whether you will want [optional workers' compensation coverage](#) for business owners. If owners don't opt in, they won't be covered for on-the-job injuries. You must submit an [elective coverage application](#) form and submit to your business workers compensation account manager to obtain coverage.
 - Whether you will want unemployment insurance coverage for corporate officers. Officers who provide services in Washington are automatically exempt from unemployment insurance unless the employer specifically requests to cover them. If you want to cover your corporate officers, you must submit a Voluntary Election Form. Find out more information on Washington State [Employment Security Department](#).
- The [Business License Application](#) is the state business license form and establishes your accounts with multiple Washington state agencies, including the Departments of Revenue, Employment Security, and Labor & Industries. Some [local](#) and [specialty](#) licenses can be obtained by using the Business License Application. Follow the links above for information on local and specialty license fees.
- For information about local licenses NOT handled through the Business License Application, contact each [city or town](#) where you will be conducting business.
- Some businesses require professional licenses, such as architects, engineers, health care providers, counselors, attorneys, certified public accountants (CPAs), etc. For information and requirements, contact the [licensing authority](#) for that profession.
- Food-related businesses (restaurants, coffee stands, caterers, food product manufacturers, etc.) will need kitchen and food handler permits. Contact your [county health department](#). Food and beverage manufacturers and processors will need licensing from the [Washington State Department of Agriculture](#). If you plan to sell, serve, or produce alcoholic beverages, contact the [Washington State Liquor and Cannabis Board](#) to find out what kind of license you need to apply for. For cannabis-infused products, you will need a cannabis license. Contact the [Business Licensing Service](#) for more information on how to apply. For help opening a restaurant in Seattle, visit the [Seattle restaurant site](#).
- Businesses in the construction trades must be [registered as contractors](#), which requires bonding and insurance. Be aware that even marketing or bidding for a construction job requires that you be registered as a contractor.
- Businesses that have environmental impacts may need permits at the county and/or state level. Most permits are managed by the Washington State Department of Ecology or local county planning department. A great starting point for direction and assistance can be found by contacting the Washington State [Office for Regulatory Innovation and Assistance](#).
- Lodging establishments, such as hotels and motels, must be licensed through the Washington State [Department of Health](#).
- Businesses providing residential care and businesses providing medical and health services must be licensed through the Washington State [Department of Health](#). Long-Term Care Professionals and Providers such as adult or residential care services are licensed by the [Washington State Department of Social and Health Services](#).



- Child care businesses must be licensed through the Washington State [Department of Children, Youth and Families](#).
- If you plan to sell, serve, or produce alcoholic beverages contact the [Washington State Liquor and Cannabis Board](#) to find out what kind of license you need to apply for.

Hire employees in Washington

- Prepare to hire employees, if needed. Having employees with the right attributes and skills for your business is critical for successful growth. There are resources to help you with employment planning, including [Labor Market Information](#).
- Offering health insurance is a great way to attract high-quality employees. The [Washington Health Benefit Exchange](#) offers resources to help small businesses find health coverage that fits their business needs. (See section [Employee Benefits – Health Insurance](#) under the “Plan Your Business” section).
- There are also programs to help you find and train qualified employees.
 - [WorkSource](#) can bring you applicants that are skilled and ready to work.
 - Job fairs and [free, online job posting](#) can help increase your pool of applicants.
 - [Tax credits](#) can help lessen the cost of new employees.
 - Options for employee [training assistance](#).
 - [On-the-job training wage subsidies](#).
 - [Career Bridge](#) – Employee training resources.
 - [Apprenticeship programs](#).
 - [Worksource Apprenticeship](#).
 - [Work study employees](#).
- If you noted on the form that you would be hiring employees, information from your Business License Application will be forwarded to the Washington State Employment Security Department to set up a state unemployment tax account, and the Washington State Department of Labor & Industries to set up a workers’ compensation account and obtain your minor work permit, if applicable. You will have quarterly filing responsibilities with both agencies, plus the U.S. Internal Revenue Service (IRS) (see the [RUN Your Business](#) chapter of the Small Business Guide).
- Every new employee will need to complete the federal [I-9 Employment Eligibility Verification Form](#) within three days of hire, and the U.S. Internal Revenue Service [W-4 Form](#).
- You’ll also need to report each newly hired and rehired employee through the Washington State Department of Social and Health Services, Division of Child Support’s [New Hire Reporting Program](#) within 20 days of hire. Reporting is easy and can be done online through a secure web portal, [Secure Access Washington \(SAW\)](#) using Division of Child Support Online Services (DCS Online). If you don’t already have a SAW account, you’ll need to sign up and add the DCS Online service. To submit a new hire report, employer’s need to provide their name, address and Federal Employer Identification Number (FEIN). They will also need information found on the employee’s W-4 Form, including their name, address, and Social Security Number (SSN), plus the employee’s date of hire and date of birth. Contact the **Division of Child Support Employer Relations Team** at **800-562-0479** if you need help or have questions.
- Be aware that employment is an area of significant regulation, including minimum wage, overtime pay, employment of minors and family members, workplace safety, etc.
- The use of independent contractors is a frequently misunderstood area. Unless an individual is truly in business for himself or herself, is licensed and actively markets as such, has multiple clients/customers, and is performing work that is outside your normal business activities, chances are state and federal law require that the individual be treated as an employee.
- Employment is also an area of significant recordkeeping and taxation. It’s important that you understand those regulations and costs as you plan your business.





Labor law

- [Wage and hour laws \(such as minimum wage, overtime, breaks, etc.\)](#)
- [Workplace poster requirements](#)
- [Employment of minors](#)
- [Non-Discrimination Laws](#)
- [Independent contractors](#) (Washington State Department of Labor & Industries)
- [Independent contractors](#) (Washington State Employment Security Department)
- [Independent contractors](#) (U.S. Internal Revenue Service)
- [Workplace safety](#) (including required written accident prevention program)
- [Federal payroll taxes](#)
- [Child Support Withholding Laws](#)
- Restrictions on [noncompete agreements](#)
- [Equal Pay and Opportunities Act](#), including prohibitions against salary history and requiring salary secrecy
- [Isolated worker protection](#)
- [Overtime requirements](#)

Worker benefits

- [State unemployment taxes](#)
- [Workers' compensation insurance](#)
- [Washington Health Benefit Exchange](#)
- [Washington Healthplanfinder](#)
- [Paid sick leave](#)
- [Paid Family and Medical Leave](#)
- [Other types of leave](#)
- [Retirement marketplace](#)

NOTE: If you have workers in Seattle, Tacoma, or SeaTac, check with your city for minimum wage and other employment requirements.

File required reports and taxes

State business taxes

Washington State does not have a personal or business income tax. Instead, its tax structure includes the Business and Occupation Tax, sales and use taxes, property taxes, and a variety of industry-specific taxes. The Washington State [Department of Revenue](#) administers over 60 different taxes.

State taxes include:

- [Business and Occupation \(B&O\) tax](#) – This is a tax on the business's gross revenue. In addition to the state Business and Occupation Tax, many cities and towns also impose local Business and Occupation Tax (see below).
- [Sales tax](#) – Businesses collect sales taxes from customers on the sale of most retail products, construction activities, and some services. Because sales tax is destination-based, businesses that collect sales tax must charge the tax rate of the location where the product or service was delivered. Washington State Department of Revenue has a [look-up tool](#) to determine tax rates and the location code.
- [Use tax](#) – Use tax applies when businesses make purchases without paying sales tax, such as internet purchases or purchases made in Oregon.
- [Real and Personal Property Taxes](#) – Businesses pay a property tax based on the value of real estate, buildings and other structures, furnishings, equipment and other assets. Property tax is collected by counties rather than by the Washington State Department of Revenue.

- [Industry-specific taxes](#) – There are a variety of taxes that apply to specific industries, such as public utility, hotel/motel, rental cars, cigarettes, etc. Click the heading to see if any specific taxes apply to your business.

Out-of-state businesses are subject to Washington taxes based on their specific activities if they have “nexus” (a taxable connection) with the state of Washington. For general information about nexus, please see the guide for [Out of state businesses and nexus](#) on the Washington State Department of Revenue’s website.

Most businesses need to [file an excise tax return](#) with the Washington State Department of Revenue. Your tax [filing frequency](#), assigned after you submit your Business License Application, is based on an estimate of the amount of tax you will owe. Businesses are required to file taxes electronically using [My DOR](#), Washington State Department of Revenue’s online filing system, and pay electronically using one of several payment options. For assistance with My DOR registration and filing, call 360-705-6705. If you are unable to file electronically, you can request a [waiver](#).

Below are links to additional information and tools provided by the Washington State Department of Revenue to assist in tax calculation and reporting:

- [New Business Tax Basics](#)
- [New Business Tax Workshops Schedule](#)
- [Common tax classifications](#)
- [Industry specific guides](#)
- [Tax incentives and specialized credits](#)
- [Reseller permits](#)
- [Look up a sales tax rate](#)
- [Send us your general tax questions](#)
- [Request a tax ruling](#)
- [Unclaimed property](#)
- [Update business information](#)

Consult your tax professional for further information. The Washington State Department of Revenue cannot discuss confidential tax account information with a tax representative/preparer until you complete a [Confidential Tax Information Authorization](#) form.

Local business Taxes:

Cities and Towns

Most cities and towns have a local sales tax and a local Business and Occupation Tax (B&O). The Washington State Department of Revenue collects sales tax for local communities, but cities and towns collect their own local Business and Occupation Tax. Depending on the amount of money your business makes, your local Business and Occupation Tax may be due quarterly or annually. Contact the [cities and towns](#) where you do business for more information.

Counties

Counties are responsible for assessing and levying property tax on both real property and personal property. While the title “personal property” may not imply as such, it includes business furnishings, fixtures, equipment, supplies, and other assets.

Personal property tax

Most people know that [property tax](#) applies to real property; however, some may not know that property tax also applies to personal property. Most personal property owned by individuals is exempt. For example, household goods and personal effects are not subject to property tax. However, if these items are used in a



business, property tax applies. Personal property tax does not apply to business inventories, or intangible property such as copyrights and trademarks.

Personal property is subject to the same levy rate as real property. The characteristic that distinguishes real and personal property is mobility. Real property includes land, structures, improvements to land, and certain equipment affixed to land or structures. Personal property includes machinery, equipment, furniture, and supplies of businesses and farmers. It also includes any improvements made to land leased from the government (leasehold improvements).

Property taxes are due April 31 and October 31 of each year. Contact the [counties](#) where you do business for more information.

State employment taxes

- [Unemployment taxes](#) are due quarterly to the Washington State Employment Security Department. Reporting and payment is generally done online. Due dates are April 30, July 31, October 31, and January 31 for the preceding calendar quarters. Taxes are calculated based on the [rate](#) provided to your business by Washington State Employment Security Department, multiplied by each employee's wages up to [annual maximum](#). Additional information about Unemployment Insurance taxes and benefits is available through the Washington State [Employment Security Department website](#).
- [Workers' compensation premiums](#) are due quarterly to the Washington State Department of Labor & Industries. Reporting and payment is generally done on-line. Due dates are April 30, July 31, October 31, and January 31 for the preceding calendar quarters. Premiums are calculated based the risk classification rate(s) provided to your business by the Washington State Department of Labor & Industries, multiplied by the hours worked by employees in that risk classification. Employers can deduct from employees' pay a portion of the premium amount, as shown on the rate notice received from the Washington State Department of Labor & Industries. Additional information about Workers' Compensation is available through free the Washington State Department of Labor & Industries [Essentials for Business](#) webinars.
- [Paid Family and Medical Leave](#) premiums are due quarterly to the Washington State Employment Security Department. Reporting and payment is generally done online. Due dates are April 30, July 31, October 31, and January 31 for the preceding calendar quarters. Premiums are [calculated](#) based on a percentage of the employee's gross wages. Employers can deduct from employee's pay a portion of the premium amount. Additional information about Paid Family and Medical Leave premiums and the benefit is [available](#).

License and permit renewals

- Corporations, Limited Liability Companies, and Limited Partnerships must file an annual report. Profit Corporations, Nonprofit Corporations, Limited Liability Companies and Limited Partnerships file their annual reports with the Washington [Secretary of State](#) and all services are available online at <http://sos.wa.gov/corporations-charities>.
- Your state's business license does not need to be renewed. However, many [specialty licenses](#), permits, [local licenses](#), and [professional licenses](#) do require annual renewal. Keep track of your renewal dates to ensure your licenses are current and to avoid extra fees.
- Renewal of [contractor registration](#) is required every two years, and costs \$113.40. You renew your registration with the Washington State Department of Labor & Industries. The Washington State Department of Labor & Industries also renews specialty licenses related to trades (such as [electrical](#), [plumber](#), etc.).
- [Health provider license and facility renewals](#)
- [Long-Term Care Professionals and Providers](#)
- [Licensed Child Care and Early Learning Provider renewals](#)



- If you are now doing business in cities and towns where you weren't licensed previously, you will need to get additional local licenses. "Doing business" can include sales, delivery, installation, or service. Contact the [cities or towns](#) for further information.

Understand and comply with other Washington regulations

Washington State

- [Office of Minority & Women's Business Enterprises](#) – Certifies businesses at the state or federal level to participate in government contracting opportunities.
- [Department of Agriculture](#) – Regulates food safety, product labeling, pesticides, crops and livestock, etc.
- [Office of the Attorney General](#) – Oversees consumer protection, etc.
- [Department of Ecology](#) – Implements [environmental laws and rules](#) and [issues permits and certifications](#) to protect, preserve, and enhance Washington's environment.
- [Department of Financial Institutions](#) – Regulates franchise requirements, business investments, and business loans, etc.
- [Human Rights Commission](#) – Regulates public accommodations and non-discrimination, etc.
- [Department of Labor & Industries](#) – Regulates [workplace safety](#), [workers' compensation](#), and [employment regulations](#), etc.
- [Liquor and Cannabis Board](#) – Issues licenses and permits. Educates and enforces laws and regulations on production, sale, and serving of alcohol and the production, distribution, sales of cannabis, tobacco products, and vapor products.
- [Department of Natural Resources](#) – Regulates forest practices, surface mining, etc.
- [Office for Regulatory Innovation and Assistance](#) – Helps businesses and citizens navigate complex permitting and licensing requirements.
- [Utilities and Transportation Commission](#) – Regulates taxi and limousine services, moving and trucking services, etc.

Local

- [County health departments](#) – Regulate food establishments, hazardous materials, environmental health, etc.
- [County assessors](#) – Provide valuations of business real estate, equipment, furnishings, and other assets for property tax purposes.
- [Cities](#) – Regulate zoning, signage, parking, and issues building and business permits, etc.
- [Fire departments](#) – Regulate fire code.

Growing in Washington

We welcome you to Washington and encourage you to grow in our state. See the "[GROW Your Business](#)" chapter of the Small Business Guide for information and resources for expansion.

Need assistance?

State of Washington [Small Business Liaisons](#) can help you get the information and resources you need.

Help us improve the Small Business Guide by filling out a short, confidential [survey](#).



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RUN your business

May 2025



RUN your business

Run your business

When your business is up and running, there are certain things you need to do to meet regulatory and tax requirements. These activities vary based on your business activity, the business size, and whether or not you have employees.

Federal business income taxes

Federal income tax for businesses is based on net profit (your revenue minus your expenses). With [Sole Proprietorships](#), [Partnerships](#), most Limited Liability Companies, and [S-corporations](#), tax on business income is paid by the owners through their personal tax returns. This is called “pass-through taxation.” Owners are generally required to make quarterly estimated tax payments during the tax year using the U.S. Internal Revenue Service [Form 1040-ES](#). These payments are due April 15, June 15, September 15, and January 15.

If you’re a working owner of an S-corporation, you are also an employee who receives standard paychecks. You may not need to make estimated tax payments if you have enough income tax withheld from your paycheck.

[Standard corporations](#) are generally required to make quarterly estimated tax payments on the 15th day of the 4th, 6th, 9th, and 12th months of each fiscal year. If you want your corporation to be treated as an [S-corporation](#), complete [Form 2553 – Election by a Small Business Corporation](#) within 75 days of forming your business or within 75 days of the beginning of a tax year (see [Form 2553 Instructions](#)).

[Limited Liability Companies \(LLCs\)](#) are taxed like Sole Proprietorships if there is only one owner. If there is more than one owner, Limited Liability Companies are taxed like partnerships. However, Limited Liability Companies can elect to be treated as standard or S-corporations for federal tax purposes by filing an U.S. Internal Revenue Service [Form 8832](#). Consult your tax professional for more information.

Business Structure	Required Form	Due Date(s)
Sole proprietorships and single owner Limited Liability Companies	1040 Schedule C , 1040 SE (self-employment tax) , 1040 ES (estimated tax)	File by April 15 (as part of the owner’s personal tax return). Estimated tax is due April 15, June 15, September 15, and January 15.
Partnerships and multiple owner Limited Liability Companies	Form 1065 plus 1065 K-1 forms for each owner , 1040 SE (self-employment tax) , 1040 ES (estimated tax)	Businesses using the calendar year must file by April 15. Businesses using a fiscal year must file by the 15th of the 4th month after the end of a fiscal year. Estimated tax is due April 15, June 15, September 15, and January 15.



Business Structure	Required Form	Due Date(s)
S-corporations (or Limited Liability Companies that have formally elected to file as Standard Corporations)	Form 1120 (plus withholding from owner's paycheck for income taxes, Social Security, and Medicare)	Businesses using a calendar year must file by March 15. Businesses using a fiscal year must file by the 15th of the third month after the end of a fiscal year.
S-corporations (or Limited Liability Companies that have formally elected to file as S-corporations)	Form 1120-S and 1120 K-1 forms for each owner (plus withholding from each owners' paycheck for income taxes, Social Security, and Medicare)	Businesses using a calendar year must file by March 15. Businesses using a fiscal year must file by the 15th of the third month after the end of a fiscal year.

State business taxes

Washington State does not have a personal or business income tax. Instead, its tax structure includes the Business and Occupation Tax, sales and use taxes, property taxes, and a variety of industry-specific taxes. The Washington State [Department of Revenue](#) administers over 60 different taxes.

Most small businesses need to [file an excise tax return](#) with the Washington State Department of Revenue. Your tax [filing frequency](#), assigned after you submit your Business License Application, is based on an estimate of the amount of tax you will owe. Businesses are required to file taxes electronically using [My DOR](#), the Washington State Department of Revenue's online filing system, and pay electronically using one of several payment options. For assistance with My DOR registration and filing, call 360-705-6705. If you are unable to file electronically, you can request a [waiver](#). State taxes include:

- [Business and Occupation tax](#) – This is a tax on the business' gross revenue. In addition to the state Business and Occupation tax, many cities and towns also impose local Business and Occupation taxes (see below).
- [Sales tax](#) – Businesses collect sales taxes from customers on the sale of most retail products, construction activities, and some services.
- [Use tax](#) – Use tax applies when businesses make purchases without paying sales tax, such as internet purchases or purchases made in Oregon.
- [Real and Personal Property Taxes](#) – Businesses pay a property tax based on the value of real estate, buildings and other structures, furnishings, equipment, and other assets. Property tax is collected by counties rather than by the Washington State Department of Revenue.
- [Industry-specific taxes](#) – There are a variety of taxes that apply to specific industries, such as hotel/motel, rental cars, cigarettes, etc. Click the heading to see if any specific taxes apply to your business.

Because sales tax is destination-based, businesses that collect sales tax must charge the tax rate of the location where the product or service was delivered. The Washington State Department of Revenue has a [look-up tool](#) to determine tax rates and the location code.

The Washington State Department of Revenue provides New Business Tax Workshops throughout the state during the year. Below are links to additional information and tools provided by the Washington State Department of Revenue to assist in tax calculation and reporting:

- [New Business Tax Basics](#)
- [New Business Tax Workshops Schedule](#)
- [Common tax classifications](#)
- [Industry specific guides](#)



- [Tax incentives and specialized credits](#)
- [Reseller permits](#)
- [Look up a sales tax rate](#)
- [Send us your general tax questions](#)
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Consult your tax professional for further information. The Washington State Department of Revenue cannot discuss confidential tax account information with a tax representative/preparer until you complete a [Confidential Tax Information Authorization](#) form.

Local business taxes

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Most cities and towns have a local sales tax and a local Business and Occupation tax. The Washington State Department of Revenue collects sales tax for local communities, but cities and towns collect their own local Business and Occupation tax. Depending on the amount of money your business makes, your local Business and Occupation tax may be due quarterly or annually. Contact the [cities and towns](#) where you do business for more information.

Counties

Counties are responsible for assessing and levying property tax on both real property and personal property. While the title “personal property” may not imply as such, it includes business furnishings, fixtures, equipment, supplies, and other assets.

Personal property tax

Most people know that [property tax](#) applies to real property; however, some may not know that property tax also applies to personal property. Most personal property owned by individuals is exempt. For example, household goods and personal effects are not subject to property tax. However, if these items are used in a business, property tax applies. Personal property tax does not apply to business inventories, or intangible property such as copyrights and trademarks.

Personal property is subject to the same levy rate as real property. The characteristic that distinguishes real and personal property is mobility. Real property includes land, structures, improvements to land, and certain equipment affixed to land or structures. Personal property includes machinery, equipment, furniture, and supplies of businesses and farmers. It also includes any improvements made to land leased from the government (leasehold improvements).

Property taxes are due April 31 and October 31 of each year. Contact the [counties](#) where you do business for more information.

Federal employment taxes

- For instructions related to federal employment taxes, refer to the U.S. Internal Revenue Service [Employer's Tax Guide](#). Employers are responsible for collecting employee income, social security, and Medicare taxes, plus paying the employer share of social security and Medicare taxes (6.2% and 1.45% of wages respectively). When and how you have to pay that money to the U.S. Internal Revenue Service depends on the amount of taxes being collected.
- Quarterly [941 Forms](#) report gross wages and federal taxes (income, social security, and Medicare). They are due to the U.S. Internal Revenue Service by April 30, July 31, October 31, and January 31 for the preceding calendar quarters.



- [W-2 Forms](#) report wages and withholdings for the calendar year. They must be provided to each employee by January 31 of the following year.
- [W-2 Forms](#) and the accompanying [W-3](#) transmittal form are due to the U.S. Social Security Administration by February 28 of the following year.
- Annual [940 Forms](#) report federal unemployment taxes. They are due to the U.S. Internal Revenue Service by January 31 for the preceding calendar year. The tax rate for most employers is 0.6% of the first \$7,000 each worker earns, up to a maximum of \$42 per employee. For very small employers, these payments may be made at the time of annual filing but larger employers are required to make payments quarterly. See the U.S. Internal Revenue Service [Employer's Tax Guide](#) for more information.

State employment taxes

- [Unemployment taxes](#) are due quarterly to the Washington State Employment Security Department. Reporting and payment is generally done on-line. Due dates are April 30, July 31, October 31, and January 31 for the preceding calendar quarters. Taxes are calculated based on the [rate](#) provided to your business by the Washington State Employment Security Department, multiplied by each employee's wages up to [annual maximum](#). Additional information about Unemployment Insurance taxes and benefits is available through the Washington State [Employment Security Department website](#).
 - If you are facing a temporary decline in business, the [SharedWork Program](#) offers you a viable way to retain your workforce. Instead of enduring a layoff, you can reduce the work hours of your permanent employees, and they can collect partial unemployment benefits to replace a portion of their lost wages.
 - Corporate Officers who provide services in Washington are automatically exempt from unemployment insurance unless the employer specifically requests to cover them. If you want to cover your corporate officers, you must submit a Voluntary Election Form. (**NOTE:** this applies only to Corporations. Find out more [here](#)).
- [Paid Family and Medical leave premiums](#) are due quarterly to the Washington State Employment Security Department and both are employee and employer paid. Employers may follow an approved [voluntary plan](#) or use the state plan. Premium calculations may be different if using a voluntary plan. To estimate your paid leave payments, use the [premium calculator](#). Detailed information about employer's roles and responsibilities is available at [paidleave.wa.gov](#).
- [Workers' compensation premiums](#) are due quarterly to the Washington State Department of Labor & Industries. Reporting and payment is generally done on-line. Due dates are April 30, July 31, October 31, and January 31 for the preceding calendar quarters. Premiums are calculated based the risk classification rate(s) provided to your business by the Washington State Department of Labor & Industries, multiplied by the hours worked by employees in that risk classification. Employers can deduct from employees' pay a portion of the premium amount, as shown on the rate notice received from the Washington State Department of Labor & Industries. Additional information about Workers' Compensation is available through free the Washington State Department of Labor & Industries [Essentials for Business](#) webinars.

Annual report, license and permit renewals

- Corporations, Limited Liability Companies, and Limited Partnerships must file an annual report. These are due by the end of the anniversary month of origination. They can be filed up to 180 days prior to the expiration date and the Washington Secretary of State encourages early filing. Profit Corporations, Limited Liability Companies, and Limited Partnerships file their annual reports with the Washington [Secretary of State](#) and all services are available online at www.sos.wa.gov/corporations-charities.



- Your state's business license may have [state](#) or [city](#) endorsements that are [renewed](#) annually. Many [specialty licenses](#), permits, [local licenses](#), and professional licenses also require annual renewal. Keep track of your renewal dates to ensure your licenses are current and to avoid extra fees. You may need to check with the individual state agency where the permit was issued.
- Renewal of [contractor registration](#) is required every two years, and cost \$113.40. You renew your registration with the Washington State Department of Labor & Industries. Also, the Washington State Department of Labor & Industries renews specialty licenses related to trades (such as [electrical](#), [plumber](#), etc.).
- [Health provider license and facility renewals](#).
- [Long-Term Care Professionals and Providers](#).
- [Licensed Child Care and Early Learning Provider renewals](#).
- If you are now doing business in cities and towns where you weren't licensed previously, you will need to get additional local licenses. "Doing business" can include sales, delivery, installation, or service. Contact the [cities or towns](#) for further information.

Regulatory compliance

There are many regulations that businesses must comply with on an ongoing basis or otherwise face potential citations and penalties that can prove challenging and costly. Below is a basic listing of some of the agencies and regulations not addressed previously in this chapter. Be aware that the list isn't fully comprehensive. You should seek advice from your attorney, industry or business association, and other advisors to ensure you are in compliance with all applicable regulations. Agencies want to help you understand your responsibilities, so please ask for their assistance.

Federal

- [Consumer Product Safety Commission](#) – Regulates product standards, etc.
- [Department of Labor](#) – Regulates federal minimum wage, overtime requirements, and equal employment opportunity, etc.

Washington State

- [Department of Agriculture](#) – Regulates food safety, product labeling, pesticides, crops, livestock, etc.
- [Office of the Attorney General](#) – Oversees consumer protection, etc.
- [Department of Ecology](#) – Implements [environmental laws and rules](#) and [issue permits and certifications](#) to protect, preserve, and enhance Washington's environment.
- [Department of Financial Institutions](#) – Regulates franchise requirements, business investments, and business loans, etc.
- [Human Rights Commission](#) – Regulates public accommodations and non-discrimination, etc.
- [Department of Labor and Industries](#) – Regulates [workplace safety](#), [workers' compensation](#), and [employment regulations](#), etc.
- [Liquor and Cannabis Board](#) – Issues licenses and permits. Educates and enforces laws and regulations on production, sale, and serving of alcohol and the production, distribution, sales of cannabis, tobacco, and vapor products.
- [Department of Natural Resources](#) – Regulates forest practices, surface mining, land and aquatic resources located on state-owned land.
- [Department of Natural Resources, Aquatic Lands](#) – aquatic lands are navigable lakes, rivers, streams, and marine waters, such as the Puget Sound. The Department of Natural Resources is directed by statute to manage state-owned aquatic lands through the following goals:
 - Encourage direct public use and access.
 - Foster water-dependent uses.
 - Ensure environmental protection.



- Opportunities for utilization of renewable resources.
- Generate income from use of aquatic lands, when consistent with the previous goals.
- The Department of Natural Resources generates revenue by selling the rights to harvest renewable resources like wild geoducks and other shellfish and leasing and licensing state-owned aquatic lands.
- [Department of Natural Resources, Forest Resiliency](#) – From helping public and private landowners care for their trees to leading the state’s efforts to reduce uncharacteristically severe wildfires, the Forest Health and Resiliency Division works to improve the health of Washington’s forests.
- [Office for Regulatory Innovation and Assistance](#) – Helps businesses and citizens navigate complex permitting and licensing requirements.
- [Utilities and Transportation Commission](#) – Regulates taxi and limousine services, moving and trucking services, etc.
- [Washington’s Lottery](#) – Licenses businesses to sell lottery products and regulates the sale of lottery products by Lottery retailers. Reviews Lottery retailers’ accessibility for people with disabilities.

Local

- [County health departments](#) – Regulate food establishments, hazardous materials, environmental health, etc.
- [County assessors](#) – Provide valuations of business real estate, equipment, furnishings, and other assets for property tax purposes.
- [Cities](#) – Regulate zoning, signage, parking, and issues building and business permits, etc.
- [Fire departments](#) – Regulate fire code.

NOTE: Please check with cities where your employee(s) work, as cities may have different minimum wage and/or paid sick leave requirements

Prepare for the unexpected

- The Washington State Department of Health provides a wide range of resources to help you prepare for public health emergencies including bioterrorism events, disease outbreaks, and natural disasters. You can find fact sheets, links, and additional information at the Washington State [Department of Health](#) website.
- Being part of an industry or business association can provide you a network of colleagues and opportunities for specialized training to help you deal with the unexpected.
- **Unexpected events**, such as **fires, floods, storms, and earthquakes**, could damage or destroy your records, damage critical equipment, or close your business for a period of time. Establishing a business continuity plan in advance will help you get your business up and running more quickly.
 - [Get prepared for disasters.](#)
 - [Tools, templates, and in-depth information on developing a business continuity plan.](#)
 - [Public health emergency.](#)
 - [When Trouble Strikes: A Crisis Planner.](#)
- If there has been a death of a **business partner, principal, or owner** and you decide to continue with the business, please see [Closure Due to Death](#).
- For questions about scams or fraud, please contact:
 - [Washington State Office of the Attorney General](#)
Consumer Protection Consumer Resource Center
1-800-551-4636 (in-state only)
1-206-464-6684 (out-of-state callers)
1-800-833-6388 (Washington State Relay Service for the hearing impaired)
 - [Federal Trade Commission](#)



Need assistance?

State of Washington [Small Business Liaisons](#) can help you get the information and resources you need.

Help us improve the Small Business Guide by filling out a short, confidential [survey](#).



GROW your business

May 2025

CLOSE



RUN



OPEN



PAYROLL



START



PLAN



GROW your business

Do you want to expand your business?

Expanding a business can require many different things, including money, employees, new locations, and new markets.

Money

Money can come in the form of loans, invested capital, tax incentives, bonds, and other forms. For one-on-one assistance to discuss financing options, consider meeting with the [Washington Center for Women in Business](#) or [SCORE](#) advisor (free and confidential). For general financial information, see the following links:

- [U.S. Small Business Administration](#)
- [SCORE](#)
- [Washington State Department of Commerce](#)
- [Washington State Office of Minority and Women's Business Enterprises](#)
- [U.S. Small Business Administration Veterans Office](#)
- [Washington State Department of Financial Institutions](#)
- [U.S. Small Business Administration Microlenders](#)
- [Washington Economic Development Finance Authority](#)
- [Export Voucher Program](#)
- [Bond financing assistance for construction projects](#)
- [Fundera](#)
- [Startup Wisdom: 27 Strategies for Raising Business Capital](#)

Loans

There are a variety of business lenders, and all business lenders and banks have multiple different loans and lines of credit. All banks have unique specialties for either specific type of businesses or bank products (credit card, Line of Credit, Loan, Home Equity Loans, Commercial Loans). "SBA loans" are actually loans made through commercial banks and credit unions that are guaranteed by the federal government, in this case the U.S. Small Business Administration. The [U.S. Department of Agriculture](#) has business loan guarantee programs that are handled similarly.

Business loans typically require the "5Cs"

Before lending money, reputable financial institutions will want to know that certain conditions are met, frequently referred to as the 5Cs:

- **Capital/Cash** – This is the owner's cash investment. Typically, owners are expected to bring 25–30% of a new business's start-up costs. With an expansion loan for an established business, owners are typically expected to show equity in the business equaling at least 25% of the loan amount, or to bring in additional cash so that the sum of the added cash and the equity will total at least 25%.
- **Capacity/Cash Flow** – Evidence that the business owner has the ability to start and run the business successfully. The owner's industry experience, business training, and management experience, in combination with a well-developed business plan, will help establish capacity. For existing businesses, the firm's financial records will be important for demonstrating profitable operations and good financial management. A cash flow projection is typically for both new and established businesses. The projections need to show the ability of the business to meet its financial obligations, including making loan payments, and to withstand unexpected events.
- **Collateral** – The owner needs to pledge something of value. Typically, collateral includes business property, furnishings, fixtures, equipment, and inventory, plus owner assets outside of the business (real estate, stock, etc.).



- Character – The lender will want evidence that the owner takes responsibility seriously. This is partially demonstrated through the owner’s credit history.
- Conditions – The lender will also want to see the overall environment (economy, industry trends, and market forces) supports the business’s potential for success.

Business lenders

- [Community Development Financial Institutions](#) (CDFI) helps communities thrive economically by providing essential access to basic financial services, affordable credit, and investment capital, particularly for low-income communities and individuals who have historically faced limited access to these resources. [WA CDFI list](#).
- Banks and credit unions for standard commercial loans.
- Banks and credit unions for SBA 7a loans (can be used for any business purpose) and U.S. Department of Agriculture guaranteed loans.
- U.S. Small Business Administration [Microloans](#) (loans up to \$50,000 for any business purpose).
- U.S. Small Business Administration 504 lenders (for real estate and major equipment purchases): [Northwest Business Development Association](#), [Evergreen Business Capital](#), [Ameritrust CDC](#).

Investment Capital: Many businesses grow using funds from investors. The word “investor” implies that the individual or group has partial ownership of the business. The act of securing investors and private lenders, whether family members, friends, or strangers, is highly regulated and requires an understanding of [securities laws](#).

Below are some groups in Washington that connect investors with entrepreneurs. There is a comprehensive list of resources on the Startup [website](#).

- [Alliance of Angels](#)
- [Bellingham Angel Group](#)
- [OEN Angel Oregon](#) (includes Vancouver area)

Washington State offers limited financial assistance in the form of [grants and loans](#), [bonds](#), [incentives](#), and [tax exemptions for some industries](#).

Grants are available for small businesses to help cover the costs of hiring temporary employees when a member of your team uses [Paid Family and Medical Leave](#). To be eligible for these grants, your business must average 150 or fewer employees. Businesses that average fewer than 50 employees must pay the employer portion of the premiums to be eligible.

Businesses certified as Woman or Minority Owned Businesses are eligible for the Washington State Office of Minority and Women’s Business Enterprises [Linked Deposit Program](#). This program grants certified businesses access to affordable capital with an interest reduction of up to 2% through participating lenders. Veteran and Service Member Owned Businesses are eligible for the [Veteran Linked Deposit Program](#).

Employees

Having employees with the right attributes and skills for your business is critical for successful growth. There are resources to help you with employment planning, including [Labor Market Information](#).

Providing employee benefits, such as health insurance, can help a business owner recruit talented employees and keep valuable ones. The [Washington Health Benefit Exchange](#) offers resources to help you learn about individual health coverage options and/or can connect you with a certified broker to help you find the right plan for your business. (See section [Employee Benefits – Health Insurance](#) under “Plan Your Business”).



In addition, offering employees options for Retirement Savings keeps your business competitive, may provide you with tax incentives, and is easy and affordable to set up through the [Retirement marketplace](#).

There are also programs to help you find and train qualified employees:

- [WorkSource](#) can bring you applicants that are skilled and ready to work.
- Job fairs and [free, online job posting](#) can help increase your pool of applicants.
- [Tax credits](#) can help lessen the cost of new employees.
- Options for employee [training assistance](#).
- [On-the-job training wage subsidies](#).
- [Career Bridge](#) – employee training resources.
- [Apprenticeship programs](#).
- [WorkSource Apprenticeship](#)
- [Work study employees](#).

Setting up required employer accounts

To set up workers' compensation insurance, it is necessary to update your Washington State business license. If you say YES to hiring employees in your application, workers' compensation and unemployment insurance accounts will be automatically opened. The following steps are required as an employer in the state of Washington. To submit a new hire report, employers need to provide their name, address, and Federal Employer Identification Number (FEIN). They will also need information found on the employee's W-4 Form, including their name, address, and Social Security Number (SSN), plus the employee's date of hire and date of birth.

Update your Washington State business license with the Washington State [Department of Revenue/Business Licensing Service](#) and **indicate you are going to have employee(s)**. For customer service, call 360-705-6741.

- Once the application and employee endorsement is processed, the Washington State Department of Labor & Industries (workers' compensation) and Washington State Employment Security Department (unemployment insurance) will open up accounts for the business in 2–4 weeks. You will receive a packet in the mail from L&I with your account number, your rates, and contact information for your Washington State Department of Labor & Industries account manager. You will also receive the required Washington State Department of Labor & Industries workplace posters to hang in your workplace. If you have employees working remotely, you can email them PDF versions of the posters found [here](#) as well as access a [list of other required federal and state posters](#).
- When the time comes, file your workers' compensation insurance quarterly reports online [here](#). The due dates you need to report by are:
 - April 30 for Quarter 1 (hours worked from January 1 – March 31).
 - July 31 for Quarter 2 (hours worked from April 1 – June 30).
 - October 31 for Quarter 3 (hours worked from July 1 – September 30).
 - January 31 for Quarter 4 (hours worked from October 1 – December 31).

Other information and resources for employers

- Report all new employees (including part-time and temporary) to the Washington State [Department of Social and Health Services \(DSHS\) New Hire Reporting Program](#) within 20 days of hire. Reporting new hires helps the Division of Child Support collect support more efficiently.



- Create an Accident Prevention Program (required – even for remote workers). If you need help creating this, we have sample programs [here](#) or you can [request a FREE, confidential consultation](#) to get you started on the right foot.
- Provide all employees required notice of [Paid sick leave benefits](#), and consider creating [optional sick leave policies](#).
- Learn more about filing quarterly reports, reporting worker hours, and keeping other required employment records on the Washington State Department of Labor & Industries [Recordkeeping Requirements page](#).
- Sign up for a FREE Washington State Department of Labor & Industries [Essentials for Business webinar](#) to understand your role, your many requirements, and what Washington State Department of Labor & Industries does – these are offered each month as live, online webinars.
- Get questions related to other state agencies answered, such as the Washington State Department of Revenue and the Washington State Employment Security, by contacting their [Small Business Liaisons](#).

Employment is an area of significant regulation, including minimum wage, overtime pay, employment of minors and family members, workplace safety, nondiscrimination, etc.

If you are facing a temporary decline in business, the [SharedWork Program](#) offers you an alternative to laying off workers. Instead, you can reduce the work hours of your permanent employees, and the workers can collect partial unemployment benefits to replace a portion of their lost wages.

A frequently misunderstood area involves the use of independent contractors. Unless an individual is truly in business for himself or herself, is licensed, files federal and state taxes as a business, actively markets, has multiple clients/customers, and is performing work that is outside the business' normal activities, chances are state and federal law would require that the individual be treated as an employee.

Employment is also an area of significant recordkeeping and tax responsibilities. It's important that you understand the regulations and costs as you plan and operate your business.

Labor law

- [Wage and hour laws \(such as minimum wage, overtime, breaks, etc.\)](#)
- [Workplace poster requirements](#)
- [Employment of minors](#)
- [Non-Discrimination Laws](#)
- [Independent contractors](#) (Washington State Department of Labor & Industries)
- [Independent contractors](#) (Washington State Employment Security Department)
- [Independent contractors](#) (U.S. Internal Revenue Service)
- [Workplace safety](#) (including required written accident prevention program)
- [Federal payroll taxes](#)
- [Child Support Withholding Laws](#)
- Restrictions on [noncompete agreements](#)
- [Equal Pay and Opportunities Act](#), including prohibitions against salary history and requiring salary secrecy
- [Isolated worker protection](#)
- [Overtime Requirements](#)

Worker benefits

- [State unemployment taxes](#)
- [Workers' compensation insurance](#)



- [Washington Health Benefit Exchange](#)
- [Washington Healthplanfinder](#)
- [Paid sick leave](#)
- [Paid Family and Medical Leave](#)
- [Other types of leave](#)
- [Retirement marketplace](#)

NOTE: If you have workers in Seattle, Tacoma, or SeaTac, check with your city for minimum wage and other employment requirements.

New locations

Choosing new locations requires you to consider many factors: market desirability, zoning, build-out costs, on-going occupancy costs, access to infrastructure and services, access to qualified employees, etc. Below are tools that will help you make an informed decision.

- If you're opening a new location, you'll need to file a new [Business License Application](#) with the state of Washington.
- [SizeUp](#)
- [Site selection information](#).
- Current [labor market information](#), by industry and county.
- The [economic development organization](#) serving your region (a good resource for site selection).
- Contact your [city](#) or [county](#) location to learn about zoning and permitting requirements.
- Some industries and locations may require environmental permitting. The Washington State Office for Regulatory Innovation and Assistance provides information on local, state, and federal [environmental issues](#).

New markets

General market expansion assistance: Whether you're considering expansion through new products or services, new customer groups, or new marketing methods, conducting demographic and other types of research prior to moving forward can help you make better and more cost-effective decisions. Do you want assistance with research or development of an expanded marketing plan?

- SCORE: [marketing resources](#) and no-cost [counselors](#)
- Small Business Development Center: [marketing resources](#) and no-cost [advisors](#)
- [Business Impact NW](#)
- [Washington Center for Women in Business](#)
- Washington State Department of Commerce: [SizeUp your business](#)

Export assistance: Do you want to sell products or services to customers outside of the U.S.?

- [Small Business Development Center](#)
- [Washington Export Resource Center](#)
- [How to begin exporting](#)
- [Washington State Department of Commerce](#) – Export Assistance
- [Financing options for exporting](#)
 - [Export Finance Assistance Center of Washington](#)
 - [Export-Import Bank of the United States](#)

Washington State government contracting

The State actively procures public works projects and goods and services from small, diverse, and veteran businesses. To learn how to sell your goods and services to the State, please attend a free and virtual [State Contracting Opportunities and Open House](#) on the third Thursday of the month. To register, visit



[DES.wa.gov](https://des.wa.gov) and click on Sell to the State tab. You may also contact despieprogram@des.wa.gov.

Government contracting assistance: Do you want to sell products or services to federal, state, or local government agencies?

- Familiarize yourself with what the state buys. Does the state buy what you sell?
 - Check the following resources to see what state agencies buy and for how much. Determine if selling to the state is a viable market for your business.
 - [State Spending Reports](#)
 - [Statewide Contract Sales Data](#)
 - [Agency Contracts Fiscal Year 2023](#)
- Understand how Washington State buys goods and services. Where do you need to be to find potential opportunities?
 - How do agencies buy what your business sells?
 - Is there a [current statewide contract](#) for it?
 - Do certain agencies post solicitations in [Washington's Electronic Business Solutions \(WEBS\)](#)?
 - For direct buy purchases, can your business get certified with the Washington State [Office of Minority and Women's Business Enterprises \(OMWBE\)](#) and/or the [Washington Department of Veterans Affairs \(WDVA\)](#) for increased visibility?
- See if there are upcoming opportunities for your business.
 - Is there an [upcoming statewide contract](#) your business may be able to bid on?
- Look at current and previous examples of solicitations to familiarize yourself with terms and conditions.
 - Have you referenced the winning bids and bid tabs for vendors currently on [statewide contracts](#)?
 - Have you referenced past solicitations in [Washington's Electronic Business Solutions](#) to see what scopes, minimum qualifications, and bid processes have looked like in the past?
 - Have you referenced the [Washington State Procurement Manual](#) to understand how agencies are trained for purchasing?
- Connect with available resources for guidance and feedback.
 - Whether you are trying to determine whether state contracting is a good opportunity for your business, or need feedback on a bid draft you have developed, consider utilizing free consulting services offered by [Tabor 100](#), [Apex Accelerator](#), or any other partner organization in the [State Contracts Assistance Network \(SCAN\)](#).
 - Subscribe to "Business Diversity Updates" [newsletters](#) to stay up to date on upcoming state contracting workshops and opportunities, including the free monthly [State Contracting Opportunities and Open House](#).
 - Refer to the [Washington Department of Enterprise Services](#) for more information on how to work with the state.
- [Diversity Supplier](#) – Let the Washington State Department of Enterprise Services (DES) help you succeed in your small business as a Diversity Supplier. Your business may be eligible if you are a licensed small business owner and one or more of the following applies to your business: minority owned, women owned, veteran owned, or disadvantaged small business enterprise.
- [Washington APEX Accelerator](#): Offers free training and advising on all government contracting matters.



- [Prevailing Wage Requirements](#) – Are standard for construction-related contracts, paid for with public funds (all or in part). Public works contractors are required to pay employees at or above the “prevailing wage” that has been established through formal government surveys. Employers must also meet special reporting requirements.
- Small Business Development Center (SBDC) – [Advisors](#) offer one-on-one, no-cost advising.
- [Northwest Native APEX Accelerator](#) – helps Native firms with federal, Tribe, state, and local government contracting through one-to-one assistance with government certifications and registrations, classes and workshops, bid match opportunities, interpretation of solicitations, bid/proposal reviews, marketing advice, and contract performance support for designated socio-economic programs.



The Washington State Office of Minority and Women’s Business Enterprises (OMWBE) certifies small businesses owned and controlled by minority, women, and socially and economically disadvantaged persons. Certified businesses have increased visibility and access to state contracting and procurement opportunities. You can apply for state certification, federal certification, or both. You will need federal certification if you plan to do business on a project funded by the U.S. Department of Transportation.

State	Federal
MBE – Minority Business Enterprise	DBE – Disadvantaged Business Enterprise
WBE – Women Business Enterprise	ACDBE – Airport Concession Disadvantaged Business Enterprise
MWBE – Minority Women Business Enterprise	SBE – Small Business Enterprise
CBE – Combination Business Enterprise	
SEDBE – Socially and Economically Disadvantaged Business Enterprise	
PWSBE – Public Works Small Business Enterprise	

[OMWBE Certification](#)





"Serving Those Who Served"

The Washington State Department of Veterans Affairs wants to thank you for your service to our country. We are committed to providing you with the information you need and invite you to e-mail or call if you or someone you know needs assistance. If you are also a business owner, you should know that Washington State agencies purchase from Veteran or Service-member Owned Businesses. By linking the WDVA Certified Veteran and Service-member Owned Business list to WEBS, state agencies will now have a way to identify WDVA Certified Businesses AND keep track of how they're doing toward their purchasing goals. The Washington State Department of Veteran Affairs has teamed up to streamline the registration and certification process for vendors who want to do business with Washington State agencies and municipalities.

[Veteran Owned Business Certification](#)

Regulatory compliance

Growing a business may lead to new regulatory requirements. Review the "[START](#)" and "[RUN](#)" chapters of the Small Business Guide to see if additional regulations may apply due to the nature of the changes in your business.

We wish you success!

Growing a business brings with it rewards, both personal and financial. Planning growth carefully and taking advantage of resources and assistance will help increase your opportunities for success.

Need assistance?

State of Washington [Small Business Liaisons](#) can help you get the information and resources you need.

Help us improve the Small Business Guide by filling out a short, confidential [survey](#).



CLOSE  **your business**



CLOSE your business

Do you want to close your business?

Closing your business, also known as liquidation or dissolution, is the process in accounting by which a business is brought to an end for different reasons and by different processes. The assets and property of the company are sold or transferred.

People close their businesses for many reasons. Sometimes it's because the business hasn't gone in a direction they had hoped and they're not happy with the result. Sometimes it's because the owner is ready for something new, sometimes it's due to time or money considerations, and sometimes it's due to death. Regardless of the reasons, choosing to close a business is a significant decision. However, going out of business does not always require closing the business or liquidation.

A business exit is an entrepreneur's plan to sell his or her ownership interest in a company. An exit gives a business owner a way to reduce or liquidate his stake in a business and, if the business is successful, make a substantial profit. If the business is not successful, an exit plan enables the entrepreneur to limit losses. An exit may also be used by an investor such as a venture capitalist in order to plan for a cash out of an investment.

Sell: Selling requires careful planning—everything from cleaning up sloppy books and tax records to dressing up a tired storefront and updating old operating systems—even ramping up marketing to juice sales and command a higher asking price.

Initial public offering (IPO): Initial public offering is a type of public offering in which shares of a company are sold to institutional investors and usually also retail investors. An Initial public offering is underwritten by one or more investment banks, who also arrange for the shares to be listed on one or more stock exchanges.

Merge: A merger is the combination of one or more business entities into a single business entity. The joining of two or more companies is often to achieve greater efficiencies of scale and productivity.

Close: Liquidation or dissolution is the process in accounting by which a business is brought to an end for different reasons and by different processes. The assets and property of the company are redistributed.

The U.S. Small Business Administration has an online resource to assist you in understanding the considerations and closure process: [Getting Out](#). Additionally, it may be helpful to meet with a business advisor to address alternatives to closing, such as selling your business in whole or in part, hiring a manager and taking a less active role, merging with another business, etc. The following programs offer no-cost business advising:

- [Small Business Development Center](#) (statewide)
- [SCORE](#) (statewide)
- [Washington Center for Women in Business](#) (Puget Sound area)

Steps to closing a business:

Seek legal advice

You'll need sound counsel to understand your obligations regarding business closure notifications, contracts, and debts. If you don't have an attorney, ask your accountant or other trusted advisors for recommendations, or refer to the Washington State Bar Association's [Lawyer Directory](#).



Potential issues to discuss with your attorney:

- Outstanding salaries, wages, commissions, vested benefits due to employees, if applicable. When all debts can't be paid, debt to employees is considered legally to be high priority.
- Outstanding loans and lender requirements.
- Outstanding contracts, including leases, service agreements, purchase agreements, warranties, employment contracts, etc.
- Disposal of assets, especially where business property has been used as collateral for a loan or where you intend to convert business property to personal use.
- Tax debt, recognizing that most taxing agencies have the legal authority to assign business and employment tax debt to the owners (or former owners) of the business.
- Creditors – While all individuals and businesses have obligations to pay their debts, Corporations and Limited Liability Companies have special requirements related to notifying creditors of closure.
- Bankruptcy – If bankruptcy is a consideration, legal advice is critical for learning what debts can be discharged through a bankruptcy process and how you should proceed.

Notify regulatory agencies

Federal

Internal Revenue Service (IRS)

- Follow the [Closing a Business Checklist](#).
- If bankruptcy is a consideration, review the [Declaring Bankruptcy](#) web page.

Washington State

Department of Revenue (DOR)

- Complete the [Business Information Change Form](#) or close your account online using [My DOR](#).
- Department of Revenue will share the closure information with Business Licensing, the Employment Security Department, and the Department of Labor & Industries.
- Complete your final Department of Revenue [Excise Tax Return](#) within 10 days of business closure. Note on the form (near the top) that the business has or will close and provide a closure date.
- If inventory is being converted to personal use, pay [use tax](#) on the cost of the inventory (unless sales tax was paid previously).
- Keep your business records for five years in case your business is selected for an audit.

Employment Security Department (ESD)

- Complete the [Business Change Form](#) and ensure Employment Security Department has updated contact information for you.
- Complete your final [Quarterly Report](#) within 10 days of closing your business.
- Carefully review and respond to notices that will come from Employment Security Department if any of your former employees apply for unemployment benefits.
- Complete your final Paid Family and Medical Leave [quarterly report](#).

Department of Labor & Industries (L&I)

- Complete your final [Quarterly Report](#).
- If a contractor, send written notice to Department of Labor & Industries Contractor Registration Division:
Email: contreg@lni.wa.gov
Fax: 360-902-5812
Mail: Department of Labor & Industries



PO Box 44450
Olympia, WA 98504-4450

- Your contractor bond must remain in effect for two years beyond the contractor registration expiration date (which is typically later than the business closure date).

Secretary of State

- Corporation
 - Complete and submit the Department of Revenue's [Revenue Clearance Certificate Application](#) form to verify that all excise tax returns have been filed and taxes have been paid.
 - Complete and submit [Articles of Dissolution](#), or for a foreign (non-Washington) corporation, [Statement of Withdrawal](#), attaching the Revenue Clearance Certificate received from Department of Revenue. All dissolution and withdrawal filings are available online.
- Limited Liability Company (or other limited liability organization)
 - Complete and submit a [Certificate of Dissolution](#), for a foreign (non-Washington) Limited Liability Company, [Statement of Withdrawal](#). All dissolution and withdrawal filings are available online.

State Certified Businesses

- [Office of Minority and Women's Business Enterprises](#) (OMWBE)
 - If you are certified with OMWBE, log into your [Access Equity](#) account which can be accessed via www.omwbe.diversitycompliance.com and follow the steps to update your information that the business has closed. Should you need assistance or have questions, please call the office toll-free at (866) 208-1064 or email technicalassistance@omwbe.wa.gov.
- [Department of Veteran Affairs](#)
 - If you are certified as a veteran owned business, contact the office to remove your company from the certified business list. Call the toll-free number at (800) 562-0132 and press 1 for assistance or email the office at vob@dva.wa.gov.

Liquor and Cannabis Board

- If the business you are closing sold liquor, vapor products, tobacco products, or cannabis, contact your enforcement officer through our website <http://lcb.wa.gov/enforcement/contact-your-officer> or call Enforcement Customer Service at (360) 664-9878. For licensing application queries, please call (360) 664-1600.

Department of Health

- If your business is in a profession licensed through the Department of Health, [notify the Department](#) that your business is closing.

Department of Licensing

- If your business is in a profession licensed through the Department of Licensing, [notify the Department](#) that your business is closing.

Local

Notify the [cities or towns](#) and [counties](#) where you do business. Complete final tax returns (Business and Occupation for cities; property tax for counties).



Notify other interested parties

Notify employees, lenders, insurers, vendors, service providers, landlords, customers, and other interested parties of your intent to close the business. If money is due to them, pay it or provide information about how and when you will pay.

Corporations and Limited Liability Companies are required to inform creditors that the company has (or will be) dissolved, provide a mailing address to send claims, and provide a deadline to submit claims. Notice to creditors includes a required published notice of the dissolution requesting claims against the dissolved business be handled a specific way as provided or described in [RCW 23B.14](#). Limited Liability Companies may have a different set of requirements in Article VIII [RCW 25.15](#).

Taking care of your employees

Employers and employees that lose employer sponsored health insurance qualify for a special enrollment period to enroll in an individual plan on [Washington Healthplanfinder](#). Depending on their income and household size, employees separating from their employers may qualify for reduced monthly premiums or low cost/free coverage through Washington Apple Health (Medicaid). Individuals must report a loss of coverage and enroll in a new plan on [Washington Healthplanfinder](#) within 60 days of losing employer sponsored coverage.

For questions on coverage options contact smallbusiness@wahbexchange.org

Closure of business due to death

Notify the following state agencies if you are closing a business due to a death. Not all agencies will be listed in this section. If an agency is not listed they do not have a special process for a business to follow when closing due to death.

Washington State Liquor and Cannabis Board (LCB)

[WAC 314-07-100](#) pertaining to Death's for the [WSLCB](#).

Death or incapacity of licensee.

- The appointed guardian, executor, administrator, receiver, trustee, or assignee must notify the board's licensing and regulation division in the event of the death, incapacity, receivership, bankruptcy, or assignment for benefit of creditors of any licensee.
- Subject to a criminal background check, the board may give the appointed guardian, executor, administrator, receiver, trustee, or assignee written approval to continue liquor sales on the licensed business premises for the duration of the existing license and to renew the license when it expires.
- When the matter is resolved by the court, the true party(ies) of interest must apply for a liquor license for the business.

[RCW 66.24.025 for transferring of license that could be due to death.](#)

Transfer of license – Fee – Exception – Corporate changes, approval – Fee

- If the board approves, a license may be transferred, without charge, to the surviving spouse of a deceased licensee only if the parties were maintaining a marital community and the license was issued in the names of one or both of the parties. For the purpose of considering the qualifications of the surviving party or parties to receive a liquor license, the liquor and cannabis board (NOTE: The "state liquor control board" was renamed the "state liquor and cannabis board" by [2015 c 70 § 3](#)) may require a criminal history record information check. The board may submit the criminal



history record information check to the Washington State Patrol and to the identification division of the Federal Bureau of Investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who filled out the forms. The board shall require fingerprinting of any applicant whose criminal history record information check is submitted to the Federal Bureau of Investigation.

- The proposed sale of more than 10% of the outstanding and/or issued stock of a licensed corporation or any proposed change in the officers of a licensed corporation must be reported to the board, and board approval must be obtained before such changes are made. A fee of \$75 will be charged for the processing of such change of stock ownership and/or corporate officers.

Washington State Department of Revenue (DOR) – Business Licensing Services (BLS) Taxes

Department of Revenue will need to be notified, depending on the business activity, the ownership structure, etc. For specific questions about this, please contact Department of Revenue – [Business Licensing Service](#) at 360-705-6741 or Department of Revenue – [Taxpayer Services](#) at 360-705-6705.

Washington State Department of Labor and Industries (L&I)

If the business has an open [workers' compensation](#) account, a written notification of the change is required. If the business is a registered contractor, a copy of the death certificate to remove a Limited Liability Company member/manager, corporate officer, or partner from the registration is required. In the event that the contractor business is a partnership, the business must be re-registered.

Washington State Employment Security Department (ESD)

If you're closing the business due to death, please submit a [Business Change Form closing the business](#). You can provide a copy of the death certificate so no one will try to contact you, but it's not required.

If there has been a death of a business partner and you decide to continue with the business that has multiple business partners in a partnership or Limited Liability Company, follow the same process as one above, with a [5208C-2 Update Ownership Form](#) so the account can be updated.

There are no requirements from Employment Security Department for notification (sending death certificate, etc.).

Washington Secretary of State

There is no notification of death needed. However, if the business is sold or assumed by another, then an [annual report or amended annual report](#) may be needed to update the list of governors in the entity. Both annual and amended reports are available online at <http://www.sos.wa.gov/corporations-charities>.

Washington State Department of Licensing (DOL)

Depending on the types of licenses granted to a business, notification of closure due to death may be as simple as notification of the administering program/agency or may be more prescribed, with specific instructions that must be followed.

Basic Notification – Copy of Death Certificate

If the business closing has any of the following license types, the administering program only expects to be notified of the closure due to death:



Cosmetology, Tattoo (Except [Cosmetology Postsecondary School](#))

Program Contact:
Cosmetology/Tattoo Program Department of Licensing PO Box 9026 Olympia, WA 98507 Email: plssunit@dol.wa.gov Phone: (360) 664-6626 / Fax: (360) 664-2550

Auctioneer and Auction Company

Program Contact:
Auctioneer Program Department of Licensing PO Box 9026 Olympia, WA 98507 Email: plssunit@dol.wa.gov Phone: (360) 664-6626 / Fax: (360) 664-2550

Combative Sports

Program Contact:
Combative Sports Program Department of Licensing PO Box 9026 Olympia, WA 98507 Email: plssunit@dol.wa.gov Phone: (360) 664-6644 / Fax: (360) 570-4956

Security Guard Company

Program Contact:
Private Security Guard Program Department of Licensing PO Box 9649 Olympia, WA 98507-9649 Email: security@dol.wa.gov Phone: (360) 664-6611

Private Investigator Agency

Program Contact:
Private Investigator Program Department of Licensing PO Box 9649 Olympia, WA 98507-9649 Email: security@dol.wa.gov Phone: (360) 664-6611

Detailed Notification

If the business closing has any of the following license types, specific instructions must be followed to properly close the business:

(Please review and follow the instructions for each applicable license type)



Vehicle Dealer

Program Contact:	Instructions:
Dealer and Manufacturer Services Department of Licensing PO Box 9039 Olympia, WA 98507-9039 Email: dealers@dol.wa.gov Phone: (360) 664-6466	A business can be closed by a request put in writing and faxed or emailed. • If the license will expire more than 60 days from close of business, the dealership is to return the license and all special plates to the department within 10 days of termination. This can be done either by mail or by contacting a dealer investigator to pick them up. • If the license is sent by mail, it must be accompanied by a signed statement from the licensee that it is being voluntarily surrendered. The dealer or an authorized representative should sign either on the license or a separate paper indicating the voluntary surrender of the license. In the case of death of the principal or owner of the business: • The personal representative of the dealer must apply for new application and license fees for authority to “wind the business down” and close it over six months. • If the personal representative is assuming an LLC/Corporation, the representative can forego the application but must submit fingerprint cards and a personal/criminal history statement form. • Instead of the representative taking over the business, they may choose to consign the inventory to another dealer. If this is the case, they have 30 days to do so. • The program will assign a person to assist in these processes. If an owner becomes incapacitated, in addition to the above, we require a statement of power of attorney if someone is acting on behalf of the dealer.

Registered Tow Truck Operator/Dealers/Limousine Carriers/Vehicle Transporters/Taxi/For Hire Vehicles/Snowmobile Dealer

Program Contact:	Instructions:
Limousines Department of Licensing PO Box 9039 Olympia, WA 98507-9039 Email: dealers@dol.wa.gov Phone: (360) 664-1389	The license and special plates must be sent or delivered to the department, or a dealer investigator can be contacted to pick up the license within 10 days of termination of the business.



Vehicle Hulk Haulers/Scrap Processors

Program Contact:	Instructions:
Dealer and Manufacturer Services Department of Licensing PO Box 9039 Olympia, WA 98507-9039 Email: dealers@dol.wa.gov Phone: (360) 664-6466	The license and special plates must be sent or delivered to the department, or a dealer investigator can be contacted to pick up the license within 10 days of termination of the business. WAC 308-65-160

Vehicle Wreckers

Program Contact:	Instructions:
Dealer and Manufacturer Services Department of Licensing PO Box 9039 Olympia, WA 98507-9039 Email: dealers@dol.wa.gov Phone: (360) 664-6466	The wrecker must, within 10 days of terminating the business, return the license and special plates to the department. WAC 308-63-130

Scrap Metal Processors, Suppliers, Recyclers

Program Contact:	Instructions:
Scrap Metal Program Department of Licensing PO Box 9649 Olympia, WA 98507-9649 Email: scrapmetal@dol.wa.gov Phone: (360) 664-6611	The scrap metal business must, within 10 days of terminating the business, return the license and special plates to the department. WAC 308-70-220

Vessel (Boat) Dealers

Program Contact:	Instructions:
Program Contact: Dealer & Manufacturer Services Department of Licensing PO Box 9039 Olympia, WA 98507-9039 Email: dealers@dol.wa.gov Phone: (360) 664-6466	Submit to the department (the envelope must state "Attn: Dealer Services Program"): • Notification that the business is closing • The vessel dealer registration that was issued by the department.

Manufactured Home/Travel Trailer Dealer/Vehicle Manufacturer/Wholesalers/Miscellaneous

Program Contact:	Instructions:
Dealer and Manufacturer Services Department of Licensing PO Box 9039 Olympia, WA 98507-9039 Email: dealers@dol.wa.gov Phone: (360) 664-6466	The license and special plates must be sent or delivered to the department, or a dealer investigator can be contacted to pick up the license within 10 days of termination of the business.



Appraisal Management Company

Program Contact:	Instructions:
Appraisal Management Company Program Department of Licensing PO Box 9021 Olympia, WA 98507-9021 Email: dolbpdamc@dol.wa.gov Phone: (360) 664-6504	Complete and send to the department the Designated Controlling Person Closing Company Affidavit form.

Cosmetology Postsecondary School

Program Contact:	Instructions:
Cosmetology Program Department of Licensing PO Box 9026 Olympia, WA 98507 Email: plssunit@dol.wa.gov Phone: (360) 664-6651	Send to the department: • Where records will be kept for the required 3 years • Contact information for each enrolled student (address, phone, email) • Proof students are supplied with a refund for any remaining tuition due • Proof student hours are terminated from the online reporting system • Copies of all final student monthly reports • Documentation of which students owe the school tuition for hours already earned • Contact information regarding the representative for the school • Bond information

Driver Training School

Program Contact:	Instructions:
Driver Training School Program Department of Licensing PO Box 9027 Olympia, WA 98507-9027 Email: tse@dol.wa.gov Phone: (360) 664-6692	• Complete and submit DTS Closing Report found at https://dol.wa.gov/forms/view/661017/download?inline • Enter all course completions into the Secure Access Washington (SAW) portal • Return school's license and copies of instructor license to the department DTS program • Provide the department a list of any students that have not completed your course • Provide the department a student record for any student that has not completed the course • If closing a testing location: • verify all test scores have been entered into the SAW portal • verify and confirm that all unused copies of the knowledge and skills exam forms have been destroyed

Bail Bond Agencies

Program Contact:	Instructions:
Bail Bond Program Department of Licensing PO Box 9649 Olympia, WA 98507-9649	• Business continues to be obligated on all outstanding bonds until the director receives notification from the jurisdiction in which the agency/branch offices are located that all bonds have been exonerated.



Email: security@dol.wa.gov Phone: (360) 664-6611	• The department of licensing has received no complaints from indemnitor about the return of collateral. • The director may require an audit of the closing agency at any time upon notification of the closing of the agency.
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Scrap Metal Business

Program Contact:	Instructions:
Scrap Metal Program Department of Licensing PO Box 9649 Olympia, WA 98507-9649 Email: scrapmetal@dol.wa.gov Phone: (360) 664-6611	Within ten business days of the closure of a scrap metal business, the business must return the license and the special license plates to the department for cancellation.

Funeral Establishment

Program Contact:	Instructions:
Funeral and Cemetery Licensing Department of Licensing PO Box 9012 Olympia, WA 98507-9012 Email: funerals@dol.wa.gov Phone: (360) 664-1555	• Handle prearrangement funeral service contracts in accordance with RCW 18.39.250(8). • Notify the department.

Need assistance?

State of Washington [Small Business Liaisons](#) can help you get the information and resources you need.

Help us improve the Small Business Guide by filling out a short, confidential [survey](#).



Common Business Terms in Washington State

This list of terms are designed for people who are new to owning a business, especially those who are not familiar with Washington state terms or are non-English speakers. It uses simple language to explain common business terms used in the state and are not legal definitions. Many, but not all the terms are found in the Small Business Guide.

Administrative Dissolution: Termination (dissolution) of a Washington corporation or other entity by the Secretary of State because the entity failed to meet a requirement in statute, such as filing an annual report or maintaining a registered agent.

Agent: Anyone authorized to act on behalf of another. See [Registered Agent](#)

Amendment: A document filed to change certain business information recorded in the Articles of Incorporation or Certificate of Formation. Non-Washington businesses may amend their Certificate of Authority.

Annual Report: A required annual filing listing governors and other required information. May be filed online with the Corporations and Charities Filing System (CCFS).

Apostille: A certification of a notary, state, or county official on a legal document (adoption, marriage, divorce, etc.) for use in another country, according to the 1961 Hague Convention. The certification attests to the authenticity of the notary, state, or county official only, not the legality or accuracy of the documents themselves.

Articles of Incorporation: Document filed with the Secretary of State to create a corporation.

Asset: Anything valuable your business owns (e.g., cash, equipment, property).

B&O Tax (Business and Occupation Tax): A Washington state tax on money your business earns, even if you don't make a profit. Most businesses must file it.

Balance Sheet: A financial report showing what your business owns and owes at a specific time.

Business License: A legal document that lets you run a business in Washington. You apply through the Washington State Department of Revenue.

Business Plan: A written document that explains your business goals, how it will make money, and what you need to get started. Useful when applying for loans or grants.

Business Structure: The way your business is legally organized (e.g., LLC, sole proprietor). This affects taxes, liability, and paperwork.

Bylaws: The governance rules for corporations, detailing how they are managed and how decisions are made.

Capital: Money or assets used to start or grow your business.

Cash Flow: The movement of money in and out of your business. Shows if you can pay bills.

Certificate of Authority: A document applied for by a non-Washington entity with the Secretary of State to do business in the state of Washington.

Certificate of Existence: Certificate issued to certify the records in the Secretary of State's office are current and authorized to do business in the state of Washington. Order online.

Certificate of Formation: Filing records to form a Limited Liability Company with the Secretary of State.

Certificate of Incorporation/Formation/Registration: A certificate issued at the time of Incorporation, Formation, Registration of a business record.

Charitable Nonprofit Corporation: Charitable Corporation is defined as a domestic nonprofit corporation that is operated primarily or exclusively for one or more charitable purposes. Further a Charitable Purpose is described as a corporation organized and operated exclusively for that purpose eligible to be exempt from taxation under section 501(c)(3) of the internal revenue code.

Charity: Is any individual or entity that "solicits or collects donations or fundraises in Washington state" to support a charitable activity.

City Business License: Many cities in Washington (like Seattle or Spokane) require an extra license to do business within their city limits.

Contractor License: A license required for businesses operating in construction-related fields, including general contractors and specialty trades, often requiring bonding and insurance.

Corporation: A legal entity, a corporation has certain rights, privileges, and liabilities beyond those of an individual. Doing business as a corporation may yield tax or financial benefits, but these can be offset by other considerations, such as decreased personal control. Corporations may be formed for profit or nonprofit purposes.

Credit: Money your business borrows or time allowed to pay for something.

Department of Revenue (DOR): The state agency that handles business licensing and collects taxes. You'll use their website a lot.

Doing Business As Names (DBAs): All Washington/Domestic Entity DBAs and Trade Names are recorded with the Department of Revenue. Please contact DOR to record a DBA or Trade Name. If a foreign entity registering with DOR has a business name in their home jurisdiction that is unavailable in Washington, or their designation does not meet Washington statutory requirements, they must choose an alternate name (DBA) to use in Washington, which includes the correct designation. Refer to RCW 23.95.525 for more information.

Domestic Entity: A Washington State corporation or business that is registered to do business in the state.

EIN (Employer Identification Number): A federal identification number for your business from the Internal Revenue Service. You need it to hire workers, open a business bank account, and file taxes.

Entity: This may be a corporation, limited partnership, limited liability company, or any other business structure except Sole Proprietor.

Equity: The value of your business after subtracting all debts.

Executor: The person(s) forming a limited liability company and signing the Certificate of Formation.

Expenses: The costs to run your business day-to-day.

Federal Tax Forms: Forms required by the Internal Revenue Service for reporting income, payroll taxes, and other business-related financial activities, including Form 1040 (for sole proprietors), Form 1120 (for corporations), and Form 1065 (for partnerships).

Foreign Entity: A corporation or business that has been formed or incorporated in another State, Territory, Tribe, or Country that is registered to do business in Washington state.

Governor / Governing Person(s): Any director, partner, general partner, manager, member, or any other person under whose authority the powers of an entity are exercised and under whose direction the activities and affairs of the entity are managed pursuant to the organic law and organic rules of the entity. An entity (business) cannot be its own governor.

Grant: Free money for your business (you don't pay it back). Often from the government or nonprofits. Grants are usually competitive and have specific rules.

Gross Revenue: Gross Revenue is the amount of money a business takes in during its accounting year.

Incorporator: The person(s) who signs the Articles of Incorporation.

Initial report: All domestic business entities other than LLPs or Nonprofit Corporations can file this when or within 120 days of incorporating/forming.

Interest: The extra money you pay when you borrow money.

Labor & Industries (L&I): A state agency that protects workers. You register with L&I if you hire employees or need workers' compensation insurance.

Liability: What your business owes, like loans or bills.

LLC (Limited Liability Company): A type of business that protects your personal property (like your house or car) if your business gets sued or owes money.

Loan: Money you borrow and promise to pay back with interest.

Managers: Individuals responsible for the management of a limited liability company (LLC). Members of an LLC may also serve as managers. A manager does not need to be a person; it can be a business.

Market Analysis: A research process used to identify the demand for a product or service, assess the competition, and determine the target market.

Marketing Plan: A strategy outlining how a business will attract and retain customers, including pricing, advertising, promotions, and sales approaches.

Members: The owner(s) of a limited liability company (LLC) who may also be managers. A nonprofit under 24.03A is required to state whether they have members and have the option to add member names when incorporating.

Merger: Combination of two or more business entities in which one survives, and the other(s) cease to exist.

NAICS Code: A number that describes what your business does (e.g., food service, construction). The state uses it to classify your business.

Name Availability: Name availability is determined when staff are processing a formation, incorporation, registration, or amendment by performing a search to determine the business name is not identical to another business already on file.

Name Registration: The registration of business name by a non-Washington entity. Filing a Name Registration reserves a business name and/or prevents others from using the name in Washington state. A Name Registration is renewable.

Nature of Business: This is a brief description of the nature of the entity's business. This information can be updated through the annual report if you are within 180 days of your due date. If outside of this 180-day window, then this must be updated through an amended annual report.

Nonprofit Corporation: This is an entity and in Washington state, is typically formed under [RCW Title 24](#).

Operating Agreement: A governance document for limited liability company's (LLCs) that outlines the structure, roles, and responsibilities of its members.

Operations Plan: A section of the business plan that details how the business will function, including inventory management, supply chains, daily operations, and the responsibilities of team members.

Paid Family and Medical Leave (PFML): A state-mandated program that provides employees with paid leave for family or medical reasons, funded by employer and employee contributions.

Partnership: A business owned by two or more people. They share profits, losses, and responsibilities.

Payroll: The process of paying employees for their work, including the calculation of wages, taxes, and other deductions, as well as the associated recordkeeping and reporting.

Principal Office: The office, in or out of this state, so designated in the annual report where the principal executive offices of a domestic or foreign corporation are located.

Professional Corporation: A professional corporation formed under specific state laws requiring a special license to perform their duties, e.g., attorneys, counselors, etc. In Washington, the professional laws are under [RCW 18.100](#).

Registered Agent: The person, entity, or office/position title named in public documents to receive notices or service of process. Registered agent information may be changed on an annual report, amended annual report, or statement of change, all of which can be found online.

Registered Office: The office address where the Registered Agent must be located during business hours.

Reinstatement: Document filed to return a business entity that has been administratively dissolved (terminated) by the Secretary of State's office to active status.

Reseller Permit: If you sell products to customers, you may not need to pay sales tax on things you buy for resale. This permit lets you skip that tax. Once registered, a business can reach out to the Department of Revenue (DOR)

Restated Articles of Incorporation: A combination of the corporation's articles of incorporation and subsequent amendments into one current document.

Revenue: Money your business earns from selling products or services.

Revised Code of Washington (RCW): The [Revised Code of Washington](#) (RCW) is the compilation of all permanent laws now in force. It is a collection of Session Laws (enacted by the Legislature, and signed by the Governor, or enacted via the initiative process), arranged by topic, with amendments added and repealed laws removed. It does not include temporary laws such as appropriations acts. The official version of the RCW is published by the Statute Law Committee and the Code Reviser.

Sales Tax: A tax you charge your customers when they buy goods or certain services. You collect it and send it to the Department of Revenue.

Secretary of State (SOS): This office helps you register your business if it's a corporation, LLC, or nonprofit. It's the first step before getting your business license.

Shareholder: Shareholders are a person or business (entity) that owns shares in a company, which means they are part-owners of the business. They have certain rights, like voting for the board of directors, receiving dividends, and getting a share of the assets if the company is sold. However, being a shareholder does not give them control over the company. Shareholders can be individuals, corporations, institutions, governments, trusts, or partnerships.

Small Business Liaison Team (SBLT): A group of state agencies that work together to help small businesses navigate rules and regulations.

Sole Proprietor: A simple business type where one person owns everything. Easy to start, but you're personally responsible for all debts. You register with the Department of Revenue.

Taxpayer Identification Number (TIN): A number issued by the Internal Revenue Service used for tax purposes. Sole proprietors can use their Social Security Number (SSN), but businesses with employees typically require an Employer Identification Number (EIN).

Trade Name (DBA): If your business uses a name different from your legal name, you must register it as a 'Doing Business As' (DBA) or trade name.

Trademark: A word, symbol, or other distinctive sign used in commerce indicating exclusive use of a product or service by the owner.

Unemployment Insurance (UI): A state-managed insurance program that provides temporary financial assistance to workers who have lost their jobs through no fault of their own.

Unified Business Identifier (UBI): A nine-digit number used to identify persons engaging in business activities in the state of Washington. This number helps identify a business with the Department of Revenue, the Business Licensing Service, and the Secretary of State. If you have employees, the number is also used in the Department of Employment Security and the Department of Labor & Industries.

Voluntary Dissolution: Voluntary act by the governing persons to dissolve a corporation.

Washington Administrative Code (WAC): Regulations of executive branch agencies issued by the authority of statutes. Like legislation and the Constitution, regulations are a source of primary law in Washington state. The WAC codifies the regulations and arranges them by subject or agency. The online version of the WAC is updated twice a month.

Workers' Compensation: Insurance you must buy if you have employees. It helps pay if the employee get hurt on the job. In Washington, this is handled by the Department of Labor & Industries (L&I).

Zoning: The legal regulations governing how land can be used in specific geographic areas, including what types of businesses can operate in certain locations.