



**City of Oak Harbor
Business and Occupation (B&O) Tax Return - Schedule C Multiple Activities Tax Credit**

Washington UBI Number	City of Oak Harbor Account Number	Tax Reporting Period (Quarter / Year)	Due Date

External Credits (Gross Receipts Taxes Paid to Other Cities)					
Line No.	Column 1	Column 2	Column 3	Column 4	Column 5
			Gross Receipts Tax (Rate = 0.002)		
			Oak Harbor	Outside Oak Harbor	Credit Amount
1	Retailing in Oak Harbor of products extracted, manufactured, or printed outside of Oak Harbor				
2	Wholesaling in Oak Harbor of products extracted, manufactured, or printed outside of Oak Harbor				
3	Manufacturing in Oak Harbor using ingredients extracted outside of Oak Harbor				
4	Total External MATC (add Column 5, Lines 1 thru 3)				

Internal Credits (Gross Receipts Taxes Paid to Oak Harbor)							
Line No.	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
			Gross Receipts Tax (Rate = 0.002)				
		Taxable Amount (after deductions)	Retailing	Wholesaling	Manufacturing or Printing	Extracting	Credit Amount
5	Retailing in Oak Harbor of products manufactured or printed in Oak Harbor						
6	Wholesaling in Oak Harbor of products manufactured or printed in Oak Harbor						
7	Manufacturing in Oak Harbor of products extracted in Oak Harbor						
8	Retailing in Oak Harbor of products extracted in Oak Harbor						
9	Wholesaling in Oak Harbor of products extracted in Oak Harbor						
10	Total External MATC (add Column 7, Lines 5 thru 9)						

Total External and Internal MATC (add Column 5, Line 4 and Column 7, Line 10) :
(Enter amount on B&O Tax Return, Column 6, Line 12.)

Instructions for Schedule C – Multiple Activities Tax Credit

General Information: The purpose of the Multiple Activities Tax Credit (MATC) is to ensure that city B&O tax is not paid by the same business more than once on the same amount. The MATC applies to businesses engaged in activities that are subject to tax in Oak Harbor under two or more classifications. The MATC also applies to businesses who have paid an eligible gross receipts tax to another local jurisdiction on the same amount reported to Oak Harbor.

“Eligible gross receipts tax” means a tax which:

1. Is imposed on the act or privilege of engaging in business activities within Oak Harbor City Code 3.98.050; and
2. Is measured by the gross volume of the business, in terms of gross receipts, and is not an income tax or value added
3. Is not, pursuant to law or custom, separately stated from the sales price; and
4. Is not a sales or use tax, business license fee, franchise fee, royalty, or severance tax measured by volume or weight, or concession charge, or payment for the use and enjoyment of property, property right, or a privilege; and
5. Is a tax imposed by a local jurisdiction, whether within or without the state of Washington, and not by a country, state, province, or any other nonlocal jurisdiction above the county level.

To take a credit, a taxpayer must be able to document that the amount of tax sought to be credited was paid upon the same gross receipts used in computing the tax against which the credit is applied and that the taxpayer paid the amount of tax sought to be credited

Instructions:

External Credits (B&O Taxes Paid to Other Cities)

Column 2: Enter the taxable amount attributable to products sold or manufactured in Oak Harbor using ingredients that were manufactured, printed, or extracted outside of Oak Harbor and on which an eligible gross receipts tax was paid by the taxpayer to another local jurisdiction. Enter the taxable amount after deductions.

Column 3: Enter the Oak Harbor B&O tax due on the amount in Column 2. (Use tax rates as shown on the B&O Tax Return.)

Column 4: Enter the amount of eligible gross receipts tax paid to another local jurisdiction with respect to the manufacturing, printing, or extracting of the products.

Column 5: Enter the lesser of the amounts in Columns 3 and 4.

Internal Credits (B&O Taxes Paid to the City of Oak Harbor)

Column 2: Enter the taxable amount attributable to products that were both sold in Oak Harbor and manufactured, printed, or extracted in Oak Harbor; and/or the value of products manufactured in Oak Harbor that were extracted in Oak Harbor.

Columns 3-6: Multiply the amount in Column 2 by each applicable tax rate. (Use tax rates as shown on the B&O Tax Return.)

Column 7: Enter the lesser of the amounts in Columns 3 through 6.

Enter the total credits to Column 6, Line 12 of the B&O Tax Return

Schedule C – Multiple Activities Tax Credit Examples

Example 1 (Internal MATC): A company manufactures goods in Oak Harbor, which it then sells at retail. During Quarter 1, the company sold manufactured goods for \$5,000,000 that were produced at their Oak Harbor facility. Of this amount, \$1,200,000 was sold within Oak Harbor, and the remaining products were delivered to buyers located outside the city.

- The company must report \$5,000,000 under the Manufacturing tax classification, with tax due of \$10,000.
- The company must also report \$1,200,000 under the Retailing tax classification. A retailing threshold deduction is claimed in the amount of \$1,000,000. The retailing tax due on the remaining \$200,000 in sales of goods delivered within Oak Harbor is \$400.
- The company may claim a MATC in the amount of \$400 ($= \$200,000 \times 0.002$). The total tax due is \$10,000 ($= (\$10,000 + \$400) - \400).

Example 2 (External MATC): A company manufactures goods in Seattle which it sells at wholesale in various cities. During Quarter 1, the company's wholesale sales of goods in Oak Harbor (which were manufactured in Seattle) are \$2,000,000. Assume 1) the company paid manufacturing gross receipts tax to the City of Seattle at a rate of 0.00222 and 2) the company claimed a Wholesaling threshold deduction for its Oak Harbor sales of \$1,000,000.

- The manufacturing tax paid to Seattle is \$4,440 ($= \$2,000,000 \times 0.00222$).
- The wholesaling tax due in Oak Harbor is \$2,000 ($= (\$2,000,000 - \$1,000,000) \times 0.002$).
- The company may claim a MATC in the amount of \$2,000 (= lesser of the two taxes). The total tax due to Oak Harbor is \$0.

Example 3 (External MATC): A company manufactures goods in Oak Harbor which it extracted from Sedro-Woolley. During Quarter 1, the company's value of products manufactured in Oak Harbor (which were extracted from Sedro-Woolley) are \$1,500,000. Assume 1) there is no local B&O tax (or equivalent) in Sedro-Woolley and 2) the company claimed a Manufacturing threshold deduction for its Oak Harbor manufacturing of \$1,000,000.

- The extraction tax paid to Sedro-Woolley is zero ($= \$1,500,000 \times 0.00$).
- The Manufacturing tax due in Oak Harbor is \$1,000 ($= (\$1,500,000 - \$1,000,000) \times 0.002$).
- The company may not claim a MATC because no eligible B&O tax or equivalent was paid to Sedro-Woolley. The total tax due to Oak Harbor is \$1,000.

Example 4 (Internal MATC): A company extracts and manufactures goods in Oak Harbor, which it then wholesales. During Quarter 1, the company extracted products valued at \$750,000 and the value of the products manufactured from those extracted products was \$2,000,000. Of the amount manufactured, \$200,000 was wholesaled within Oak Harbor, and the remaining products were delivered to buyers located outside the city. The company does not have itemized deductions exceeding the \$1,000,000 threshold deduction, so it applied the \$1,000,000 threshold deduction as follows: \$250,000 to extracted products and \$750,000 to manufactured products.

- The company must report \$750,000 under the extracting tax classification. A extracting threshold deduction is claimed in the amount of \$250,000. The extracting tax due on the remaining \$500,000 of extracted products within Oak Harbor is \$1,000.
- The company must report \$2,000,000 under the manufacturing tax classification. A manufacturing threshold deduction is claimed in the amount of \$750,000. The manufacturing tax due on the remaining \$1,250,000 of Manufactured products within Oak Harbor is \$2,500.
- The company must also report \$200,000 under the wholesaling tax classification, with tax due of \$400.
- The company may claim a MATC in the amount of \$1,000 ($= \$500,000 \times 0.002$) for manufacturing in Oak Harbor of products extracted in Oak Harbor plus \$400 ($= \$200,000 \times 0.002$) for wholesaling in Oak Harbor of products manufactured in Oak Harbor. The total tax due is \$2,500 ($= (\$1,000 + \$2,500 + \$400) - (\$1,000 + \$400)$).