



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

October 24, 2013

How Taxes Apply to Charges for Kiosk or Cart Spaces in Shopping Malls

A kiosk or cart space is an unenclosed area located in the general spaces of a shopping mall. Kiosk or cart owners rent the space from the shopping mall.

A rental of real estate versus a license to use real estate

Since the cart or kiosk operator is not given exclusive dominion and control over the designated space, there is a presumption that the agreement between the mall and the kiosk or cart operator is a license to use real estate rather than an exempt rental of real estate.

Therefore, the income from a license to use real estate is subject to the business and occupation (B&O) tax under the service and other activities classification.

How to report receipts from mall cart and kiosk operators

Mall owners exceeding the \$12,000 filing thresholds for taxable income are required to file an excise tax return to report receipts from kiosk and cart operators as outlined above. Mall owners may qualify for the small business B&O tax credit.

For more information

More information is available on our website at dor.wa.gov:

- Type rental vs. license into the search box for a broader description.
- Click on *Find a law or rule* in the left navigation to find WAC 458.20.118 —the rule for this information.

If you have questions, call the Department of Revenue at 360-705-6705.