



FREQUENTLY ASKED QUESTIONS

about the City of Kirkland Business License Program

Whether you are a new or longtime Kirkland business, the City is pleased that you have chosen Kirkland as the place to operate your business. The City's Licensing Division is available to assist you in your business license application. This "Frequently Asked Question" flyer is intended to help answer questions you may have about the licensing process.

City of Kirkland Business License Division
Kirkland City Hall
123 5th Avenue, Kirkland, WA 98033
Monday-Friday, 8 a.m. to 5 p.m.
425-587-3140
www.ci.kirkland.wa.us/business_license@ci.kirkland.wa.us

About the business license application process

Q: *When is a City of Kirkland business license required?*

A: As a person or company conducting business within Kirkland city limits, you must obtain a license prior to commencing the business, whether you are operating from a fixed location in the City or from an outside location to provide services within city limits.

Q: *How do I apply for a City of Kirkland business license?*

A: Application forms are available at the Business License Division, Kirkland City Hall or may be downloaded from the City's website. Because your signature is required on the application, you must mail or submit it at the counter for processing to begin. You will receive your license or be notified that your application has been denied within 30 days of the City receiving your application.

Q: *Can I apply for a Kirkland business online?*

A: No. At this time, forms must be submitted or mailed to the Business License Division, Kirkland City Hall, 123 5th Avenue, Kirkland, WA 98033.

Q: *When does my Kirkland business license expire?*

A: Your license becomes effective upon issuance and is valid for exactly one year (12 months). For example, if you receive your city business license in May 2009, your renewal will be due in May 2010. As your "anniversary" date of receiving the license approaches, you will receive a notice from the City to renew.

Q: *If my business is conducted from my home, do I need a business license?*

A: Yes. Home occupations require a Kirkland business license **and** a Home Occupation Agreement. If there are land use/zoning issues associated with your home occupation, you may need a Home Occupation Permit. Contact the Planning Department at 425-587-3225 to determine if you need a Home Occupation Permit.

Q: *If I'm a subcontractor working for a general contractor, do I need a City business license?*

A: Yes. Both you and your general contractor need to obtain a business license from the City.

Q: *Will the City issue a business license if I don't have my Washington State License?*

A: No. You must obtain the state and city business license prior to commencing your business in Kirkland. For state business license information, go to www.dol.wa.gov/business.

Q: *Is a business license required for a temporary business?*

A: Yes. A temporary license is required if you are conducting a business for up to 35 consecutive days. You may only receive one temporary license per year (otherwise a regular business license is required). The fee is \$50.

Q: *Is the Business License Fee a Business & Occupation (B&O) Tax on Gross Revenues?*

A: No. The business license fee is based on the number of full-time equivalent employees (FTEs).

Q: *What if I don't obtain a Kirkland business license?*

A: A City business license is required prior to starting (opening) your business. Failure to obtain a new license or a renewal for your operating business will subject you to a graduated penalty.

- Up to 29 days late, a penalty of \$25 or 10% of the amount of the license, whichever is greater;
- Between 30-59 days late, a penalty of \$50 or 50% of the amount of the license, whichever is greater;
- More than 60 days late, a penalty of \$100 or 100% of the amount of the license, whichever is greater.

Q: *Are utilities (telecommunications, cable, electric, natural gas and sanitation) subject to the business license fee?*

A: Yes. Utilities are subject to both the base fee and per FTE charge, in addition to applicable utility taxes.

About calculating your business license fee

Q: *What is the formula to calculate my business license fee?*

A: Your business license fee is calculated by adding a base fee of \$100 to a \$100 per full-time employee fee. A simplified equation is shown to the right and would apply to businesses that are not exempt from the base fee (non-profits) or the per full-time employee fee.

Number of FTEs _____ x \$100 = \$_____
Plus: Base Fee = \$_____100.00
Total Fee = \$_____

Q: *How do I calculate full-time employees?*

A: A full-time equivalent (FTE) is calculated by dividing the total number of hours worked by all part-time employees by 1,920 hours to arrive at your company's FTE count.

Q: *How do I calculate temporary employees?*

A: Where there are employees who work less than 1,920 hours per year, the total number of hours worked by all such employees during the previous four (4) quarters shall be added together and divided by 1,920. A fraction of .5 or over shall be rounded up.

Q: *How do I calculate contract employees?*

A: If you hire a contract employee, the company through which you hired the contractor, must obtain a business license. Therefore, contract employees should not be part of your total FTE calculation. However, businesses are required to report temporary employee hours and the name and address of the temporary agency.

Q: *If I am my company's only employee, do I need to obtain a city business license?*

A: Yes. You would need to pay the base fee of \$100 and \$100 for one FTE (you).

Q: *What exemptions are allowed in the business license program?*

A: Generally speaking, **non-profit, government and religious organizations** are exempt from the business license fee, but not the license. A small business that receives less than \$12,000 in annual gross revenue must obtain a license and pay a \$50 base fee but is exempt from the per-employee fee.

Q: *How do I determine if my annual gross revenue is less than \$12,000?*

A: Annual gross revenue consists of 100% receipts received by the businesses in one year, with no deductions.

About paying your business license fee

Q: *When do I need to pay for the business license fee?*

A: Payment for your business license fee is due at the time of your first time application or renewal.

Q: *What payment methods are available to pay for my business license fee?*

A: Full payment for your business license fee can be paid by cash, check, and VISA or Mastercard. (Installment payments are not available).