

Navigating Oak Harbor's Business & Occupation (B&O) Tax

A high-level overview for local businesses to understand liability, calculate tax, and identify potential reductions.

STEP 1: Determine if You Owe Tax

99%

Most Businesses Are Exempt

About 99% of businesses are not expected to pay this tax.



Check the Exemption Threshold

**\$1M / quarter
\$4M / year**

No tax is due if your gross receipts are under these limits.



File for "Active Non-Reporting" Status

If you're under the threshold, submit this form to stop filing regular returns.

STEP 2: Calculate Your Tax

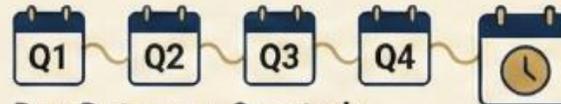


Universal Tax Rate: 0.2%

The tax rate is 0.002 (or 1/5 of 1%) on your taxable gross receipts.

Tax is Based on Business Activity

Report income under classifications like Retailing, Wholesaling, Manufacturing, or Service & Other Activities.



Due Dates are Quarterly

Returns are due by the last day of the month after each quarter ends.

STEP 3: Reduce Your Taxable Amount



Apportion Service Income (Schedule A)

Businesses operating inside AND outside Oak Harbor can divide service income to determine local tax.



Take Common Deductions (Schedule B)

Deduct amounts for bad debts, cash discounts, or sales delivered outside the city.



Claim a Tax Credit (Schedule C)

The Multiple Activities Tax Credit (MATC) prevents paying tax twice on the same revenue.