



# Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

---

ETA 3144.2009

Issue Date: February 2, 2009

---

## **Amounts Collected by a Mortgagee to Cover Insurance Premiums and Real Estate Taxes Owed by a Mortgagor**

Is money collected by mortgagees from mortgagors and deposited in reserve accounts until paid out for insurance premiums and real estate taxes taxable income to the mortgagee?

Because mortgagees merely collect insurance premiums and real estate taxes and hold them in trust, pay them out for the benefit of the mortgagor, without the performance of any business service, such amounts do not constitute taxable income and the business and occupation tax is not applicable to them.

\*\*\*\*\*

To request this document in an alternate format, visit <http://dor.wa.gov> and click on "contact us" or call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay Service by calling 711.

General tax information is available on our website at [dor.wa.gov](http://dor.wa.gov).

Questions? Complete the online form at [dor.wa.gov/communications](http://dor.wa.gov/communications) or call 800-647-7706. If you want a binding ruling from the Department, complete the form at [dor.wa.gov/rulings](http://dor.wa.gov/rulings).