

Grant income

Is grant income taxable?

Grant income is generally subject to tax. Grant income that is reportable on your excise tax return includes income received to prepare studies, white papers, reports, or other services or goods. The tax classification is based on what goods and/or services you will provide.

Examples:

- You receive grant income to prepare a report. This income is subject to business and occupation (B&O) tax under the Service and Other Activities classification.
- You receive grant income and provide retail goods or retail services in return. This income is subject to retail sales tax and retailing B&O tax.

If you receive grant income that is strictly gratuitous, such as a gift or donation, you do not owe taxes on that amount. However, there must be a donative or charitable purpose for giving the funds to qualify for this tax deduction.

There are exemptions for qualifying grants received under a national and/or state declared state of emergency.

References

RCW 82.04.4282 – Deductions – Fees, dues, charges

RCW 82.04.767 – Exemptions – Qualifying grants – National emergency or state of emergency (B&O exemptions)

RCW 82.16.320 – Exemptions – Qualifying grants – National Emergency or state of emergency (Public utility tax exemptions)

WAC 458-20-169 – Nonprofit organizations



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