

Auto dealers

Auto dealers

Auto businesses performing more than one activity may be subject to tax under one or more B&O tax classifications. Different tax classifications with different rates apply for the various business activities.

This information was written to help auto dealers understand their tax obligation in the state of Washington.

Updated July 2020

[Oregon vehicle use tax](#)

Forms & publications (pdf)

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[Certificate of Out-of-State Delivery](#)

[Declaration for a Dealer Selling a Motor Vehicle to Tribes](#)

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Special notices

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Accommodation sales

Accommodation sales

What are accommodation sales?

Automobile dealers often sell vehicles at cost to other dealers so that the "receiving" dealer can fill an existing order. These sales are generally referred to as "accommodation sales."

Taxability of accommodation sales

Sales of vehicles between dealers are generally taxable as wholesale sales. However, accommodation sales made by one dealer to another are not taxable to the "selling" dealer if the amount charged does not exceed the cost of the vehicle and the receiving dealer has an existing order from a customer for the vehicle.

Reimburse previous accommodation sale

When an accommodation sale occurs, the receiving dealer may reimburse the selling dealer in kind within fourteen days of the original accommodation sale. This reimbursement is also considered an accommodation sale when the vehicle or other item is sold at or below cost.

How is cost determined?

The cost of a vehicle includes the amount paid by the selling dealer, as well as any reasonable expenses for preparing the vehicle for sale. Actual delivery costs incurred by the selling dealer and billed to the receiving dealer may also be included in cost.

Reasonable expenses

In determining the cost of a vehicle, the dealer may add reasonable expenses for preparing the vehicle for sale. Reasonable expenses are not necessarily limited to material costs only. It would include, for example, labor costs associated with dealer-installed accessories.

Business and occupation tax

When completing the excise tax return, amounts received for accommodation sales must be included in the Wholesaling-Other B&O tax classification, but may be deducted. The deductions should be shown under the category Casual Sales/Accommodation Sales on the deduction detail sheet.

Documentation

Accommodation sales must be documented. The original accommodation sale can be documented by obtaining a completed Motor Vehicle Accommodation Sale Invoice form from the receiving dealer. **Note that the first box** ("Filling a bona fide order") **should be checked**. In addition, the selling dealer must show that the amount charged to the receiving dealer did not exceed the cost of the vehicle.

A reimbursement of the original accommodation sale must also be documented. The reimbursing dealer can obtain a completed Motor Vehicle Accommodation Sale Invoice form from the dealer being reimbursed. **Note that the second box** ("Reimbursing in kind") **should be checked**. In addition, the reimbursing dealer must show all of the following:

- That the amount charged to the dealer being reimbursed did not exceed the cost of the vehicle.
- That the reimbursement was made within 14 days of the original accommodation sale.
- That the reimbursing dealer had an existing order from a customer when the original accommodation sale was made.

The seller must keep the documentation for five years.

See [Dealer Trades](#) for further information and examples.

Examples

1. XYZ Dealer has a purchase order from a customer for a used vehicle of a specific year, model, color, and options. XYZ does not have a vehicle in stock that meets the customer's requirements. However, ABC Dealer does. ABC sells the vehicle to XYZ at cost, which includes transportation costs and costs incurred by ABC in preparing the vehicle for sale. The sale by ABC is a non-taxable accommodation sale.
2. Assume the same facts as in example 1, except that ABC charges \$200 in excess of costs. Since the selling price exceeds documented costs, the conditions for an accommodation sale have not been met. This transaction is subject to the wholesaling B&O tax.

Motor Vehicle Accommodation Sales Invoice

Sold By: _____ Sold To: _____

Selling Price _____ Date of Sale _____

Description of Vehicle:

Make _____ Model _____

Year _____ Serial No. _____

Motor No. _____

(The receiving or purchasing dealer to certify by signature to the appropriate information below)

I certify that the vehicle described above was purchased this date for the total price indicated for the purpose of:

(check one)

Filling a bona fide order of one of my customers, which order is presently in my files and will be retained and available for examination at any time by the Department of Revenue within five years from this date.

Reimbursing in kind the following accommodation sale made on _____, 200____:

Make _____ Model _____

Year _____ Serial No. _____

Motor No. _____

(Purchasing Dealer)

(Representative's Signature)

(Title)

Affiliated company transactions

Affiliated company transactions

What are affiliated company transactions?

Some dealers choose to form separate legal entities to engage in various activities of the dealership. For example, the dealership may have a separate corporation for transacting leases. There may also be separate corporations with common ownership where more than one line or make of new vehicles are sold. In some cases, assets such as equipment may be owned by an individual and leased to the corporation with the individual owning all of the stock of the corporation.

Fully taxable

Transactions between affiliated legal entities are fully taxable. The transactions are taxed in the same manner as if they were not affiliated. Whether the transaction is wholesale or retail will depend on the nature of the particular sale.

Examples

- ABC Dealer is a corporation selling new vehicles. XYZ Leasing is a corporation which leases vehicles to consumers. The corporate stock of XYZ is wholly owned by ABC. Customers who are interested in leasing a vehicle will select the vehicle from ABC. ABC will then sell the vehicle at cost plus \$500 to XYZ and XYZ will lease the vehicle to the customer. The sale from ABC to XYZ is taxable under the Wholesaling B&O tax classification, measured by the total selling price charged to XYZ. XYZ is taxable under the Retailing classification and required to collect and remit retail sales tax on the monthly lease charges. The fact that ABC and XYZ are affiliated has no bearing on the transaction.
- Mr. Smith owns all of the corporate stock of ABC Dealer, Inc. Mr. Smith also owns the building and all of the major equipment that is used by the dealership and charges the dealership a monthly lease or rental charge. The rental of the building is a nontaxable rental of real property. The rental of the equipment is a retail sale. Mr. Smith is required to collect and remit retail sales tax on the equipment rental charges, and is subject to the Retailing B&O tax. He may purchase the equipment without payment of retail sales tax, if the equipment is purchased for purposes of renting or leasing the equipment to the corporation with no intervening use.

References

[Washington Administrative Code \(WAC\) 458-20-102](#)

[Washington Administrative Code \(WAC\) 458-20-211](#)

Automobile manufacturers assigning cars to their employees in Washington

Automobile manufacturers assigning cars to their employees in Washington

Automobile manufacturers or distributors will often assign vehicles to their employee representatives for demonstration purposes, sales solicitation, and personal use in the state.

What is required?

An employee representative of an automobile manufacturer or distributor may license an automobile in Washington by going to a Department of Revenue office and completing a Declaration of Use Tax showing the name of the manufacturer or distributor. The form will show that use tax is not due based on [WAC 458-20-132 \(8\)](#).

How can a factory rep license vehicles?

It is common practice to replace these vehicles frequently so that several vehicles may be used by a company representative during the course of the year.

Factory representatives may exchange vehicles every three or four months or a certain number of miles.

How are they taxed?

When employee representatives desire to license replacement automobiles of the same model year, the department will waive payment of use tax on the replacement, provided that use tax has been paid under the following formula:

Computation of the use tax is based on the average selling price of all new cars sold in the preceding year multiplied by the maximum complement of cars of each model year in use at any time during the year. The tax is due at the start of the model year. No further use tax is due on the usual turnover or replacement of cars within the model year.

Verification

A copy of the Declaration of Use Tax will be retained by the Department of Revenue. A Department of Revenue auditor may later verify payment of the appropriate amount of use tax.

Limited use

This ruling applies **only** to automobile manufacturers and their distributors when the vehicle is being registered in the name of the respective manufacturer or distributor.

Reference

[Washington Administrative Code \(WAC\) 458-20-132](#)

Auto repair facilities

Auto repair facilities

All automotive repair facilities must post a sign, in a place that can be easily viewed by customers, with the following information:

Your customer rights

You are entitled by law to:

1. A written estimate for repairs which will cost more than one hundred dollars, unless waived or absent face-to-face contact (see item four below).

2. Return or inspection of all replaced parts, if requested at time of repair authorization.
3. Authorize orally or in writing any repairs which exceed the estimated total presales tax cost by more than 10%.
4. Authorize any repairs orally or in writing if your vehicle is left with the repair facility without face-to-face contact between you and the repair facility personnel.

[RCW 46.71.031](#) requires the title of the sign in letters at least one and one-half inches high and the remainder of the text be at least three-quarters inches high.

Auto repair facilities must comply with all of the requirements listed above. A repair facility that fails to comply with any of these requirements is barred from asserting a possessory or chattel lien for the amount of the unauthorized parts or labor upon the motor vehicle or component.

However, effective Jan. 1, 2013, [Substitute Senate Bill 6005](#) exempts auto repair facilities from providing written repair estimates for vehicles that:

- Qualify for a horseless carriage license plate under [RCW 46.04.199](#) or collector vehicle license plate under [RCW 46.04.1261](#).
- Are considered a street rod vehicle under [RCW 46.04.572](#), custom vehicle under [RCW 46.04.161](#); or parts car under [RCW 46.71.025\(4\)](#).

This is a general summary of [Chapter 46.71 RCW](#) and is not intended to cover all legal implications of the law.

References

[Revised Code of Washington \(RCW\) 46.71](#)

Casual sales

Casual sales

What is a casual sale?

A casual sale is a sale of tangible personal property by a person who is not engaged in the business of selling the type of property involved.

Business and occupation tax

Business and occupation tax does not apply to casual sales.

The amount of the sale must be reported under the Retailing B&O tax classification, but a deduction may be taken on the deduction detail sheet for casual sales.

Retail sales tax

The retail sales tax must be collected on all casual sales made to consumers by a person who is engaged in a business activity.

Example

A dealership who is upgrading their computer system sells their old computer to one of its employees. The dealer is not in the business of selling computers, therefore no B&O tax is due, but the dealer must charge the employee retail sales tax on the selling price of the computer.

References

[Revised Code of Washington \(RCW\) 82.04.040](#)
[Washington Administrative Code \(WAC\) 458-20-106](#)

Consignment sales

Consignment sales

What is a consignment sale?

A consignment sale is when the actual owner of a vehicle (the consignor) enters into a written agreement with a dealer (consignee) to sell a vehicle and to act as an agent for the vehicle owner.

Conditions of consignment sale

- When a dealer acts as an agent for a vehicle owner, several conditions must be present.
- The transaction was made in the name of and for the owner of the vehicle.
- The vehicle owner's name, the model and description of the vehicle, and the buyer's name.
- The actual amount received for the sale, the amount of commission received, and any other incidental income received by the dealer for the transaction.

Tax due

When an **unregistered** person consigns a vehicle to a dealer for sale, the dealer will collect the retail sales tax. The dealer will remit the retail sales tax on its excise tax return. Under the Retailing B&O tax classification, the dealer will take a deduction for the amount of the consignment sale on the deduction detail sheet. The dealer will pay the Service and Other Activities B&O tax on the amount received as commission and any other fees for the sale.

When a **registered** dealer consigns vehicles to another dealer for sale, the consignee (selling dealer) must report their commission and any other fees under the Service and Other Activities B&O tax classification. However, the retail sales tax should be turned over to the consignor to be reported on its excise tax return. The consignor owes the Retailing B&O tax and must remit the retail sales tax on the full selling price.

Dealer selling in own name

When the dealer sells a vehicle received from an unregistered person in its own name, the sales are retail sales and the dealer must pay the Retailing B&O tax and collect the retail sales tax.

Sales in the dealer's name of vehicles from other dealers are also considered retail sales, subject to the Retailing B&O tax and the retail sales tax. The consigning dealer, in this case, is making a wholesale sale to the selling dealer and must report under the Wholesaling B&O tax classification.

Example

John Jones consigns his vehicle to Dealer A located in Olympia, Washington. Mr. Jones says he does not want the car sold for less than \$3,000. A contract is drawn up showing that John Jones has consigned this particular vehicle, make and model, color, special markings and equipment, to Dealer A for sale for no less than \$3,000. Dealer A will try to sell the car for one month. If Dealer A sells the car, he will receive a 10% commission plus a fee of \$50.

Dealer A sells the car for \$4,000. Dealer A is required to collect the retail sales tax on \$4,000 at the Olympia rate of 8.0% or \$320. Dealer A takes his 10% commission, \$400, plus his fee of \$50 and gives the remaining \$3,550 to John Jones who owes no taxes.

Dealer A completes its excise tax return in the following manner: \$450 under Service and Other Activities, \$4,000 under Retailing with a deduction of \$4,000 described as consignment sale, \$4,000 under state sales tax and \$4,000 under the local sales tax coded to location code 3403. Dealer A must remit \$328.23 to the Department of Revenue for this transaction: \$8.23 Service B&O; \$260 state sales tax; and \$60 local sales tax.

Trade-Ins

For a discussion of trade-ins relating to consignment sales, see [Trade-ins](#).

References

[Revised Code of Washington \(RCW\) 82.08.040](#)
[Washington Administrative Code \(WAC\) 458-20-159](#)
[Washington Administrative Code \(WAC\) 458-20-221](#)

Core charges

Core charges

What is a core charge?

Persons who rebuild automotive parts such as water pumps, clutches, alternators, etc., make a "core" charge to the customer at the time a rebuilt part is sold. The core charge is a means used by the rebuilder to ensure a supply of rebuildable parts. This core charge generally follows the part through the distribution chain (rebuild, distributor, wholesaler, retailer) to the final sale to the consumer.

Is the core charge refunded?

The core charge will be refunded to the customer if the customer gives the seller a rebuildable part.

B&O tax due

The used part, which is returned to the seller and eventually to the rebuilder, is considered to be part of the consideration paid for the rebuilt part. The B&O tax is due on the full selling price, which includes the core charge.

Considered trade-in-reduced sales tax

The return of the used part is considered as a trade-in and a reduction of the value on which retail sales tax is due.

Batteries

In the case of batteries, the law requires the seller to make a five dollar minimum core charge to encourage the recycling or remanufacturing of batteries.

Return of rebuildable parts by dealer to supplier

The return of rebuildable parts by the dealer to the supplier is not a taxable transaction.

References

[Revised Code of Washington \(RCW\) 82.08.010](#)

[Revised Code of Washington \(RCW\) 82.08.036](#)

[Washington Administrative Code \(WAC\) 458-20-247](#)

[Washington Administrative Code \(WAC\) 458-20-250](#)

[Washington Administrative Code \(WAC\) 458-20-272](#)

Dealer trades

Dealer trades

What are dealer trades?

Automobile dealers often sell or trade inventory to other dealers for various reasons. Sometimes a vehicle is traded for another vehicle and sometimes it is merely sold to another dealership. Often these "trades" are booked as inventory transfers rather than as sales. Dealer trades differ from [accommodation sales](#).

Taxability of dealer trades

Dealer trades are generally taxable as wholesale sales. However, an exemption is allowed under certain conditions. The wholesale sale of a new motor vehicle is exempt from the B&O tax when the sale occurs between new car dealers selling the same make of vehicle. New car dealers will, in most cases, find the requirements of this exemption to be less restrictive than those of the accommodations sales. There is no restriction on the amount that the selling dealer can charge the buying dealer, nor is there any requirement that the sale be made to fill an existing order from a customer. While these circumstances may be present in a particular transaction, there is no need to rely upon the accommodation sales exemption when the requirements for the dealer trade exemption are met.

Business and occupation tax

When completing the excise tax return, a dealer should report the gross amount from these sales under the wholesaling classification of the B&O tax. Those sales qualifying for the exemption are then shown as a deduction under the "other" category. Explain the deduction as an "exempt dealer trade."

Documentation

A new car dealer making wholesale sales of new motor vehicles to other dealers must keep documentation (sales invoices, etc.) for five years to verify all of the following:

- The buyer's name, address, and Account ID.
- The date of sale.
- The buyer's signature and title.
- The vehicle sold (traded) was a new motor vehicle (make, model, and serial number of the vehicle).
- The sale (trade) was made to another new car dealer authorized to sell new vehicles of the same make.

When determining whether the exemption applies to a trade, each new motor vehicle traded is considered a separate sale.

Accommodation sales vs. dealer trades

The terms "accommodation sales" and "dealer trades" are not interchangeable because there are different requirements for each. Dealers may use the "dealer trades" exemption, (if the requirements are met) even when the sale is to fill an existing order or to reimburse for a previous accommodation sale.

See [Accommodation sales](#).

Examples

1. XYZ Dealer has a purchase order from a customer for a new vehicle of a specific year, model, color, and options. XYZ does not have a vehicle in stock that meets the customer's requirements. However, ABC Dealer, who sells the same make of vehicle, does. ABC sells the vehicle to XYZ at cost, which includes transportation costs and costs incurred by ABC in preparing the vehicle for sale. The sale by ABC is a non-taxable dealer trade.
2. ABC sells several used cars to XYZ. These sales are not exempt "dealer trades" since the motor vehicles are used. ABC owes the wholesaling B&O tax on the sales.
3. ABC purchased a new vehicle for \$16,000. ABC sells the vehicle to XYZ for \$16,800. ABC sells the same make of vehicle as XYZ. This is a non-taxable dealer trade.

References

Revised Code of Washington (RCW) [82.04.422](#)

Revised Code of Washington (RCW) [82.04.425](#)

Washington Administrative Code (WAC) [458-20-208](#)

Demonstrator use of vehicles

Demonstrator use of vehicles

What is a demonstrator vehicle?

A demonstrator vehicle is a vehicle provided by dealers to their sales staff, without charge, for any personal or business reason other than (or in addition to) the mere display or test driving of prospective purchasers.

B&O tax not due

The B&O tax does not apply upon transfer of vehicles to employees or other representatives for their personal use, including demonstration, when no sale occurs.

B&O tax due

Automobile dealers are taxable under the Retailing classification on the sale or lease of automobiles to their employees or other representatives for personal use, including demonstration.

Retail sales tax due

The retail sales tax applies on the sale or lease of automobiles, parts, and accessories by dealers to their employees or other representatives for personal use by such persons. The retail sales tax does not apply to the display of automobiles where no sale takes place.

Use tax due

When an automobile dealer purchases a passenger car or pickup truck without paying retail sales tax and uses the car or truck for personal use or demonstration purposes, the use tax applies even if such personal car or demonstrator may later be sold by the dealer.

Use tax not due

The use tax does not apply to the display or short term test driving of new or used automobiles by dealers, their employees or other representatives. Neither does use tax apply upon the personal use or demonstration of automobiles which have been sold or leased to dealer's employees or other representatives on which retail sales tax has been paid. If the dealer reports under the "actual method," use tax will not apply on demonstrator vehicles if no such vehicles are actually used.

How is use tax computed?

Automobile dealers may elect to compute the use tax on the use of demonstrators (passenger vehicles and pickup trucks up to 3/4 ton) by sales staff on either a "one per 100 vehicles sold" basis or on an "actual number of demonstrators used" basis. Use of the one per 100 vehicles sold method will satisfy the use tax liability for personal or business use of demonstrators by **sales staff** employed by a new car dealer. However, the one per 100 vehicles sold method will not satisfy the use tax liability for the personal or business use of vehicles by **persons other than sales staff** employed by the dealership.

How do you figure the one to 100 car basis?

The use of demonstrators is subject to the use tax on the basis of one demonstrator for each 100 new cars and pickup trucks, or fractional part of such number, of all makes or models sold at retail, including lease transactions during a calendar year. The first demonstrator vehicle reported during any calendar year is subject to use tax measured by the full average retail selling price. The average retail selling price is determined by including dealer preparation, transportation, and factory installed accessories of all makes and models of new passenger cars and pickups sold during the preceding calendar year divided by the number of such units sold. The use tax on each subsequent demonstrator is measured by 25% of the average selling price.

Example

A dealer with \$3,000,000 in new vehicle gross sales for the previous year, who sold 250 units that year derives an average selling price of \$12,000. The very first demonstrator use in the current year will be valued at \$12,000. All subsequent demonstrators reported in the current year, based upon the formula of one demonstrator for each 100 units sold, will be \$3,000. The use tax is paid as of the date of the first sale in any calendar year and subsequently upon the sale of the 101st car or truck. If a dealer sold 340 units in the current year, use tax would be due on four units (the first at 100 percent of the average retail selling price of all new vehicles sold in the preceding year and the remaining three at 25% of the previous year's selling price of new vehicles).

Use tax on actual use basis

Dealers who report use tax on demonstrators on an actual basis are required to report use tax on each vehicle assigned to demonstrator use. The value is computed in the same manner as under the one per 100 basis. The first vehicle in the current year, which is used for demonstrator use, is taxable on the full average selling price of all new vehicles sold in the preceding year. Additional vehicles during the year which are put to use as demonstrators are taxable at 25% of the average selling price of new vehicles sold in the preceding year.

Can the actual reporting basis be applied to use of vehicles other than demonstration?

No, this method of computation applies only to use by sales staff of demonstrator vehicles operated under dealer plates issued to the dealership. Vehicles, which are required to be licensed other than to the dealership, are generally used substantially for purposes other than demonstration and are subject to use tax. The use tax is measured by the actual value (purchase price) of these vehicles.

Changing reporting methods

When an automobile dealer has elected to report the use tax under the "one per 100 basis," or upon the actual number of demonstrators used, it must petition the Department of Revenue, in writing, to change the reporting method.

See [Personal Use of Used Vehicles](#) for tax liability of used car dealers.

Reference

[Washington Administrative Code \(WAC\) 458-20-132](#)

Discounts/rebates

Discounts/rebates

What is a discount?

A discount is an amount or percentage taken off of the actual selling price. The balance is the amount on which the retail sales tax is charged.

How should a discount be reported on the excise tax return?

When the dealer gives a true discount (not reimbursed by the manufacturer or anyone else), the amount the retail customer is actually charged is subject to the retail sales tax and the Retailing business and occupation tax. If the sale is a wholesale sale, the amount the customer is charged is subject to the Wholesaling B&O tax classification.

The amount of the sale, before the discount is subtracted, should be reported in the gross amount column of the excise tax return. When the discount is given, the amount of the discount may be deducted in the deduction column. Discounts on retail sales are deductible under both the Retailing B&O and Retail Sales classification, when the discount is subtracted before retail sales tax is added. Discounts on wholesale sales may be deducted under the Wholesaling B&O tax classification.

Early pay discount

Dealers often will reduce a bill for a customer who pays early. This is also a discount.

Example

Dealer A sells parts to a used car dealer who, in turn, uses these parts to repair vehicles for resale. Dealer A will give the used car dealer a 10% discount if the total bill is paid in full by the 10th of the following month. If the discount is taken, the full amount of the sale should be reported under Wholesaling and a deduction for the discount should be taken on the return.

Senior citizen discount

A typical discount given by new automobile dealers is to senior citizens. With proof of their age, a percentage will be removed from the cost of repair labor and parts.

Example

Dealer A gives persons over 65 years of age a 10% discount. The repair labor and parts total \$100. Removing the 10% discount would lower the cost to \$90. Retail sales tax and the Retailing B&O tax would be due on \$90.

If the repair labor and parts are covered by a warranty or maintenance agreement, the senior discount will not apply to any part of the charge (including the deductible).

References

[Washington Administrative Code \(WAC\) 458-20-107](#)

[Washington Administrative Code \(WAC\) 458-20-108](#)

[Revised Code of Washington \(RCW\) 82.04.160](#)

What is a rebate?

A rebate is a refund given to the buyer by the manufacturer, the distributor or the dealer.

How is a rebate used?

The customer may use the rebate as a portion of the down payment on the vehicle or may take the rebate as cash and not apply it to the vehicle sale. Many manufacturers require that the rebate be used against the purchase price of the vehicle.

How are rebates taxed?

Rebates from the manufacturer or distributor are part of the selling price of the vehicle. The amount of the rebate may not be deducted from the selling price before retail sales tax is charged, nor may it be deducted before computing the B&O tax.

Rebates from the **dealer** are considered discounts and are not part of the selling price. These rebates/discounts are not subject to the Retailing B&O tax or the retail sales tax.

Example

Manufacturer A offers a \$1,000 rebate for the purchase of a new pickup truck. The customer may elect to use the \$1,000 as part of the down payment or take the \$1,000 cash and spend it in some other manner. The agreed selling price of the pickup truck is \$15,295. In either case, the amount subject to retail sales tax is \$15,295. When using the rebate as part of the down payment, the customer will only finance or pay \$14,295 plus interest. When taking the rebate for cash, the customer will finance or pay \$15,295 plus interest.

What is the difference between discounts and rebates?

With a discount, the customer does not have the option to receive the cash and the seller is actually taking a loss. With a rebate, the amount is given to the customer to be used as a part of the sale or to take as cash. The seller does not take a loss.

Manufacturers may also give discounts to dealers. See [Factory Flooring](#) for more details.

References

[Washington Administrative Code \(WAC\) 458-20-108](#)

Donated vehicles

Donated vehicles

What is a "donated" vehicle?

Vehicles loaned to nonprofit or other organizations.

Use tax exemption

The use tax does not apply on vehicles donated to a nonprofit charitable organization. This exemption is available for the nonprofit charitable organization and the donor, if the donor did not previously use the vehicle as a consumer.

Donated motorcycles

The use tax does not apply to the use of motorcycles that are loaned or donated to the Department of Licensing (DOL) when used exclusively to provide motorcycle training under [RCW 46.20.520](#). The use tax exemption also applies to motorcycles loaned to persons contracting with DOL to provide this training.

References

[Revised Code of Washington \(RCW\) 82.12.02595](#)
[Revised Code of Washington \(RCW\) 82.12.845](#)
[Washington Administrative Code \(WAC\) 458-20-169](#)

Driver education vehicles

Driver education vehicles

A driver education vehicle is one equipped with dual controls, loaned to and used exclusively by a school in connection with its driver training program.

School requirements

The term "school" applies only to:

- The University of Washington, Washington State University, the regional universities, the Evergreen State College, and the state community colleges.
- Any public, private, or parochial school accredited by either the state board of education or by the University of Washington (the state accrediting station).
- Any public vocational school meeting the standard courses and requirements established and prescribed or approved in accordance with the Community College Act of 1967.

Exempt

Driver education vehicles loaned to and used for driver education by schools are exempt from the retail sales and use taxes.

Forms required

The Department of Licensing and the Superintendent of Public Schools require a form called **Agreement For Use of Traffic Safety Education Cars** to be completed in quintuplicate. Four copies must go to the Office of the Superintendent of Public Instruction and the last copy must go to the Department of Licensing. The Department of Revenue will accept a copy of this properly completed form as satisfactory proof that the car was donated to the school for driver education.

Purchase of vehicle

A vehicle, with dual controls for use in driver education, **purchased** by a school district is subject to the retail sales tax at the time of purchase. The law does not provide any exemptions for the **purchase** of such vehicles.

Agreement for use of Traffic Safety Education Cars Form

To obtain this form please [contact the Office of Superintendent of Public Instruction](#).

References

[Revised Code of Washington \(RCW\) 82.12.0264](#)
[Washington Administrative Code \(WAC\) 458-20-178](#)

Executive vehicles

Executive vehicles

What is an executive vehicle?

An executive vehicle is a vehicle regularly used by a dealer or a person associated with a dealership (firm executive, corporate officer, partner, or manager) who does not have a recent model car registered and licensed in his/her own name for personal driving.

Executive vehicles do not include those provided to the sales staff. See [Demonstrator Use Of Vehicles](#).

How is the use tax determined?

The use tax applies to the value of one such car for each two calendar years in addition to the tax, which applies to demonstrator use by sales staff.

The measure of the use tax is the same as the measure for the computation of use tax on subsequently used demonstrator vehicles. It is 25% of the average selling price of all makes and models of new passenger cars and pickup trucks.

Vehicles not sold by the dealership

The dealer may not include new vehicles which are not of the type or model of new vehicles authorized to be sold by the dealer's franchise agreement within the executive car reporting method.

Only vehicles removed from inventory for use by the executives are considered executive vehicles.

Special purchases

Vehicles purchased specifically for use by the executives are taxable on the purchase price of each vehicle.

Vehicles used by the immediate family of executives

No use tax, in addition to that outlined above, will be due if members of the immediate family of the executive also use a vehicle from inventory, which is not otherwise licensed or required to be licensed.

"Immediate family" includes only the spouse and children of the executive who live in the same household as the executive.

Reference

[Washington Administrative Code \(WAC\) 458-20-132](#)

Exempt vehicle sales

Exempt vehicle sales

Who is exempt from retail sales tax?

Dealers may sell vehicles or trailers to the following types of customers without collecting retail sales tax:

- Nonresidents of Washington, including persons from other countries. See [Nonresidents](#).
- Nonresident military personnel who are temporarily stationed in Washington. See [Military](#).
- ICC carriers with authority to transport across the state's boundaries. See [Interstate and/or Foreign Commerce Carriers](#).
- Native Americans and their tribes. See [Native Americans](#).
- The United States Government. See [Government Sales](#).
- Foreign Governments and diplomats. See [Foreign Diplomats](#).

Specific conditions required

There are specific conditions that must be met in order for these sales to be exempt from retail sales tax. Certain affidavits are required to document that the customers have qualified for the sales tax exemption. These affidavits should be retained as permanent records subject to audit.

Contradictory information

Dealers must exercise good faith and a degree of care when taking affidavits. Other contradictory information in a customer's file may negate the exempt status of the sale. Contradictory information could include financing applications, credit bureau information, or other documents that show that the customer is a Washington resident.

Example: A customer claims to be an Oregon resident and purchases a new vehicle at a Washington dealership. The Oregon resident shows an Oregon driver's license, an Oregon fishing license and has a post office box mailing address in Oregon which matches the driver's and fishing licenses. The down payment is made with a check from a local bank and that same bank will be the lien holder on the vehicle. There is good cause to check further to be sure the customer is actually an Oregon resident. Additional proof, such as Oregon income tax returns, Oregon voter's registration and a physical address in Oregon should be requested.

Methods allowing tax exemption

Trip Permit - The vehicle or trailer must leave the dealer's premises under the authority of a trip permit. An affidavit must be used when this method is used. If the vehicle or trailer has valid Washington plates, the plates must be removed prior to final delivery. Records must be kept showing disposal of the removed plates. Trip permits may be obtained from field offices of the [Department of Transportation](#), [Washington State Patrol](#), [Department of Licensing](#), or other agents appointed by the department, accompanied by a [Use by Nonresident Buyer of Vehicle affidavit](#).

Nonresident License Plates - The vehicle must leave the dealer's premises with license plates issued by the state of residence of the customer, or in the case of military personnel, a 45-day permit, also accompanied by a [Use by Nonresident Buyer of Vehicle affidavit](#).

Out of State Delivery - The vehicle or trailer must be delivered to the customer outside Washington. It cannot be licensed or titled in Washington nor can it have valid Washington plates attached at the time of final delivery. Use the [Certificate of Out of State Delivery](#).

Delivery Shipside - The vehicle or trailer must be delivered to shipping terminals for delivery to persons who reside in non-contiguous states. It cannot be licensed or titled in Washington nor can it have valid Washington plates attached at the time of final delivery.

U.S. Government - The dealer must have documentation that the sale was to the United States government and was paid for by government voucher.

Foreign Governments Diplomat - A copy of the diplomatic exemption card must be kept in the dealer's records.

Affidavits

Copies of affidavits may also be found in [WAC 458-20-177](#). There is no specific affidavit for sales to the government or for sales to persons with diplomatic cards. The affidavits **must be taken at the time of delivery**. They will not be accepted by the department, if received after the fact.

B&O and retail sales tax

Sales with delivery out-of-state are allowed a deduction under both B&O and retail sales tax. Sales with trip permits, nonresident license plates, delivery shipside, sales to US government, and foreign diplomat sales are

allowed a deduction under retail sales tax only.

Forms & References

[Buyer's Affidavit](#) (To be completed by the buyer when the vehicle is delivered to the buyer within Washington State) (pdf)

[Seller's Certificate - In-State Delivery](#) (pdf)

[Seller's Certificate - Out-of-State Delivery](#) (To be completed at the time of delivery by the person who delivers the vehicle to the buyer) (pdf)

[Revised Code of Washington \(RCW\) 82.08.0263](#)

[Revised Code of Washington \(RCW\) 82.08.0264](#)

[Washington Administrative Code \(WAC\) 458-20-174](#)

[Washington Administrative Code \(WAC\) 458-20-177](#)

[Washington Administrative Code \(WAC\) 458-20-192](#)

[Washington Administrative Code \(WAC\) 458-20-193](#)

Factory flooring

Factory flooring

All vehicles purchased by a dealer and placed into inventory carry a surcharge from the manufacturer for interest expense credits. A portion of this surcharge is for the dealer's holdback program and the rest is for the dealer's Wholesale Floor Plan Protection Program (WFPP).

Holdback program

This amount is a credit to the dealer's open account in the month or quarter immediately following the date the vehicle is invoiced to the dealership.

WFPP (Wholesale Floor Plan Protection Program)

This plan has two options.

Option 1: The dealership receives the holdback automatically. It is not contingent on the dealer financing or even selling the vehicle. The second portion under the WFPP is returned to the dealer in a different format. An amount derived by formula is credited to the dealer during the month immediately following the date the dealership was invoiced for the vehicle. The dealer receives a certain number of "interest free" days and a guaranteed rate for additional days.

If the vehicles are financed through a lender, not the manufacturer, a credit is given to the dealership for all additional interest paid above the guaranteed rate up to the rate charged by the manufacturer. This amount is computed up to the date the vehicle is sold and is credited to the dealer's open account.

Option 2: Both portions are credited to the dealer's open account on a monthly basis. The dealer receives credit for exactly the same surcharge listed on its purchase invoice that it paid to the manufacturer.

Tax due

No tax is due on these credits, they are merely an adjustment to the original purchase price of the vehicle.

Other programs

Dealers receive payment from manufacturers through a number of programs. The taxability of the payments depends on the nature of the program. Payments that are bona fide cash discounts taken by the dealer or represent an adjustment to the dealer's purchase price are not subject to tax. However, payments (whether credits against future purchases, checks, or cash) received for providing any services to the manufacturer are subject to B&O tax. For example, dealers are often required by the manufacturer to inspect, condition, and repair vehicles prior to sale by the dealer. Payment for these "make-ready" services are subject to the Wholesaling B&O tax whether it is termed a "dealer discount," "holdback," "refund," or "reimbursement."

References

[Washington Administrative Code \(WAC\) 458-20-108](#)
[Washington Tax Decision \(WTD\) 11 WTD 263 \(1991\)](#)

Federal taxes

Federal taxes

Consumer tax collected by dealer as agent

Consumer taxes collected by the dealer as an agent for the federal government are not subject to the business and occupation tax and the retail sales tax. These taxes are calculated BEFORE the federal tax is added.

Examples of federal tax not subject to sales tax

A federal tax not subject to the retail sales or B&O tax is the 5% luxury tax charged on vehicles which cost over \$38,000.

Another federal consumer tax is the 12% excise tax charged on certain trucks, tractors, and trailers. As with the luxury tax, the retail sales tax and B&O tax are figured before this tax is added to the selling price as long as they remain consumer taxes.

Business tax on dealer or manufacturer

When the tax is on the business selling the vehicle, such as the gas guzzler tax which is imposed on the manufacturer or importer, the business and occupation tax and the retail sales tax are figured **after** that tax has been added.

Taxes separately stated

The taxes imposed on the manufacturer, importer, or seller of vehicles may or may not be separately stated on the manufacturer's suggested retail price sticker. In either case, the tax must be included in the amount subject to the B&O and retail sales taxes.

Questions

If a dealer has any questions about whether a tax should be included in the "selling price" or the "gross proceeds of sales" for business and occupation tax and retail sales tax respectively, they may call the Department of Revenue at 360-705-6705.

References

- [Revised Code of Washington \(RCW\) 82.04.070](#)
- [Revised Code of Washington \(RCW\) 82.04.080](#)
- [Washington Administrative Code \(WAC\) 458-20-107](#)
- [Washington Administrative Code \(WAC\) 458-20-195](#)

Foreign diplomats

Foreign diplomats

Ambassadors or foreign consuls are exempt from the retail sales tax, with limitations. Diplomatic Tax Exemption Cards are issued by the U.S. Department of State. These cards use four distinct images on the cards (owl, buffalo, eagle, and deer) to indicate the level of tax exemption authorized by a particular Diplomatic Tax Exemption Card.

Please note that the exemption under this program may not apply to all types of purchases. (See below for procedures for purchasing all motorized vehicles under this program.)

See our Tax Topic [Diplomatic Tax Exemption Program](#) for more information.

Purchase of vehicles under the Diplomatic Tax Exemption Program

The Office of Foreign Missions (OFM) enforces the exemption of eligible foreign missions and their members from payment of any taxes when purchasing, leasing, registering, or titling a vehicle. All official and personal vehicle purchases by eligible foreign missions and their members must be authorized by OFM.

The purchaser must request that the dealer contact either the Tax and Customs Program Office of the Department of OFM or the appropriate OFM Regional Office for a determination of the tax-exempt status of the purchaser. These requests will only be accepted during normal business hours. A dealer will have two options for contacting OFM:

1. **Email:** Dealers in Washington, Oregon, Idaho, and California should send an email to OFM San Francisco - OFMSFCustomerService@state.gov. Emails must include the following information:
 1. Buyer's name.
 2. Type of purchase - official or personal.
 3. Buyer's Driver License Number, Personal Identification Number (PID), or date of birth.
 4. The mission or organization to which the buyer is assigned.
 5. The dealership's name, mailing address, and phone and fax numbers.
 6. The Vehicle Identification Number (VIN) assigned to the vehicle the mission or person is planning to purchase or lease
2. **Telephone:** Dealers in Washington, Oregon, Idaho, and California should contact OFM San Francisco at 415-744-2910.

OFM will determine the tax-exempt status of the purchaser and provide a letter to the dealer stating whether the purchaser is eligible for a sales or use tax exemption. If the inquiry is made by email, OFM will respond to the vendor's email with a letter, confirming the sales or use tax exemption. If the request is made by phone, OFM will fax the dealer a similar letter concerning the foreign mission or member's tax-exempt status. If the tax exemption is denied, the purchaser must pay sales tax on the purchase of the vehicle.

Types of vehicles included under the Diplomatic Tax Exemption Program

These tax exemption procedures for vehicles apply to **all** motorized vehicles purchased or leased by foreign missions or their members. This includes, but is not limited to, the following vehicles: automobiles, vans, trucks, RVs, trailers, motorcycles, mopeds, buses, sailboats, motor boats, yachts, "jet skis," personal water crafts, airplanes, and helicopters.

Vehicle registration

Diplomatic missions and their members, including dependents, are required to register all vehicles that they own or lease with the OFM Diplomatic Vehicle Office. At the time of purchase, all original ownership documents must be submitted to the Diplomatic Motor Vehicle Office for proper vehicle registration. Auto dealers should treat this transaction as an out of state registration. OFM will issue a registration card and federal license plates once proper documentation is received. Also, a title will be sent to the indicated lien holder to protect the interest of the lender.

Freight and delivery charges

Freight and delivery charges

For specific customers

It is not unusual for automobile dealers to charge specific customers the actual freight and delivery costs for parts or other items ordered from a distributor or manufacturer. The transportation charges that cover the cost of getting the part from the supplier to the dealer are part of the dealer's cost of doing business. Any recoveries of these costs, which are passed on to the customer, are considered to be additional income from the sale of the item and subject to Retailing B&O and retail sales tax when the sale is to a consumer.

Listed separately on sales invoice

Some dealers may list the transportation charges as a separate item on the sales invoice issued to purchasers of new vehicles. This transportation charge is the cost to the dealer of having the vehicle delivered from the factory or distribution point to the dealer's place of business. If these costs are passed along to the customer, they are subject to Retailing B&O and retail sales tax when the sale is to a consumer.

After receipt of goods

Transportation or delivery costs incurred after the customer has taken receipt of the goods are not part of the selling price when the dealer is not liable to pay or has not paid the carrier. It must be clearly shown that the customer alone is responsible to pay the carrier.

Examples

1. ABC Dealer orders a new bumper at the request of a specific customer. ABC charges the customer \$200 for the bumper and \$20 for the transportation costs. The entire \$220 is subject to Retailing B&O and retail sales taxes.
2. ABC Dealer has a fleet sales contract with a major customer which provides that new vehicles will be sold at the dealer's cost plus \$800. Included in the dealer's costs is a freight equalization charge of \$400. This freight charge is subject to the Retailing B&O and retail sales taxes.

References

[Revised Code of Washington \(RCW\) 82.08.010](#)
[Washington Administrative Code \(WAC\) 458-20-110](#)

Government sales

Government sales

City, county, state governments

Are sales to city, county, or Washington state government exempt from retail sales tax?

The retail sales tax is due on sales of vehicles to the state of Washington, its departments and institutions and to counties, cities, school districts and all other municipal subdivisions of the state.

Are there any exceptions?

Yes. Vehicles loaned to and used for driver education by schools. See [Driver Education Vehicles](#) and [Van Pools/\(Ride Sharing\) Vehicles](#).

Reference

[Washington Administrative Code \(WAC\) 458-20-189](#)

United States government

What constitutes a sale to the federal government?

The sale of a vehicle must be made directly to the United States, its departments, institutions and instrumentalities, or agencies directly operated and controlled by the federal government for the benefit of the general public. See [Government Sales](#) below.

Sales to institutions which have been chartered or created under federal authority which are not directly operated and controlled by the government for the benefit of the general public are not considered sales to the federal government.

Sales to representatives or employees for own use

Sales to persons in the Army, Navy or Air Force of the United States, including civilian employees in such service, are not exempt from the retail sales tax. See [Military](#).

No exemption is permitted for sales to or by voluntary unincorporated organizations of Army or Navy personnel which are not instrumentalities of the United States, national banking associations, persons licensed to engage in private businesses under federal statutes, or contractors engaged in performing contracts for the United States government.

Likewise, the retail sales tax applies to sales made to the Washington State Department of Social and Health Services, Employment Security Department and Department of Health, even when those departments are reimbursed with federal funds.

B&O tax

No deductions are allowed from the B&O tax for business transacted with the United States, its departments, institutions or instrumentalities.

Retail sales tax

Direct purchases by the federal government are exempt from the retail sales tax, but purchases by others, whether with federal funds or through a reimbursement arrangement, are fully subject to the retail sales tax. Sales to federal employees or representatives of the federal government are subject to sales tax, even though the federal government may reimburse them for all or a part of such expenses.

United States government departments, instrumentalities, and agencies

- Agriculture.
- Commerce.
- Energy (*Including Bonneville Power Administration*).
- Interior (*Including the Tennessee Valley Authority*).
- Justice.
- Labor.
- Post Office.
- State.
- Treasury.
- National Military Establishment (*Army, Navy and Air Force*).
- U.S. Small Business Administration.

Agencies congressionally exempt by establishment or specific statutory exemption

- Central Banks for Cooperatives (*if stock is owned by the United States*).
- Civil Service Commission.
- Export-import bank.
- Farm Credit Administration.
- Farm credit banks.
- Farm Loan Association.
- Federal Deposit Insurance Corporation.
- Federal Home Loan Banks.
- Federal Home Loan Mortgage Corporation.
- Federal Housing Administration (*including Housing and Urban Development*).

- Federal Land Banks.
- Federal National Mortgage Association.
- Federal Reserve Banks.
- Federal Savings and Loan Insurance Corporation.
- Federally Chartered Credit Unions.
- Government National Mortgage Association.
- Home Owner's Loan Corporation.
- Rural Electrification Administration.
- Social Security Board.
- United States Maritime Commission.
- Veteran's Administration.

References

[Washington Administrative Code \(WAC\) 458-20-190](#)
[Washington Administrative Code \(WAC\) 458-20-177](#)

Internal charges

Internal charges

What are internal (interdepartmental) charges?

New vehicle dealers typically maintain a system of accounting which measures the profitability of the various departments of the dealership. Different departments of the company may be charged by other departments for various activities.

Vehicle repairs made by own repair shop

It may be necessary to make repairs to new or used vehicles in the process of preparing the vehicles for sale. When these repairs are made by the dealership's own repair shop or the parts come from its own parts department, an internal charge will be made. This charge will be recorded as a sale from the parts or repair department to the new or used car department.

Not subject to B&O or retail sales tax

These internal charges between departments of the same legal entity are not taxable sales and are not subject to B&O tax. The parts are not subject to sales or use tax if the parts are placed on a vehicle which is being repaired or held for sale.

Shop vehicles - use tax due

The use tax does apply to parts which are installed on shop vehicles which are for the use of the dealership.

Examples

1. ABC Dealer has a used vehicle in its used car inventory. The vehicle is serviced by the dealer's repair shop with new oil and a new oil filter installed. The used car department is charged for this service by the repair department. These internal charges are not subject to B&O tax. No retail sales or use tax is due.
2. ABC Dealer has its own tow truck. It also has "loaner" vehicles which are loaned at no charge to customers while the customer's vehicle is being repaired. The dealer's repair department installs new spark plugs in these vehicles and charges other departments. No B&O tax applies to these charges. However, the dealer is required to pay use tax on any parts removed from inventory which are placed in these vehicles. Since these vehicles are not being held exclusively for resale, any replacement parts are taxable.

References

[Washington Administrative Code \(WAC\) 458-20-201](#)

[Washington Administrative Code \(WAC\) 458-20-203](#)

[Excise Tax Advisory \(ETA\) 3134](#) (pdf)

Interstate and/or foreign commerce carriers

Interstate and/or foreign commerce carriers

Exemption requirements

Sales of motor vehicles and trailers used for transporting persons or property for hire in interstate or foreign commerce are exempt from retail sales tax if one of the following requirements is met:

1. The customer is the holder of a motor carrier (MC) permit issued by the Interstate Commerce Commission (ICC) or its successor agency.
2. The customer operates under contract with the holder of a motor carrier (MC) permit issued by the ICC or its successor agency.

Exemption certificate

The seller, at the time of sale, must obtain a fully completed exemption certificate. An alternative to the exemption certificate found in [WAC 458-20-174](#) is the [Buyers' Retail Sales Tax Exemption Certificate](#) (pdf). Either certificate may be used.

Reporting

Sales to MC carriers are reported under the Retailing of Interstate Transportation Equipment classification of the B&O tax. This would include all of the following:

1. Sales of motor vehicles, trailers, and component parts.
2. Leases of motor vehicles and trailers without operators.
3. Charges for labor and service rendered in respect to cleaning, repairing, altering, or improving vehicles and trailers or component parts thereof.

A deduction may be taken for sales to out-of-state buyers when delivery is made out-of-state. This deduction should be shown on the deduction detail sheet under the Interstate and Foreign Sales category.

Repair

Charges made for repairs of MC carrier vehicles or the installation of parts are specifically exempt from the retail sales tax also. This includes charges for constructing, repairing, cleaning, altering, or improving the vehicles. The vehicles must be used for hauling for hire under the MC permit to be eligible for this exemption.

The "Buyers' Retail Sales Tax Exemption Certificate" or certificate as described in [WAC 458-20-174](#) must be fully completed and must be retained by the seller.

Component parts

The "Buyers' Retail Sales Tax Exemption Certificate" or certificate as described in [WAC 458-20-174](#) must be fully completed and must be retained by the seller.

See [Parts](#) for additional information.

References

[Washington Administrative Code \(WAC\) 458-20-174](#)
[Revised Code of Washington \(RCW\) 82.04.250](#)
[Revised Code of Washington \(RCW\) 82.08.0262](#)
[Revised Code of Washington \(RCW\) 82.08.0263](#)
[Buyers' Retail Sales Tax Exemption Certificate \(pdf\)](#)

Itemizing the B&O tax

Itemizing the B&O tax

B&O tax is overhead

The B&O tax is a tax on the seller and is a part of the seller's overhead. It is not a tax imposed on the buyer and collected by the seller, as is the case with Washington's retail sales tax.

Completing the return

When completing the excise tax return, the amounts reflected in the "gross amount" and "taxable amount" columns for both B&O tax and retail sales tax must include any amounts charged to the buyer for B&O tax.

Leases/rental

Leases/rental

Definition

The terms "leasing" and "renting" can be used interchangeably and refer to the act of granting another the right of possession to and use of a vehicle for a specified time and, ordinarily, for fixed payments.

Industry terminology

"Capitalized (Cap) Cost Reduction" (aka Cap Reduction Payment):

- Is the amount of money (cash) that the lessee pays at the inception of the lease. This payment is in addition to the first lease payment. Generally, sales tax applies on these amounts.
- Can also include the application of all or a portion of the value of a trade-in. Generally, sales tax would not be due on this amount as the trade-in allowance would apply.

"Cap Reduction Tax" is actually the **sales tax** that is due on cash paid at the lease inception toward the leased vehicle.

Series of transactions

A lease is not a single transaction or sale, but a contract for a series of transactions. A lease or rental to the consumer is considered a retail sale. Leases or rentals to those who will re-rent or release the vehicle are wholesale sales.

Trade-in

A vehicle owned by the prospective lessee may be used as a trade-in to lower the amount of the retail sales tax due on the lease. See also [Trade-Ins](#).

Rate of retail sales tax

For a vehicle which is leased or rented for a short period of time, such as when their personal vehicle is being repaired, the retail sales tax rate is the rate of the location of the lessor.

The retail sales tax rate of a vehicle which is leased longer than for a day or week is the rate in effect where the vehicle is usually kept by the lessee, for all lease payments made. The lessor's business location is used for any down payment (capital cost reduction) or payoff payment.

When retail sales tax is due

In either situation, the retail sales tax is due on each payment, when the payment is due.

Brokered lease

A brokered lease consists of: the automobile dealer (broker), a lessee, a financial institution and an automobile (usually in another dealer's lot). The broker pays the Service and Other Activities B&O tax on the commission received for brokering the sale. The dealer who actually provides the vehicle is making an accommodation sale

and is not subject to tax. The financial institution is the one who makes the retail sale and is subject to the Retailing B&O tax and must collect the retail sales tax.

Brokered lease - MSO (Manufacturer's Statement of Origin)

In the above brokered lease, if the broker puts the MSO into its own name and then transfers it to the lessee, the broker is making a sale to the lessor (the financial institution), and is subject to the Wholesaling B&O tax. The financial institution will still collect the retail sales tax and pay the Retailing B&O tax.

Lease option - lenders

Dealers may enter into agreements with credit unions or other lenders who have lease and purchase financing options. The structure of the lease option transaction follows:

1. A credit union member (lessee) wants to lease a specific vehicle with option to purchase.
2. The auto dealer (lessor) buys the vehicle from a dealer at a fleet price.
3. The auto dealer computes the balance subject to lease charge which includes the cost of the vehicle, profit, assignment fee, accessories, the first monthly payment, security deposit, titling fee, sales tax, warranty/service contract and any other charges. Credits are allowed to the credit union/lender for titling fee, assignment fee and first monthly payment.
4. The lessee signs a note with the credit union who pays the selling dealer a prepayment of lease payments.
5. At the same time, the lessee enters into a "Security and Vehicle Lease Agreement (Closed End with Fixed Purchase Option)" which provides the lease term and balance subject to lease charge, the estimated end of term wholesale value of the vehicle and the total monthly payment (the same as the amount paid to the credit union/lender.)
6. The selling dealer assigns the lease to the credit union/lender.
7. The lessee can terminate the lease prior to the scheduled termination date with 15 days written notice. The lessee is liable for a termination fee plus the unpaid principal balance of the loan less the proceeds of a wholesale sale or the determined residual value, whichever is greater.
8. The lessee has the option to purchase the vehicle at early termination of the lease by payment of a termination fee plus the unpaid principal balance of the loan and taxes.
9. The lessee has the option to purchase the auto at scheduled termination of the lease by payment of the estimated end-of-term wholesale value of the vehicle and taxes.
10. The lessee has no equity in the auto unless he/she exercises the purchase option.

Tax liability of lease option

The first monthly payment, which includes the charge for rental and miscellaneous items, is subject to the Retailing B&O tax and the retail sales tax. This payment is received by the dealer from the lender.

The dealer receives prepayment of each monthly payment from the lender. This amount, less the retail sales tax, is subject to the Retailing B&O tax. The retail sales tax has been collected by the lender and is given to the dealer to remit to the Department of Revenue.

The amount received at the scheduled termination of the lease (or earlier) is also subject to the retail sales tax and the Retailing B&O tax.

Exemptions

Since a lease is considered a series of mini sales, the exemptions which apply to retail sales, also apply to leased vehicles. These are:

1. Nonresidents of Washington, including persons from other countries. See also [Nonresidents](#).
2. Nonresident military personnel who are stationed in Washington for less than 90 days. See also [Military](#).
3. Interstate Commerce Carriers with authority to transport across the state's boundaries. See also [Interstate And Foreign Commerce Carriers](#).
4. Native Americans. See also [Native Americans](#).
5. The United States Government. See also [Government Sales](#).

Nonresident - special definition

A nonresident is a person who resides in another state, has no residence in Washington, and operates no business in Washington. However, for the purposes of this section, a nonresident can also mean a renter or lessee who has one or more businesses in this state, as well as one or more in other states. The nonresident exemption will only apply to those vehicles most frequently operated, garaged, dispatched and maintained in another state.

References

[Washington Administrative Code \(WAC\) 458-20-211](#)
[Washington Tax Decision \(WTD\) 6 WTD 141 \(1988\)](#)
[Washington Tax Decision \(WTD\) 9 WTD 249 \(1990\)](#)

Lemon law

Lemon law

What is it?

The "Lemon Law" is a law which allows customers who purchase a new vehicle which is defective or has chronic problems to obtain relief.

What relief is given?

The law allows the consumer to obtain retail sales tax refunds directly from the manufacturer or new car dealer acting on behalf of the manufacturer when the manufacturer or the new car dealer buys back the "lemon." The manufacturer or new car dealer acting on behalf of the manufacturer may then request a refund or credit directly from the Department of Revenue.

Documentation required

To obtain a refund or credit, the manufacturer or new car dealer acting on behalf of the manufacturer must retain a copy of the arbitration document, a signed statement from the customer showing the tax was refunded, copies of sales invoices showing actual amount of the sale and the tax collected, and copies of the refund checks drawn payable to the consumer and/or lien holder.

The signed statement from the manufacturer or new car dealer acting on behalf of the manufacturer should include the customer's name, date, amount of tax refunded, the repurchase amount, mileage use fee calculation,

and the name of the dealer or manufacturer making the refund.

Mileage use fee

A mileage use fee may be charged for the amount of time the customer has used the vehicle. The mileage use fee is not subject to further taxation. This is the part of the purchase price not refunded and has already been taxed.

How to calculate the retail sales tax refund

When the retail sales tax and licensing fees are included in the "purchase" price, a ratio must be used to remove ancillary fees from the purchase price. The ratio is to be calculated as follows:

Sales price of Vehicle	\$30,000
Less: Trade-in (if applicable)	0
Sales Tax (8.4%)	\$2,520
Licensing Fees	\$50
Purchase price	\$32,570

The ratio is calculated as the sum of $(2,520 + 50) \div 32,570 = .079$

Calculate the new sales price used to refund sales tax as $\$32,570 - \$2,200$ (Mileage usage fee) $\times .079 = \$2,399.23$. This is the amount to be deducted from the resulting repurchase price of $\$30,370$ (Purchase price minus the mileage usage fee). In this example it would be $\$30,370 - \$2,399.23 = \$27,970.77$. This is the repurchase price and the sales tax to be refunded would be $\$2,349.55$ ($\$27,970.77 \times 8.4\%$).

Credit on tax return

The manufacturer or new car dealer acting on behalf of the manufacturer may take the credit on the excise tax return for the retail sales tax on the repurchase amount, but only after all required documentation has been received by and approved by the Department of Revenue.

Exchange

When a customer opts to exchange the "lemon" for another vehicle of the same or higher quality, the customer is required to pay retail sales tax on **any charge** above the amount allowed for repurchase. The Retailing B&O tax is also due only on the additional charge.

In many cases, the dealer will allow the customer to exchange the "lemon" for a higher quality vehicle for no additional charge. Because there is no additional charge, the dealer is not required to pay Retailing B&O tax or charge the customer retail sales tax on this additional value.

Extra options

The charges for additional options on a replacement vehicle are subject to the retail sales tax and the Retailing B&O tax.

Trade-in - not Lemon Law

When the "lemon" is used as a trade-in on another vehicle without going through the "Lemon Law" process, the "lemon" value may be deducted from the price of the new vehicle and retail sales tax is due on the balance, if there is any. The dealer owes Retailing B&O tax on the total selling price on this type of transaction.

Dealer voluntary buy-back - not Lemon Law

When a customer purchases a vehicle and later determines the vehicle is unsatisfactory, for whatever reason, and the dealer voluntarily buys the car back, without "Lemon Law" arbitration, the customer is not entitled to a return of the retail sales tax.

The dealer has purchased the vehicle, not refunded the customer's money.

Authority

The Attorney General's Office has the authority to contract with private entities to conduct the arbitration hearings. The Attorney General should be contacted for more information about the "Lemon Law" for areas other than the retail sales tax.

Note: Only the manufacturer will be reimbursed for the retail sales tax refunded to the customer on repurchases of used vehicles. Used car dealers are not eligible for the refund.

References

[Revised Code of Washington \(RCW\) 19.118.005-.904](#)
[Washington Administrative Code \(WAC\) 458-20-108](#)
[New Vehicle/Motor Home Repurchase Information \(pdf\)](#)

Maintenance agreements (contracts)

Maintenance agreements (contracts)

Definition

A maintenance agreement (contract), sometimes called a service agreement (contract), is an agreement which requires specific performance of repairing, cleaning, altering, or improving tangible personal property on a regular or irregular basis to ensure the product's continued satisfactory operation.

Manufacturer's maintenance agreement included in price

A manufacturer's maintenance agreement included in the sales price of a vehicle is subject to the Retailing B&O and retail sales taxes, including the additional motor vehicle sales and lease tax of three-tenths of one percent (0.3%)

Maintenance agreements sold by dealer or third party

A separate charge for a maintenance agreement is a retail sales subject to the Retailing B&O tax and retail sales tax. In addition, these types of maintenance agreements are not subject to the additional motor vehicle sales and lease tax of three-tenths of one percent (0.3%)

Warranties with maintenance provisions

When an agreement contains warranty provisions, but also requires the periodic performances of a maintenance agreement, it is taxed as a maintenance agreement.

Commissions for selling third party maintenance agreements

Amounts received as commission or consideration for selling a maintenance agreement for a third party are subject to B&O tax under the Service and Other Activities B&O tax classification.

Subcontractors to maintenance seller

Subcontractors who perform work under a maintenance agreement for the seller of such agreement, are making sales at wholesale. Such subcontractor must obtain a reseller permit. For further information refer to [Reseller Permits](#).

Performance under maintenance agreement

Persons who sell maintenance agreements and perform the work as defined in the agreement are not subject to the retail sales or use tax on materials or labor, which are a part of the required service or repair.

Deductibles

The amount the customer is required to pay, which is not covered by the maintenance agreement, is subject to the Retailing B&O tax and retail sales tax must be collected.

Examples

1. A customer purchases a new vehicle for \$25,000. The customer also purchases a maintenance agreement from the dealer for \$1,000. The maintenance agreement covers all scheduled maintenance for Three years or 36,000 miles. The customer brings the car back to the dealer for the 5,000 mile scheduled maintenance, which includes an oil change and inspection. The dealer's cost for the oil change and labor to inspect the vehicle is \$60.

In the tax reporting period the vehicle is sold, the dealer must report:

- \$26,000 (\$25,000 + \$1,000) under the Retailing B&O, Retail Sales, and Local Sales Tax tax classifications.
- \$25,000 under the Motor Vehicle Sales/Leases tax classification.

No other B&O tax, use tax, or retail sales tax is due by the dealer.

2. A customer purchases a new vehicle for \$25,000. Included in the purchase price of the vehicle is a maintenance agreement for three years or 36,000 miles from the manufacturer. Three months after the purchase, the customer brings the car back to the dealer for the 5,000 mile scheduled maintenance, which includes an oil change and inspection. The dealer bills the manufacturer \$60 for the oil change and labor to inspect the vehicle.

In the tax reporting period the vehicle is sold, the dealer must report \$25,000 under the Retailing B&O, Retail Sales, Local Sales Tax, and Motor Vehicle Sales/Leases tax classifications.

In the tax reporting period the customer brings the vehicle in for the scheduled maintenance, the dealer must report the \$60 under the Wholesaling B&O tax classification.

Extended warranties and manufacturer's warranty

See also [Warranties](#).

Reference

[Washington Administrative Code \(WAC\) 458-20-257](#)

Military

Military

Nonresident military exemption requirements

Members of the armed forces who purchase vehicles in Washington are required to pay retail sales tax if they intend to remain here more than three months. This is true even if they claim a home of record in a state other than Washington and even if they register the vehicle under the laws of their home state.

Effective Jan. 1, 1990, sales of vehicles or trailers to **nonresident** members of the armed forces are exempt from retail sales tax only if **all** of the following requirements are met:

- The license plates from the customer's home state are attached at the time of sale or a 45-day permit is used to move the vehicle from the premises.
- The vehicle or trailer is not used in Washington more than three months.
- The vehicle or trailer is not required to be registered and licensed in Washington.

Documentation needed for military sales

The affidavits for trip permits or nonresident license plates can be used. See [Exempt Vehicle Sales](#). In addition, the dealer must obtain and retain one of the following:

- A copy of military orders showing that the customer is temporarily stationed in Washington.
- A copy of military orders showing that the customer is permanently reassigned to a new duty station outside Washington and will leave within three months of the date of purchase.

Resident military personnel

Resident military personnel do not receive an exemption when purchasing a vehicle in Washington. They are treated in the same manner as nonmilitary residents.

References

[Washington Administrative Code \(WAC\) 458-20-177](#)
[Excise Tax Advisory \(ETA\) 3141](#) (pdf)

Miscellaneous

Miscellaneous

Dual residents

Many persons claim residency in both Washington and another state by virtue of spending near equal amounts of time in each state.

In state delivery

When such a person buys and takes possession of a vehicle in the state of Washington, the retail sales tax and B&O tax are due.

Out of state delivery

If the dual resident purchases the vehicle in Washington and has the seller (dealer) deliver the vehicle to him/her outside the state of Washington, no retail sales tax is charged at the time of sale and no B&O tax is due. The sale and delivery outside the state must be documented as described in [WAC 458-20-193](#).

The Washington dealer may not order or place Washington license plates on the vehicle. If Washington plates are on the vehicle, the dealer must remove them. The dealer must also document such removal. This documentation may simply be a filed photocopy of the plates after they have been removed.

The buyer cannot take possession or use the vehicle in Washington before shipment outside the state.

If the dealer is involved in obtaining Washington Licensing, or Washington license plates are attached, (when delivering outside the state) the dealer must collect use tax.

The shipping or delivery charges are part of the selling price and therefore taxed in the same manner as the vehicle.

See also [Nonresident](#).

Reference

[Revised Code of Washington \(RCW\) 82.08.0269](#)
[Washington Administrative Code \(WAC\) 458-20-193](#)

Washington residents taking delivery outside of Washington

Washington residents who purchase a vehicle from a Washington dealer and have that vehicle delivered to them at a point outside of Washington are also exempt from the retail sales tax. This is true when the **dealer** ships the vehicle to the customer outside the state. The dealer must be listed as the consignor on the bill of lading.

No B&O or retail sales tax is due on this transaction.

Washington license plates must not be ordered or placed on the vehicle by the dealer. If Washington plates are on the vehicle, they must be removed. The dealer must document such removal.

If the dealer is involved in obtaining Washington Licensing, or Washington license plates are attached, (when delivering outside the state) the dealer must collect use tax.

The buyer cannot take possession or use the vehicle in Washington before shipment outside the state.

If, at any time, the customer brings the vehicle into Washington, use tax and licensing fees will be due.

References

[Revised Code of Washington \(RCW\) 82.08.0269](#)
[Washington Administrative Code \(WAC\) 458-20-193](#)

Car washes and detailing

Generally, the dealership must pay retail sales tax on purchases of car washes. When the dealer purchases a car wash for their inventory prior to sale, they are considered the consumer of these purchases and may not use their reseller permit.

In contrast to a mere car wash, the cost of reconditioning or detailing is primarily intended to improve the resale value of the vehicle and is a wholesale sale not subject to sales tax. Examples of these services can include but are not limited to minor paint repair, paint polishing, headlight buffing, carpet and upholstery cleaning, repair or replacement.

Insurance life/health

Many dealers will offer the buyer the opportunity to purchase insurance to cover payments of the vehicle in the event of illness or loss of employment or to pay off the vehicle in the case of death. When the dealer is acting as an agent for the insurance company providing the insurance, the dealer must pay the Service and Other B&O tax on the commission earned for sales of the insurance.

If the dealer is licensed under [Section 48.17 RCW](#) as an insurance agent, broker, or solicitor, the amount received for these sales is subject to the Insurance Agents B&O tax classification.

For the taxability of commissions on warranties and service contracts, see [Maintenance Agreements](#) and [Warranties](#)

References

[Washington Administrative Code \(WAC\) 458-20-164](#)

[Washington Administrative Code \(WAC\) 458-20-257](#)

Duty on imported cars

On occasion, a dealer will order a vehicle for a customer directly from the factory outside the United States. Delivery is to be made directly to the customer. The import duty added to the price of the vehicle is part of the selling price and is subject to the retail sales tax and the Retailing B&O tax.

Reference

[Washington Administrative Code \(WAC\) 458-20-107](#)

Exports to Canada

Dealers in Washington in close proximity to the Canadian border may be requested to deliver the vehicle to the customer in Canada. The delivery must be made on the Canadian side of the U.S./Canadian border. The vehicle may not be turned over to the customer or his/her agent on the American side, even when there is a certainty of actual crossing.

For the transaction to be exempt from the B&O and retail sales taxes, the shipping documents must show that the vehicle was, in fact, delivered to the buyer in Canada.

Reference

[Washington Administrative Code \(WAC\) 458-20-193](#)

Interest/carrying charges/penalties/finance income

Interest and finance income received by dealerships for carrying contracts on sales of vehicles is subject to the Service and Other Activities B&O tax.

When interest is added to delinquent repair or parts invoices, the interest, penalty, or late fee is subject to the Service B&O tax.

Reference

[Washington Administrative Code \(WAC\) 458-20-109](#)

Sales of scrap and obsolete parts

Sales of scrap metal, obsolete parts and junked vehicles to wrecking yards, hulk haulers, metal dealers or anyone else who will use the metal or parts for resale are sales at wholesale and subject to the Wholesaling B&O tax. A reseller permit must be obtained from the buyer. For sales after Jan. 1, 2010 the resale certificate was replaced by the reseller permit. For further information refer to [Reseller Permits](#).

Bad debts

Amounts of credit losses actually sustained by dealerships whose records are kept on an accrual basis may be deducted from the gross amount of business, if the tax has already been paid. The deductions should be taken during the period when the bad debts were actually written off the dealer's books of account. These bad debts must also be written off for federal income tax purposes.

The amount of the deduction must be adjusted to exclude amounts attributable to all of the following:

1. Amounts due on property that remains in the possession of the seller until the full purchase price is paid.
2. Expenses incurred in attempting to collect debt.
3. The value of repossessed property taken in payment of debt.

A bad debt deduction may be taken under the B&O tax and the retail sales tax.

For write-offs of the retail sales tax during a period when the retail sales tax rate was different than the current retail sales tax rate, a [Schedule B, Credit for Sales Taxes Paid on Bad Debts](#) (pdf), must be used. If the tax rate is the same, the deduction may be taken on the excise tax return.

Also see [Repossessions](#).

References

[Washington Administrative Code \(WAC\) 458-20-196](#)

Courtesy deliveries

Motor vehicle dealers located outside Washington often sell new motor vehicles to Washington customers and use in-state dealers to facilitate the sales. The in-state dealers prepare the vehicles for delivery and deliver them to the buyers in this state as a courtesy to the out-of-state sellers.

Definitions

A "courtesy dealer" is any licensed new motor vehicle dealer authorized to prepare or deliver a new motor vehicle to a customer in this state. For excise tax purposes, the in-state courtesy dealer is deemed to be the agent for the "selling dealer." A "selling dealer" is defined as a motor vehicle dealer not licensed to prepare or deliver a new motor vehicle to a customer in this state, such as an out-of-state car dealer.

Reporting requirements

Unless the selling dealer is registered, reporting, and remitting taxes to the Washington Department of Revenue (DOR), the courtesy dealer must report and pay the taxes on the transaction, in addition to its own taxes. When

completing the excise tax return, the courtesy dealer must do all of the following:

- Report the sales transaction under the appropriate B&O tax classification (generally the retailing classification).
- Collect and remit the retail sales tax, unless an exemption applies.
- Report commissions received for facilitating the sale under the service and other activities classification of the B&O tax.

Other requirements

The B&O tax paid on behalf of the selling dealer constitutes a debt from the selling dealer to the courtesy dealer. The courtesy dealer is authorized to withhold the amount from the proceeds of the sale. Such amounts are deemed to be held in trust by the courtesy dealer until paid to DOR.

When the selling dealer claims to be registered with DOR, the courtesy dealer must document this fact. The courtesy dealer can obtain an affidavit from the selling dealer that provides the name and signature of the selling dealer and the selling dealer's UBI/Account ID. The affidavit must also contain a statement that the selling dealer will report and remit the B&O tax and the sales tax associated with the courtesy transaction.

A courtesy dealer must also obtain appropriate documentation when a sale of a vehicle is exempt from retail sales tax. For example, when a courtesy transaction involves a sale to a member of the military, the courtesy dealer must obtain affidavits and military orders as if the sale were made in the courtesy dealer's own name. See [Exempt Vehicle Sales](#).

Document service fees

What is a document service fee?

A document service fee may be charged by a dealer to recover administrative costs for collecting motor vehicle excise taxes, licensing and registration fees and other agency fees, verifying and clearing titles, transferring titles, perfecting, releasing, or satisfying liens or other security interests, and other administrative and documentary services rendered by a dealer in connection with the sale or lease of a vehicle and in carrying out the requirements of this chapter or any other provisions of state law.

When can a dealer charge a documentary service fee?

A dealer may charge the documentary service fee under all of the following conditions:

- The documentary service fee is disclosed in writing to a prospective purchaser or lessee before the execution of a purchase and sale or lease agreement.
- The documentary service fee is not represented to the purchaser or lessee as a fee or charge required by the state to be paid by either the dealer or prospective purchaser or lessee.
- The documentary service fee is separately designated from the selling price or capitalized cost of the vehicle and from any other taxes, fees, or charges.
- Dealers disclose in any advertisement that a documentary service fee in an amount up to one hundred fifty dollars may be added to the sale price or the capitalized cost.

How much can the dealer charge for a document service fee?

- Effective July 26, 2009, a dealer can charge up to \$150.
- Effective July 1, 2022, a dealer can charge up to \$200.

Document service fees are not subject to sales tax. This income is subject to B&O tax under the Service and Other Activities classification.

Auction sales

Wholesale sales of used motor vehicles are exempt from B&O tax when sold at auction by licensed vehicle dealers to other licensed dealers.

Wholesale sales of motor vehicles are exempt from B&O tax when sold at auction by motor vehicle manufacturers, as defined in [RCW 19.118.021](#), to licensed vehicle dealers.

The dealer must be licensed under chapter [46.70 RCW](#) or licensed by another state. When completing the excise tax return, the sellers should report the gross amount from these sales under the wholesaling classification of the B&O tax and take a deduction under the "other" category.

References

[RCW 82.04.317](#)

[RCW 82.04.422](#)

Tire fee reimposed

Effective July 1, 2005, retailers must collect a \$1 per tire fee on the retail sale of new replacement vehicle tires.

The tire fee is paid by the buyer to the seller. The tire fee is not subject to sales tax. Tire sellers may retain 10% of the fee and must remit the remainder to the Department of Revenue. The seller must report the retained amount as gross income subject to tax under the Service and Other Activities classification of the B&O tax.

The tire fee does not apply to sales of tires to the federal government that are exempt of sales tax under [WAC 458-20-190](#), to sales to Indians that are exempt of sales tax under [WAC 458-20-192](#), to the sales of re-treaded vehicle tires, nor to tires provided free of charge under the terms of a recall or a warranty service. If a customer returns the purchased new tire and the entire selling price is refunded to the customer, the \$1 tire fee is likewise refundable.

References

[WAC 458-20-272](#)

[Tire Fee Special Notice](#) (pdf)

Clean alternative fuel vehicles and plug-in hybrids

The sales and use tax exemptions on purchases or leases of new and used clean alternative fuel vehicles or certain plug-in hybrids will begin with sales made or lease agreements signed, on or after Aug. 1, 2019. The exemptions expire on Jul. 31, 2025.

The exemption applies to:

A qualifying **new vehicle** with a sales price or fair market value of leases \$45,000 or less.

- The sales and use tax exemptions vary for new qualifying vehicles. Purchased or leased vehicles between:
 - Aug. 1, 2019 - July 31, 2021 are eligible for an exemption on up to \$25,000 of the sales or lease price.
 - Aug. 1, 2021 - July 31, 2023 are eligible for an exemption on up to \$20,000 of the sales or lease price.
 - Aug. 1, 2023 - July 31, 2025 are eligible for an exemption on up to \$15,000 of the sales or lease price.

A qualifying **used vehicle** with a sales price or fair market value of leases \$30,000 or less.

- The sales and use tax exemptions on used vehicles sold or leased between Aug. 1, 2019 and Jul. 31, 2025, are eligible for an exemption on up to \$16,000 of the sales price or fair market value of the lease.

See [New clean alternative fuel and plug-in hybrid vehicle sales and use tax exemption](#)

References

[Engrossed Second Substitute House Bill 2042](#)

Native Americans

Native Americans

Exempt sale

Federal law provides that the sales of tangible goods, including motor vehicles, to tribes and enrolled tribal members are exempt from retail sales tax if the goods are delivered to or the sale is made in the tribe or enrolled tribal member's Indian country.

Starting June 9, 2016, a new Washington law states there are updated requirements to document:

The sale of a motor vehicle was to a tribe or an enrolled tribal member and The motor vehicle was delivered to or the sale was made in the buyer's Indian country.

(See [Engrossed Substitute Senate Bill \(ESSB\) 6427, Chapter 232, Laws of 2016.](#))

How to document a tax exempt sale to a tribe or enrolled tribal member?

The buyer is a tribe or an enrolled tribal member

A buyer must present to the seller, and the seller must keep a copy of, one of the following documents to substantiate that a sale was made to a tribe or an enrolled tribal member:

- The buyer's tribal membership or citizenship card.
- The buyer's certificate of tribal enrollment.
- A letter signed by a tribal official confirming the buyer's tribal membership status or that the buyer is a tribe.

If a buyer does not provide one of the above documents, the seller must collect retail sales tax on the sale.

Delivery to or sale made in the buyer's Indian country

An exempt motor vehicle sale to a tribe or an enrolled tribal member must also meet one of the following:

The motor vehicle is delivered in the buyer's Indian country

To establish delivery in the buyer's Indian country, the seller must do all of the following:

- Deliver the motor vehicle to the buyer's Indian country.
- Complete a declaration, attesting to the location of delivery and enrollment status of the buyer. Both the buyer and seller must sign the declaration. The Department of Revenue created the [Declaration for a Dealer Selling a Motor Vehicle to Tribes](#) for buyers and sellers to use.
- Keep the declaration in their records.

No additional proof is required to document delivery.

No other Department of Revenue form or certificate may be used to document delivery.

Note: If a declaration is not completed and signed by both the buyer and the seller, the seller will be unable to meet the delivery requirement and retail sales tax is due on the sale, unless the sale is made in the buyer's Indian country as discussed below.

The sale of the motor vehicle is made in the buyer's Indian country

If the sale is made in the buyer's Indian country, a declaration does not need to be completed by the buyer and the seller. The buyer must still present one of the three documents above and the seller must examine and keep a copy of the document presented.

For motor vehicle sales, the most common example of when a sale is made in the buyer's Indian country happens when the seller's business (such as an auto dealership) is located in the buyer's Indian country and the sale is completed at the seller's location.

Who qualifies as "Native American?"

For purposes of the exemption, a Native American is defined as a person duly registered on the tribal rolls of the tribe occupying a Native American reservation and a person duly registered on the tribal rolls of the reservation upon and within whose reservation such transaction or activity takes place.

A **partnership** consisting of Native American partners is considered "Native American".

A **partnership** consisting of Native American and non-Native American partners is considered non-Native American.

A **corporation** owned by Native Americans and consisting of Native American officers or directors is considered "Native American".

A **marital community** consisting of a Native American and non-Native American member is considered "Native American" if all other qualifications are met.

Private Party Sales

Tribal members/citizens must use the form [Private Party Selling a Motor Vehicle to Tribes](#) (pdf) when purchasing a vehicle from a private party. For more information, see our webpage on [Information for tribal member/citizens](#).

Business and occupation tax

Generally, the B&O tax applies to sales to Native Americans who take delivery in Washington. However, the B&O tax does not apply when the seller delivers the property to the buyer in Indian country and one of the following applies:

- The property is located in Indian country at the time of sale.
- The seller has a place of business in Indian country that is used to receive the order or distribute the property.
- The sale of the property is solicited by the seller while the seller is in Indian country.

Requirements

For a purchase of a vehicle, the buyer must complete the Department of Licensing form Affidavit for Vehicle/Vessel Excise Tax Exemption for Enrolled Tribal Member Living on Reservation each year the vehicle is licensed.

Recognized Native American tribes in Washington

- Chehalis Confederated Tribes.
- Colville Confederated Tribes.
- Cowlitz Tribe.
- Hoh Tribe.
- Jamestown S' Klallam Tribe.
- Kalispel Tribe.
- Lower Elwha Klallam Tribe.
- Lummi Nation Tribe.
- Makah Tribe.
- Muckleshoot Tribe.
- Nisqually Tribe.
- Nooksack Tribe.
- Port Gamble S' Klallam Tribe.
- Puyallup Tribe.
- Quileute Tribe.
- Quinault Nation.
- Samish Nation.
- Sauk-Suaittle Tribe.
- Shoalwater Bay Tribe.
- Skokomish Tribe.
- Snoqualmie Tribe.
- Spokane Tribe.
- Squaxin Island Tribe.
- Stillaguamish Tribe.
- Suquamish Tribe.
- Swinomish Tribe.
- Tulalip Tribes.
- Upper Skagit Tribe.
- Yakama Nation.

References

[Washington Administrative Code \(WAC\) 458-20-192](#)

The Handbook on Federal Indian Law (1982)

Makah Indian Tribe vs. Clallam County. 73 Wn. 2d 677, 440 p. 2d 442 (1968)

Wofford vs. Department of Revenue, 28 Wn. App. 68 (1980)

Nonresidents

Nonresidents

Definition

A nonresident is an individual who enters Washington on a transitory basis and does not show an intent to reside in Washington on a full- or part-time basis.

The term "nonresident" does not include:

1. Persons who maintain residences in more than one state, if one of the states is Washington.
2. Persons who live in Washington and intend to reside in another state, but who have not established residency in that state.

Three-month limitation

Nonresidents (including students) who are temporarily residing in Washington must pay retail sales tax when purchasing a vehicle, if they intend to use the vehicle in Washington for more than three months.

Sales of motor vehicles to nonresidents

Sales tax does not apply to sales of motor vehicles, trailers, or campers to nonresidents for use outside of this state, even though delivery is made within this state, under the following conditions:

1. The vehicles will be taken from the point of delivery in this state directly to a point outside this state under the authority of a trip permit; or
2. The vehicles will be registered and licensed immediately (at the time of delivery) under the laws of the state of the purchaser's residence, will not be used in this state more than three months, and will not be required to be registered and licensed under the laws of this state.
3. If the vehicle bears Washington state license plates, the dealer must remove the Washington plates before delivering the vehicle and certify that Washington plates were removed by completing and signing the [Seller's Certificate \(In-State Delivery\)](#).
4. The dealer must retain the following documents:
 1. A copy of the buyer's currently valid out-of-state driver's license or other official picture identification issued by a jurisdiction other than Washington state;
 2. A copy of any one of the following documents, on which there is an out-of-state address for the buyer:
 1. A current residential rental agreement;
 2. A property tax statement from the current or previous year;
 3. A utility bill, dated within the previous two months;
 4. A state income tax return from the previous year;
 5. A voter registration card;
 6. A current credit report; or

7. Any other document determined by the department to be acceptable, with buyer's street address, such as:

1. A bank statement issued within the previous two months;
2. A government check issued within the previous two months;
3. A pay check issued within the previous two months;
4. Mortgage documents of current residence;
5. Current vehicle insurance card;
6. Letter or other documentation issued by the postmaster within the previous two months;
7. Other government document issued within the previous two months;

5. The dealer must retain a properly completed [Buyer's Affidavit](#) and [Seller's Certificate \(In-State Delivery\)](#).

A dealer is personally liable for the uncollected sales tax if the dealer:

- Sells a motor vehicle, trailer, or camper to a person who does not provide the documents required.
- Fails to retain the documents required for a minimum of five years.

Also see [Exempt Vehicle Sales](#).

Sales of motor vehicles to nonresident corporations

Sales tax does not apply to sales of motor vehicles, trailer, or campers to nonresident corporations for use outside of this state. The sale must meet the same requirements as those stated above for qualified nonresidents. However, in this case, a distinction must be made between the corporation and its employees or officers. Therefore, in addition to the above requirements, the dealer must establish that the corporation is the purchaser (for example, paid for by corporate check and registered in the corporation's name). The exemption still applies, for example, when an officer or employee, purchasing on behalf of the corporation, is a Washington resident when all the other requirements are met.

Sale of vehicle parts and repairs

Component parts are subject to the same exemptions as the vehicle itself if they are:

- Installed by the auto dealer prior to delivery and acceptance by the buyer.
- Delivered as part of the vehicle.
- Documented in the contract of sale.

Starting July 1, 2019, sales of unattached component parts to qualified nonresidents for use outside this state are no longer exempt from retail sales tax at the point of sale. However, qualified nonresidents may request a refund directly from the Department of Revenue of the state portion of the sales tax paid. The seller must certify in writing to the buyer that the charges for parts do not exceed the seller's current advertised retail price. If the seller does not advertise a price for the part, then the seller must certify that the charges for the parts do not exceed the seller's cost for the parts.

If the parts are delivered to the customer outside Washington, the sale is exempt from B&O tax and retail sales tax as an interstate and foreign sale.

If the part is included in a repair, the sales invoice must separately state the charges for parts and labor. A refund may be available for tax paid on the parts only; *no refund is available for the tax paid on labor*.

As of July 1, 2019, only residents of the following qualify:

States U.S. possessions Canadian provinces/territories

Alaska American Samoa Alberta

Colorado Northwest Territories

Delaware Nunavut

Montana Yukon

New Hampshire

Oregon

Foreign diplomats

See [Foreign and Diplomats](#)

Delivery to noncontiguous states

Persons who are residents of noncontiguous states, territories or possessions of the United States (i.e. Alaska, Hawaii) may purchase parts and vehicles exempt from the retail sales tax under certain conditions. The dealer must:

1. Deliver the property to the purchaser or its designated agent at the usual receiving terminal of the for-hire carrier selected to transport the goods, under such circumstance that it is reasonably certain that the goods will be transported directly to the specified destination.
2. Receive a certification from the purchaser that the goods or vehicles will not be used in the state of Washington and are intended for use in the specified noncontiguous state, territory or possession.
3. Receive written instructions signed by the purchaser directing delivery of the goods or vehicle to a dock, depot, warehouse, airport or other receiving terminal for transportation of the goods to their place of ultimate use.

Where the purchaser is also the carrier, delivery may be to a warehouse receiving terminal or other facility maintained by the purchaser when the circumstances are such that it is reasonably certain that the goods will be transported directly to their place of ultimate use.

4. Receive a dock receipt, memorandum bill of lading, trip sheet, cargo manifest or other document evidencing actual delivery to such dock, depot, warehouse, freight consolidator or forwarder, or receiving terminal.

The [Buyers' Retail Sales Tax Exemption Certificate](#) (pdf) should be completed to meet part of the above requirements. Please note that the Retailing B&O tax is due on these transactions.

Vehicles shipped to customers outside of Washington

If a nonresident purchases a vehicle in Washington and has it shipped to them outside of Washington as a condition of sale, no B&O or retail sales tax is due. It is considered an interstate sale.

However, if a nonresident signs paperwork indicating that the vehicle is delivered outside the state, when the vehicle is actually delivered to the buyer in Washington, then the B&O tax applies. In other words, the factual events override the terms of the agreement.

If the vehicle had Washington license plates, the dealer must keep evidence that the Washington plates were removed from the vehicle before delivery to a nonresident.

If the dealer is involved in obtaining Washington license plates or Washington license plates are attached the dealer must collect the use tax.

Proof

The dealer must have documentary proof that the vehicle, as required by the sales contract, was delivered outside the state and that any Washington state license plates have been removed.

The dealer must keep the following information in its records:

1. The contract or agreement of sale, if any, and
2. If shipped by a for-hire carrier; a bill of lading or other contract of carriage indicating the seller has delivered the goods to the for-hire carrier for transport to the purchaser or the purchaser's agent at a point outside the state. The seller must be shown on the contract of carriage as the consignor (or other designation of the person sending the goods) and the purchaser or its agent as consignee (or other designation of the person to whom the goods are being sent); or
3. If sent by the seller's own transportation equipment:
 1. A Buyer's Certificate (Out-of-State Delivery) - in substantially the form prescribed in [WAC 458-20-177](#).
 2. Seller's Certificate (Out-of-State Delivery) - signed by the person who actually delivers the vehicle to the buyer.
 3. These certificates must be completed only **after** the delivery occurs.

Note: Questionable circumstances or contradictory information may raise questions as to the authenticity or accuracy of the certificates. This may negate the exemption or additional information may be requested.

References

[Washington Administrative Code \(WAC\) 458-20-177](#)

[Washington Administrative Code \(WAC\) 458-20-193](#)

[Excise Tax Advisory \(ETA\) 3054](#) (pdf)

[Special Notice: Vehicles and Parts Sales to Nonresidents](#) (Issued June 28, 2019) (pdf)

[Special Notice: Sales of Auto Parts to Nonresidents](#) (Issued June 27, 2019) (pdf)

Parts

Parts

Consumers

Parts sold to consumers are subject to tax under the Retailing classification of B&O tax and retail sales tax must be collected. This includes parts sold in connection with repairs or parts sold to the consumer without installation.

Wholesale

Parts sold to anyone who will resell the part or use it to repair a vehicle for resale are subject to the B&O tax under the Wholesaling classification. No retail sales tax is collected, however, the seller must receive a reseller permit from the buyer. For sales after January 1, 2010 the resale certificate was replaced by the reseller permit. For further information refer to [Reseller Permits](#).

Parts shipped out of state

Sales of parts shipped out of state by the seller can be deducted under interstate and foreign sales. This deduction is available for both the Retailing and Wholesaling-Other B&O Tax along with the retail sales tax. See section under [Nonresidents for Vehicles Shipped to Customers Outside of Washington and Delivery to Noncontiguous States](#) for documentary guidelines.

Sales to Native Americans

Parts sold to Native Americans are not subject to retail sales tax if the seller delivers the part to the buyer in Indian country.

Generally, the B&O tax applies to sales to Native Americans who take delivery in Washington. However, the B&O tax does not apply if delivery is made to the buyer in Indian country and if one of the following applies:

- The part is located in Indian country at the time of sale.
- The seller has a place of business in Indian country that is used to receive the order or distribute the part.
- The sale of the part is solicited by the seller while the seller is in Indian country.

See [Native Americans](#) for more information.

ICC carriers

Sales of component parts to carriers authorized to cross state boundaries by the Interstate Commerce Commission or its successor agency are not subject to the Retailing B&O tax, nor the retail sales tax. Sales of these parts are subject to the special B&O tax classification of Retailing of Interstate Transportation Equipment. Spare parts are also exempt.

See [Interstate And Foreign Commerce Carriers](#) for more information.

Component part

A component part is a part that is attached to and becomes an integral part of the motor vehicle or trailer. Such items as motors, body parts, batteries, and tires are considered component parts. Less easily determined as

component parts, are such parts that are required by law (i.e. fire extinguishers or those that are wired into the vehicle, such as citizen band radios, scanners and telephones). Tarpaulins specifically made for a certain trailer, even though they may be used on another, are also considered component parts.

Questions

Component parts are not specifically defined in the rules or the laws. Questions about whether an item is a component part should be referred to the Department of Revenue.

Insurance coverage

See [Warranties](#).

References

[Revised Code of Washington \(RCW\) 82.08.0263](#)

[Washington Administrative Code \(WAC\) 458-20-174](#)

[Washington Administrative Code \(WAC\) 458-20-192](#)

[Washington Administrative Code \(WAC\) 458-20-193](#)

Personal liability for retail sales tax collected by corporations

Personal liability for retail sales tax collected by corporations

State law designates collected retail sales tax as funds held in trust for the state. Any person who controls trust funds for a corporation and willfully fails to turn those funds over to the state can be held personally liable.

Who is liable?

Any number of people in a corporation may be held liable. This includes any person responsible for unpaid collected retail sales tax, the person authorizing payment of other liabilities before payment of the taxes or any corporate officer or director who willfully pays or directs others to pay other obligations before remitting the retail sales tax.

What establishes the liability?

To establish personal liability, the following requirements must be met:

1. The liability to pay the tax must be the corporation's.
2. The corporation must be terminated, be abandoned or dissolved.
3. The person willfully failed to pay or directed someone else to not pay the collected retail sales tax.
4. The person either:
 - o Had control or supervision over collected retail sales tax, or
 - o Was responsible for reporting or remitting the retail sales tax.
5. No reasonable means of collection from the corporation is available.

What taxes?

Persons can only be held liable for the retail sales tax collected when they had direct control over the funds.

This does not relieve the corporation of the liability or otherwise prevent the department from collecting as outlined in the law.

Can this liability be appealed?

Yes. Persons who are assessed individual liability may appeal the assessment by following the guidelines printed in [Washington Administrative Code \(WAC\) 458-20-100](#).

Note: In sole proprietorships and partnerships, the owners, partners, and their spouses are individually liable for all of the taxes, including the B&O tax and both collected or uncollected retail sales tax.

References

[Revised Code of Washington \(RCW\) 82.32.145](#)
[Washington Administrative Code \(WAC\) 458-20-217](#)

Personal use of used vehicles (new and used car dealers)

Personal use of used vehicles (new and used car dealers)

Personal use of used vehicles taxable

Used vehicle dealers who provide used cars to their sales staff or managers for personal use without charge are subject to use tax.

How is the use tax computed?

The tax is due on one vehicle per year for each sales person or manager who uses one.

How to determine the value

The value for use tax reporting is the average selling price of all used vehicles sold in the preceding year multiplied by 25%.

When is the use tax due?

The use tax is due in the month in which the vehicle is first used for personal use.

New vehicle dealers

New vehicle dealers will also pay tax in this manner for used cars furnished to sales staff or manager, **but only if no cars are provided** during the course of the year to the manager or sales person.

New and used cars provided

If both new and used cars are provided by a new vehicle dealer to a manager or sales person, use tax liability is figured as described in the sections [Demonstrator Use of Vehicles](#) and [Executive Vehicles](#).

Used car dealer - new car

Purchase of a new car by a used car dealer and used personally by the dealer or person associated with the dealer is subject to retail sales tax at the time of purchase.

References

[Revised Code of Washington \(RCW\) 82.12.020](#)
[Washington Administrative Code \(WAC\) 458-20-132](#)
[Washington Administrative Code \(WAC\) 458-20-178](#)

Rental cars

Rental cars

This section covers issues related to licensed rental car businesses including the rental car tax, fleet loaner cars, and registering rental cars and trailers.

Rental car tax

What is rental car tax?

The rental car tax is imposed on the retail rental charge for passenger cars used for rental purposes for periods of less than 30 days. Long-term leases are not affected. The Department of Licensing, Motor Vehicle Licensing division, sets the requirements for determining if a vehicle must be licensed as a rental vehicle.

What is a rental car?

A rental car is a passenger car designed for carrying 10 passengers or less and used for the transportation of persons. A rental car is **not**:

- A vehicle rented or loaned to a customer by an automotive repair business while the customer's vehicle is under repair.
- A vehicle licensed and operated as a taxicab.
- A vehicle that is leased.
- A vehicle that is designed, used, or maintained for the transportation of property, commodities, merchandise, produce, freight, or animals.

When is a rental for more than 30 days considered a long-term lease?

When a passenger car is contracted to be rented for more than 30 days, **at the time of rental**, the transaction is considered a lease. If the vehicle is rented on a daily basis and the vehicle is kept for more than 30 days, the total transaction is considered a daily rental and subject to the rental car tax.

What is the rate?

The rate is 5.9%. This rate is added to the retail sales tax for the location of the origin of the rental and is in effect throughout the state. Counties are permitted to impose a 1% rental car rate, so in certain counties the rate is 6.9%. Through September 30, 2011, King County is permitted an additional 2% stadium tax on the retail rental of passenger cars. The additional 2% in King County will no longer be in effect beginning October 1, 2011. In addition, cars rented within an area designated as being within the jurisdiction of the Regional Transit Authority (RTA), a 0.8% rate is imposed. If the car were rented in King County and within the RTA, the total rental car rate would be 9.7%.

How is this tax reported?

The rental car tax does not need to be separately stated on the customer invoice; however, it must be segregated in the business records so it can be reported on the excise tax return. The Rental Car Tax Addendum must be completed and attached to the return.

Are there any exemptions from this tax?

The federal government is not required to pay this tax. However, employees of the government must pay the tax when the rental is not paid for by government voucher or approved government credit card. Vehicles used for production purposes by motion picture and video production companies are exempt from the retail sales tax. This exemption also applies to the rental car tax.

Vehicles rented or towed under an original manufacturer's warranty

When a vehicle is rented while a customer's car is being repaired under an original manufacturer's warranty, the rental car tax is due on the retail rental. The retail sales tax is not due. The [Retail Sales Tax Exemption Certificate \(Original Manufacturer's Warranty\)](#) must be completed and presented to the rental car company. Under no circumstance may this certificate be used to relieve a person from paying the rental car tax.

When a customer's car is towed under an original manufacturer's warranty the Retail Sales Tax Exemption Certificate must be presented to the towing company. See [Towing](#) for more information.

Are the charges for fuel and insurance added to the bill subject to the rental car tax?

When insurance and the cost for a full tank of fuel are added to the bill without giving the renter an option, these charges are considered part of the rental price and are subject to the retail sales and rental car taxes, even when the charges are separately stated.

On the other hand, when the renter is given an option to add insurance or to have the company fill the tank upon return of the vehicle instead of doing it themselves, these charges are **not** part of the selling price and are **not** subject to the retail sales and rental car taxes. These charges are subject to B&O tax under the appropriate classifications.

Fleet loaner cars

When a fleet of "loaner" cars is maintained for customer's use while their vehicles are being serviced and the loaner cars are loaned at no cost or rented at a fixed daily charge, the rental car tax is not due. The law expressly states that passenger cars owned by an automobile repair business and used for rental or loan to their customers while their cars are being serviced are not considered rental cars.

If the "loaner" car from the fleet is rented to someone who is not having their vehicle repaired, the tax is still not due because the car is primarily for customers who are having their vehicles serviced. The vehicles must be licensed with the Department of Licensing as passenger cars, not rental vehicles, and all licensing fees must have been paid.

Rentals to auto repair shops by rental car companies

A rental car company may rent vehicles, licensed with the Department of Licensing as rental cars, to auto repair shop's customers. These are retail sales and the retail sales tax and the rental car tax must be collected. A rental car company may accept a resale certificate from an auto repair shop and not have to collect either sales tax or the rental car tax when the auto repair shop re-rents the vehicle to its customer. Retail sales tax is due and is to be collected from the auto repair shop's customer by the repair shop, however the repair facility is not required to collect the rental car tax.

Registering rental cars and trailers – use tax

Effective June 11, 2020, reseller permits are acceptable forms of documentation to show that use tax is not due when registering /transferring title of a vehicle or trailer via a licensing agent, such as the county auditor's office. See the [reseller permit section](#) for more information.

A "**rental trailer**" is defined as a trailer that is used solely by a rental car business for the rental to others for a period of no more than 30 consecutive days.

References

[Revised Code of Washington \(RCW\) 82.14.360](#)
[Revised Code of Washington \(RCW\) 82.08.020\(2\)](#)
[Revised Code of Washington \(RCW\) 82.14.049](#)
[Revised Code of Washington \(RCW\) 46.04.465](#)
[Revised Code of Washington \(RCW\) 81.104.160](#)
Chapter [46.04](#) RCW

Repairs

Repairs

Altering, improving, installing, cleaning, normal maintenance procedures, and painting are all taxable in the same manner as a repair.

For consumers

Repairs on vehicles for consumers are retail sales and are subject to tax under the Retailing classification of B&O tax on the total charge made for the repair. Retail sales tax must also be collected on the total charge.

For repairs covered by warranty, see [Warranties](#).

Wholesale

Charges for repairs performed for persons who will resell the repaired vehicle to another are subject to tax under the Wholesaling classification of B&O tax. A reseller permit must be given to the company performing the repairs. For sales after Jan. 1, 2010 the resale certificate was replaced by the reseller permit. For further information refer to [Reseller Permits](#).

Native Americans

Repairs performed in Indian country on vehicles belonging to Native Americans are not subject to retail sales tax or Retailing B&O tax.

Repairs performed outside of Indian country are subject to sales tax and B&O tax.

However, repairs performed outside of Indian country on vehicles belonging to Native Americans are not subject to the retail sales tax if the seller delivers the vehicle inside Indian Country. The income should be reported on the excise tax return and a deduction should be taken on the deduction detail sheet under "Sales to Indians."

See [Native Americans](#) for more information.

Parts for repairs

Dealers may purchase parts to repair vehicles without paying the retail sales tax by providing a valid reseller permit to the vendor. For more information refer to [Reseller Permits](#).

Equipment used for repairs

Diagnostic equipment, other equipment, and tools used by employees of the dealership to make repairs are subject to the retail sales tax at the time of purchase. If retail sales tax is not paid, the use tax must be paid on the excise tax return at the time the equipment is put to use in Washington.

Consumable supplies

Consumable supplies refer to supplies that are not resold to the customer. The dealership must pay retail sales/use tax on such supplies used or consumed while performing repairs to customers' vehicles.

Examples

1. The customer brings in a vehicle for an oil change and lube job. As part of the service, all vital fluids are checked. The oil, oil filter, air filter, the lubricants, and all vital fluids may be purchased by the dealer using a reseller permit because they are resold to the customer.
2. The customer brings in a vehicle to have its brakes repaired. The brake drum, pads, and shoes which are replaced may be purchased by the dealer using a reseller permit. The lubricants and the brake fluid may also be purchased for resale. The total charge to the customer is subject to the retail sales tax.

Certain nonresident exemptions

See [Nonresidents](#) for information about repairs for nonresidents.

Other exempt sales

See [Interstate And Foreign Commerce Carriers](#) and [Government Sales](#).

Insurance repairs

See [Maintenance Agreements](#) and [Warranties](#).

References

[Revised Code of Washington \(RCW\) 82.08.0273](#)
[Washington Administrative Code \(WAC\) 458-20-102](#)
[Washington Administrative Code \(WAC\) 458-20-173](#)
[Washington Administrative Code \(WAC\) 458-20-192](#)
[Excise Tax Advisory \(ETA\) 3054](#)
[Excise Tax Advisory \(ETA\) 3045](#)

Repossessions

Repossessions

When customers fail to meet the terms of their contract, dealers and financial institutions have the right to repossess the vehicles.

Bad debt deduction

The person who sold the vehicle and collected the retail sales tax may take a deduction on their excise tax return for both the Retailing B&O tax and the retail sales tax left on the contract.

The amount of the deduction must be adjusted to exclude amounts attributable to all of the following:

1. Amounts due on property that remains in the possession of the seller until the full purchase price is paid.

2. Expenses incurred in attempting to collect debt.
3. The value of repossessed property taken in payment of debt.

The amount of this deduction should be entered in the Bad Debt category on the deduction detail sheet.

Nonrecourse financing

If money is loaned by a bank through nonrecourse financing, the dealer **cannot** take the deductions for the bad debt. Only when the dealer has to pay off the bank (recourse financing), can it take the deductions.

References

[Washington Administrative Code \(WAC\) 458-20-196](#)

[Washington Administrative Code \(WAC\) 458-20-198](#)

Reseller permits

Reseller permits

Reseller permits

Reseller permits are free and will be issued to businesses that make wholesale purchases, including qualified contractors. The permits allow businesses to purchase items or services for resale without paying retail sales tax. For further information refer to our information on [Reseller Permits](#).

Possible reclassification of sale

During an audit, failure to have a valid reseller permit on file may result in the reclassification of the sale from Wholesaling to Retailing B&O tax by the auditor. This will cause the business to owe the retail sales tax for that sale.

References

[Washington Administrative Code \(WAC\) 458-20-102](#)

[Excise Tax Advisory \(ETA\) 3005.2009 \(pdf\)](#)

Ride sharing vehicles (car or van pools)

Ride sharing vehicles (car or van pools)

Ride sharing vehicle

A ride-sharing vehicle is a vehicle that is used in a car pool or van pool. The vehicle must be used by a fixed group of no less than five or more than fifteen persons, including passengers and driver. However, where at least two of the persons are confined to wheelchairs when riding, the group can be no fewer than four persons including the driver. The gross vehicle weight may not exceed 10,000 pounds, excluding special rider equipment.

The vehicle must be used to transport these persons between their residences or close proximity and their places of employment or educational or other institutions, in a single daily round trip. The driver must also be on the way to work or an educational or other institution.

Retail sales/use tax

In order to be exempt from retail sales tax a vehicle must be used as ride-sharing vehicles for 36 consecutive months from the date of purchase. To be exempt from use tax a vehicle must be used as ride-sharing vehicles for 36 consecutive months from the date of first use.

Persons with special transportation needs

Vehicles used for ride-sharing for groups of persons, including their personal attendants, who because of physical or mental disability, income state, or age are unable to transport themselves or to purchase appropriate transportation, are also exempt from the retail sales and use tax when the vehicles are provided by a public social service agency or a private nonprofit transportation provider.

The driver does not have to be elderly or handicapped.

Other requirements

Vehicles with five or six passengers, including driver, used for commuter ride sharing, must be operated within a county required by law to have a commute trip reduction plan in order to be exempt from retail sales tax and use tax. Additionally, at least one of the following conditions must apply: 1) the vehicle must be operated by a public transportation agency for the general public; or 2) the vehicle must be used by a major employer as an element of its commute trip reduction program for their employees; or 3) the vehicle must be owned and operated by individual employees and registered as part of a commute trip reduction program or with a public transportation agency serving the area where the employees live or work.

References

[Revised Code of Washington \(RCW\) 82.08.0287](#)
[Revised Code of Washington \(RCW\) 82.12.0282](#)
[Washington Administrative Code \(WAC\) 458-20-261](#)

Sales tax and use tax rate on motor vehicles

Sales tax and use tax rate on motor vehicles

Motor vehicle sales/leases tax

RCW 82.08.020(3) imposes an additional tax of three-tenths of one percent (0.3%) on the sale of motor vehicles. This additional tax is referred to as the motor vehicle sales/lease tax.

What does this mean?

Motor vehicle dealers and motor vehicle leasing companies must collect the additional sales tax of three-tenths of one percent (0.3%) of the selling price on every retail sale, rental, or lease of a motor vehicle in this state.

Sales that are exempt from the retail sales tax are also exempt from the motor vehicle sales/lease tax.

Which sales are subject to the motor vehicle sales/lease tax?

Each retail sale, rental, or lease of a "motor vehicle" is subject to the additional tax. "Motor vehicle" means every vehicle that is self-propelled as described in [RCW 46.04.320](#), but does not include farm tractors, farm vehicles, off-road vehicles, non-highway vehicles, and snowmobiles. Generally, this means that motor vehicles licensed for on-road use are subject to the additional tax.

The motor vehicle sales/lease tax applies to sales, rentals, and leases of motor vehicles including:

- Passenger cars.
- Sport utility vehicles (SUVs).
- Pickup trucks.
- Commercial trucks.
- Recreational vehicles (RVs).
- Motorcycles.
- Buses.

This additional tax also applies to charges for all extra features added to the vehicle prior to delivery to the buyer. For example, the charge for a tow hitch added to a vehicle prior to delivery is subject to the motor vehicle sales/lease tax.

Which sales are not subject to the motor vehicle sales/lease tax?

Note: Unless a specific exemption applies, these sales remain subject to the regular sales tax.

- Retail car rentals that are subject to the rental car tax under [RCW 82.08.020\(2\)](#).
- Amounts charged to the vehicle owner for post-sale/delivery equipment and installation.
- Sales of maintenance agreements and warranties by dealers and other third parties.
- Sales of trailers.
- Amounts charged for repairs of motor vehicles.
- Sales of motor vehicles that are not subject to sales tax (for example sales to carriers engaged in interstate commerce, sales to the US Government, etc.).

How is this tax reported?

Department of Revenue tax returns contain a separate line to report the motor vehicle sales/lease tax on motor vehicles (the line is entitled Motor Vehicle Sales/Leases).

What about use tax?

The motor vehicle sales/lease tax of three-tenths of one percent (0.3%) on motor vehicles also applies when use tax is due on a vehicle. Use tax is paid at the time a vehicle is registered with the Department of Licensing if sales tax was not paid at the time the vehicle was acquired by the current owner. This would happen if a vehicle was purchased from a private party or if it was purchased outside of Washington.

The motor vehicle sales/lease tax also applies when use tax is due on demonstration, executive, and service vehicles.

Special reporting instructions for sales or leases of motor vehicles

RCW [82.14.450\(4\)](#) provides an exemption from the “public safety” component of the retail sales tax approved by voters in a city or county. The exemption applies to:

- Retail sales of motor vehicles.
- The first 36 months of lease payments on motor vehicles.

In order to report qualifying sales/leases, the department has created special location codes for the partial sales tax exemption. See our web page titled [Local Sales & Use Tax Rates and Changes for Car Dealers and Leasing Companies Flyer](#).

Note: Leases of motor vehicles that extend beyond 36 months do not qualify for the partial exemption. Lessors use the regular sales tax rate and location codes to report motor vehicle lease payments after the 36th month and the motor vehicle sales tax still applies.

Service department vehicles

Service department vehicles

What is classified as a service vehicle?

Vehicles removed from inventory and committed to use as service vehicles, parts trucks, or service department loaner cars are classified as service vehicles. Dealers will often use vehicles for this purpose for only short periods of time.

How are service vehicles taxed?

Dealers may elect to report use tax on either the purchase price of the vehicle or on 2% per month or any fraction thereof that the vehicle is being used as a service vehicle or loaner.

Trade-in deduction

If use tax is reported based on total purchase price rather than on the 2% method, a trade-in deduction is allowed if the vehicle is returned to inventory and concurrently another vehicle replaces this vehicle for use as a loaner or service vehicle. The trade-in value is the wholesale value and generally will be the value recorded by the dealer in the inventory records, exclusive of any refurbishing costs at the time the vehicle is returned to inventory.

Maintenance of service vehicles

Parts used for the repair and maintenance of service vehicles are subject to use tax.

Reference

[Washington Administrative Code \(WAC\) 458-20-132](#)

Tax included in price/tax paid by seller

Tax included in price/tax paid by seller

Conditions

The law provides that a seller may advertise prices as "including sales tax" or "seller to pay tax" when the following conditions are met:

- In print, the words "tax included" or "seller to pay tax" must be at least half the size of the advertisement print.
- If oral, the words "tax included" or "seller to pay tax" must be stated in the same volume and inflection as the selling price.
- When advertised prices are listed in a series, the words "tax included" or "seller to pay tax" must be conspicuously located at the head of the list in the same print size.

Invoices/receipts

The law states that regardless of how the purchase price is advertised, retail sales tax must be clearly and separately stated on any purchase order, invoice, receipt or billing document, so the customer can tell the exact amount of retail sales tax on the sale.

Purchaser's right to know

The purchaser has the right to know the exact amount of retail sales tax being paid on its behalf and the actual selling price of the vehicle. The retail sales tax cannot be used to gain a competitive advantage.

Selling price

When the selling price and retail sales tax are not clearly separated, the retail sales tax must be charged on the stated price on the invoice, sales documents or billing invoices. The retail sales tax must be itemized on the buyer's invoice or receipt.

References

[Revised Code of Washington \(RCW\) 82.08.050](#)
[Revised Code of Washington \(RCW\) 82.08.055](#)
[Washington Administrative Code \(WAC\) 458-20-107](#)

Towing

Towing

In general, towing charges are subject to tax under the Retailing classification of B&O tax and retail sales tax must be collected.

Towing damaged or inoperable vehicles

In special circumstances, the department will allow towing companies to accept resale certificates. Damaged or inoperable vehicles may be towed to service stations or auto repair shops for repair or servicing and the towing charges will be paid by the service station or auto repair shop. This generally happens as a matter of convenience. The auto repair shop or service station will bill the customer (or insurance company) for the repairs and the towing charges. The charge to the customer is a retail sale subject to the Retailing B&O tax and the retail sales tax.

Under these special cases, a reseller permit may be given to the towing company by the service station or repair shop. The towing company would report this income under the Wholesaling B&O tax classification. For sales after Jan. 1, 2010 the resale certificate was replaced by the reseller permit. For further information refer to [Reseller Permits](#).

Resale certificates may not be given to the towing company by the service station or repair shop in cases where the charge to their customer is not subjected to the retail sales tax, for example, when repairs are done under a manufacturer's warranty. In such cases, a [Retail Sales Tax Exemption Certificate \(Original Manufacturer's Warranty\)](#) (pdf) must be presented to the towing company.

References

[Washington Administrative Code \(WAC\) 458-20-129](#)

[Excise Tax Advisory \(ETA\) 3016](#) (pdf)

[ETA 3084](#) (pdf)

Trade-ins

Trade-ins

What is a "trade-in?"

"Trade-in property of like kind" means articles of tangible property traded in on property of the same generic classification. This means motor vehicles traded for motor vehicles and licensed recreational land vehicles for licensed recreational land vehicles. Property, such as a motor home, may be allowed as a trade-in in either classification. More than one trade-in is allowed, if the property fits the same generic classification as the item sold.

Licensed vehicle trade-in categories

The licensed vehicle categories for "trade-in property of like kind" are:

- **Motor Vehicles:** Cars, trucks, trucks with canopies, motorcycles, motor homes, mopeds, ORVs, and wheelchair conveyances.
- **Trailers:** Boat trailers, utility trailers, animal trailers, commercial trailers, and all other trailers except travel trailers.
- **Recreational Land Vehicles:** Travel trailers, campers, tent-camper trailers, and motor homes.
- **Boats.**
- **Snowmobiles.**
- **Personal property:** Mobile homes, travel trailers, motor homes, tent-camper trailers, and campers.

What can't be traded?

Examples of trade-ins that don't qualify include:

- Boats for cars.
- Farm machinery for trucks.
- Recreational land vehicles for cars or pickups.
- Jewelry for motor vehicles.

Why trade-in?

For purposes of the retail sales tax measure, the selling price excludes "trade-in property of like kind." This means that dealers will collect retail sales tax from retail customers on the price after the value of the trade-in is deducted.

The seller must accept ownership of the trade-in property and reduce the price of the purchased property **at the time of sale** by the value of the trade-in property. The trade-in must be used as consideration for the purchase of the property.

Trade-in clearly identified

The trade-in value is negotiated between a seller and a buyer. The value and type of trade-in must be clearly identified on the sales agreement or invoice. The value cannot be reduced by over allowances, payoffs, or other encumbrances. Payment to lien holders does not decrease the trade-in value. Cash back to the customer for all or a part of the trade-in value does not constitute a trade-in for tax reduction.

Examples

1. A dealer gives the customer a \$4,000 trade-in value on a transaction. The traded-in vehicle is posted in the records at a \$3,000 inventory value and \$1,000 over allowance. The allowable trade-in value is \$4,000.
2. A dealer accepts a trade-in vehicle with a fair market value of \$4,000 upon purchase of a new \$10,000 vehicle. The purchaser still owes \$1,500 on the trade-in vehicle, but the dealer agrees to pay off this remaining balance to the bank. Sales tax exemption is still allowed for the full \$4,000 trade-in value, and sales tax is computed on the remaining \$6,000 of the new purchase price.
3. A dealer accepts a trade-in with a fair market value of \$10,000 on a \$25,000 vehicle. The buyer asks to have \$5,000 in cash. The sales tax exemption is allowed only for the remaining \$5,000. Retail sales tax is computed on \$20,000. The cash given to the customer is not considered part of the trade-in.

Previous tax payment not required

Previous payment of sales or use tax on the item traded **is not a requirement** for trade-in credit. The following are examples of instances when credit for trade-in value is granted:

- An item purchased in another state by a resident of that state who then becomes a Washington resident.
- An item received as a gift.
- An item for which the owner has not transferred title to his/her name before trading it in.

Trade-ins and consignment sales

A consignee may exclude from the sales tax, the value of a vehicle traded-in by a purchaser of a consigned vehicle, provided the traded-in vehicle was delivered as consideration for the purchase of the consigned vehicle.

Applying trade-in to leased items

Owned items (even encumbered) may be traded-in on leased items of like kind. Two methods are used to apply the trade-in value to the lease.

1. The trade-in value may be applied against the value of the leased vehicle, thereby reducing the monthly payments and the sales tax due on those payments. Example: A dealer leases a vehicle for 36 months at \$250 per month. The value upon which the lease payments are based is \$9,000. A customer trading in a vehicle for \$2,000 reduces the payments to \$195 per month for 36 months. Retail sales tax would be due on the \$195 lease payments.

The trade-in value can be applied against the initial lease payments, with no retail sales tax due until it is used up.

2. Using the example above, retail sales tax would not be collected during the first eight months ($8 \times \$250 = \$2,000$). Retail sales tax would be collected on all of the \$250 lease payments thereafter.

The two methods can also be used in combination with each other.

Trade-in with a loan (Encumbered Trade-in)

When buying or leasing a vehicle, a buyer is entitled to the full amount of the agreed upon trade-in value. The trade-in allowance is **not** reduced by any amount owed on the vehicle being traded in (for example, "equity" is **not** a factor in determining the trade-in allowance).

For leases, the trade-in allowance can be applied to both the cap cost reduction and it can be applied to exempt the lease payments until the trade-in allowance is exhausted.

Examples

1. A dealer accepts a trade-in with an agreed upon value of \$15,000 and the buyer/lessee still owes \$16,000 on the traded vehicle. The trade-in allowance is still \$15,000.

The customer agrees to lease a vehicle for 36 months at \$500 a month. There is a \$3,000 cap reduction payment due at signing and the customer makes a \$3,000 cash payment. The \$15,000 trade-in allowance is applied toward the first 30 monthly lease payments.

The customer owes sales tax on the \$3,000 cash payment. The first 30 lease payments were exempted by the trade-in allowance. Sales tax will apply to lease payments 31 through 36.

2. A dealer accepts a trade-in with an agreed upon value of \$15,000 and the buyer/lessee still owes \$13,000 on the traded vehicle. The trade-in allowance is still \$15,000.

The customer agrees to lease a vehicle for 36 months at \$500 a month. There is a \$5,000 cap reduction payment due at signing. The customer makes a \$3,000 (cash) cap reduction payment and applies \$2,000 of the trade-in toward the remaining cap reduction. The residual \$13,000 trade-in allowance is applied toward the first 26 monthly lease payments.

The customer owes sales tax on the \$3,000 cash payment. The \$2,000 paid with the trade-in and the first 26 lease payments were exempted by the trade-in allowance. Sales tax will apply to lease payments 27 through 36.

3. A dealer accepts a trade-in with an agreed upon value of \$30,000 and the buyer/lessee still owes \$35,000 on the traded vehicle.

There is a \$3,000 cap reduction payment due at signing and the customer makes a \$3,000 cash payment. The customer agrees to lease a vehicle for 36 months at \$500 a month (\$18,000). Since the total cost of the lease (\$21,000) is less than the value of the trade-in (\$35,000), the trade-in allowance is \$21,000.

Sales tax is not due on the cap reduction payment or any of the lease payments as the allowance is applied to the cap reduction payment and all 36 lease payments.

Extended warranties and maintenance/service agreements

The trade-in allowance cannot be used to reduce the sales tax due on an extended warranty, maintenance agreement or service contract.

No B&O tax deduction

The selling price before deducting the trade-in value must be reported in the gross amount columns of the excise tax return under the Retailing and Retail Sales tax classifications. The "trade-in" deduction is allowed only under the Retail Sales tax classification. No B&O tax deduction is allowed for the amount attributed to the over allowance.

Summarized each reporting period

Trade-in values should be summarized for each reporting period. Trade-ins on sales to nonresidents should not be included if the total sale is treated as an interstate or nontaxable sale.

Trade-in value exceeds selling

If the trade-in value exceeds the selling price of the item price sold, the selling price should be used as the trade-in value.

References

[Revised Code of Washington \(RCW\) 82.08.010](#)
[Washington Administrative Code \(WAC\) 458-20-247](#)

Use tax

Use tax

What is use tax?

Use tax is the tax which is assessed on the use of any tangible personal property in Washington, on which retail sales or use tax has not already been paid.

When is it due?

Use tax becomes due when the untaxed tangible personal property is first put to use in Washington.

Option to pay sales vs. use tax?

If a seller is registered to do business in Washington, the seller is obligated to collect retail sales tax from the buyer and the buyer is obligated to pay retail sales tax to the seller (assuming no sales tax exemption applies). Although the buyer has no option to chose which tax to pay, if the seller failed to collect the sales tax properly, that failure does not relieve the buyer from either (1) remitting the sales tax to the seller if subsequently requested by the seller, or (2) remitting use tax in lieu of the sales tax for goods and services used in Washington.

Credit for sales or use tax paid elsewhere

When a local buyer purchases tangible personal property out of state, a dollar-for-dollar credit against the use tax may be taken for the amount of sales tax or use tax paid in the other state or country.

Canada's goods and services tax (GST) is not a sales tax (it is a value-added tax) and is therefore not allowed as a credit against the use tax.

Amount subject to tax

The use tax is due on the value of the goods when they are first put to use in Washington. Items which are purchased without payment of the retail sales tax and immediately put to use in Washington are generally subject to the use tax measured by the purchase price. When the item is first put to use outside Washington, and/or the purchase price does not represent the true value of the item, the value should be determined by using the retail selling price of similar products of like quality and character. When the items are vehicles, the NADA or Blue Book may be used.

Rate of use tax

The use tax is separated into two parts just like the retail sales tax. The state portion is 6.5%. The local portion varies depending on where the goods are put to use.

Example: A Seattle automobile dealership will pay 8.8% use tax on shop supplies consumed in that dealership, while an Olympia dealership will pay 8.4% use tax on the same items.

Intervening use

Often car dealers make purchases for resale, but at a later date, in the course of business, part of the merchandise is put to the dealer's own use. Use tax is due at this time. For example: a car dealer may use such items as grease, oil, anti-freeze, spark plugs, and accessories from inventory stock for use or display upon demonstrator or service cars.

Personal use

Use tax must also be reported on items purchased at wholesale through the company's account for the personal use of the owner, its executives, or employees.

Items subject to use tax

The following items could be overlooked by automobile dealers in determining their tax liability. This list is not all-inclusive. In most cases, retail sales tax will be paid on these items at the time of purchase.

Advertising material

- Advertising recordings
- Advertising films
- Advertising mailers
- Calendars
- Give-away and prize items
- News media for distribution
- Plastic pennants
- Salesmen portfolios
- Service promotion kits

Office and showroom supplies and equipment

- Air cooler
- Computer and canned software
- Dealer news
- Computer and fax paper
- Electric fan
- Envelopes
- Furniture
- Heater key cabinet
- Heaters
- Magazine and other publications
- NADA guides
- Order books and sales invoices
- Paper towels
- Pegboard
- Price lists
- Record books
- Spot lamps
- Typewriters

Parts and accessories department

- Air and water hose
- Air guns and sprayers
- Air compressor
- Bins and bin labels
- Creepers
- Drills and bits
- Files and pliers
- Flashlights
- Floor jacks
- Grinding wheels
- Transmission jacks

- Hammers
- Hydrometers
- Index and tape
- Jumper cables
- Manuals
- Maintenance of equipment
- Paint and wheel brushes
- Parts catalogs
- Saws and blades
- Screwdrivers
- Service contracts
- Shelving
- Stock cards
- Testing equipment
- Tire changer
- Welding equipment
- Wrenches

Shop supplies

- Buffer pads and sponges
- Car wash compounds
- Chamois
- Fender covers
- Floor sweeping compound
- Masking tape and paper
- Rags and wiping cloths
- Mechanics cloths
- Rubbing compound
- Solvents and sandpaper
- Steam cleaner liquid
- Steel wool and acid

Building maintenance

- Building repairs
- Equipment repairs
- Lime and fertilizer for shrubbery, lawns
- Parking lot sweeping
- Pipe fittings
- Roofing materials
- Wall paint
- Window and sign painting

Mobile equipment

- Cars for personal use
- Demonstrators
- Executive cars

- Service cars and trucks
- Warehouse stock trucks
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References

[Section 82.12, Revised Code of Washington \(RCW\)](#)
[Washington Administrative Code \(WAC\) 458-20-132](#)
[Washington Administrative Code \(WAC\) 458-20-145](#)
[Washington Administrative Code \(WAC\) 458-20-178](#)
[Excise Tax Advisory \(ETA\) 3005 \(pdf\)](#)

Warranties

Warranties

Manufacturer's warranty included in price

A manufacturer's warranty included in the sales price of a vehicle is subject to the Retailing B&O and retail sales taxes.

Extended warranties not included in selling price

An extended warranty is an agreement for a specific period of time to replace or repair tangible personal property at no additional charge or a reduced charge, or to compensate for a loss by replacing or repairing tangible personal property.

A separate charge for an extended warranty sold to a consumer is subject to the Retailing B&O and retail sales taxes but a deduction is allowed under the Retailing classification for sales of third party warranties.

Commissions for selling third party warranties

Amounts received as commissions or other considerations for selling a warranty of a third-party warrantor are subject to the Service and Other Activities B&O tax. Since warranties are not insurance products regulated by the Office of the Insurance Commission, the seller's commission is **not** taxed under the Insurance Agent B&O tax classification.

Repairs by manufacturer/warrantor

When the repair is made by the manufacturer or warrantor, the value of labor and parts is not subject to B&O tax.

Repairs by third person

When a person other than the manufacturer or warrantor does the repairs, the value of the labor and parts is taxable under the Wholesaling classification of B&O tax.

Deductibles

The amount the customer is required to pay, in addition to any warranty or maintenance agreement payment or amounts not covered by the warranty or maintenance agreement, is subject to the Retailing B&O tax and the retail sales tax.

Warrantor purchase of insurance policy

When a warrantor purchases an insurance policy to cover the warranty, amounts received by the warrantor under the insurance policy are insurance claims reimbursements and are not subject to the B&O tax.

Maintenance agreements

See [Maintenance Agreements](#).

Example

An automobile dealer sells a vehicle to a customer for \$15,000. This price includes a limited manufacturer's warranty for five years or 50,000 miles. The owner then has some warranty work performed by the dealer who is not the manufacturer-warrantor for a cost of \$600 (\$200 parts and \$400 labor), with no deductible.

The dealer is liable for:

1. Retailing B&O tax and collection of the retail sales tax on the original selling price of \$15,000.
2. Wholesaling B&O tax on the \$600 repair charge. No retail sales tax or use tax is due on the repair parts or labor.

References

[Washington Administrative Code \(WAC\) 458-20-257](#)