

# Buying and selling vehicles without an auto dealers license

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Generally, you are allowed to sell no more than four vehicles per year without having an auto dealers license under Department of Licensing (DOL) guidelines. Additionally, you must pay either sales or use tax when you title these vehicles in your name.

## Purchasing vehicles

If you want to purchase a vehicle for resale without paying sales tax or use tax:

- You must register with the Department of Revenue (DOR).
- You must have a reseller permit issued by DOR.
- You cannot title the vehicle in your name.

If you are not registered with DOR and you don't have a reseller permit, you must pay sales tax when you purchase a vehicle from a registered seller. Or, if you purchase a vehicle without paying sales tax, you must pay use tax when you title the vehicle in your name.

## Selling vehicles

Those who regularly engage in buying and selling vehicles are required to register with the Department of Revenue (DOR).

Examples of the intention to regularly engage in the business of selling vehicles includes advertising vehicles for sale in:

- Online advertisements.
- Newspapers.
- Magazines.
- Periodicals.
- Brochures that specialize in vehicle sales.

DOR requires you to apply for a Washington state business license and tax registration regardless of whether you need to obtain a vehicle dealers license from DOL.

Once registered with DOR, you can apply for a reseller permit. You can use this permit to purchase the vehicles for resale without paying sales tax or use tax as long as you do not title the vehicles in your name.

## **Reporting requirements**

If you are required to register with the Department, and you sell to consumers, you must collect, report, and pay these taxes on your excise tax return:

- Retail sales tax.
- Motor vehicle sales/lease tax of 0.3%.
- Retailing business and occupation (B&O) tax.

## **Retail sales tax exemptions:**

- Vehicle sales with delivery in this state to nonresidents of Washington. Retailing B&O tax still applies.
- Interstate and Foreign Sales with delivery outside of this state. This exemption also applies to Retailing B&O tax.
- Vehicle sales to Enrolled Tribal Members with delivery in their Indian country if the seller receives a completed Declaration for a Dealer Selling a Motor Vehicle to Tribes. Retailing B&O tax still applies.
- Sales to certain military members.

## **DOL dealer licensing requirements**

DOL manages vehicle dealer licensing. Their website states **it's illegal** to do the following if you don't have a vehicle dealer license:

- Sell more than four vehicles registered to you in any 12-month period.
- Buy and sell vehicles for the purpose of making a profit.
- Sell any number of vehicles that aren't registered to you.

## References

Auto Dealers Guide

WAC 458-20-101 – Tax Registration and Tax Reporting

WAC 458-20-177 – Sales of motor vehicles, campers, and trailers to nonresident consumers

WAC 458-20-192 – Indians-Indian country

WAC 458-20-193 – Interstate sales of tangible personal property



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