

Commercial Vessel Tax

Personal property tax

Commercial vessel tax is a personal property tax. Commercial vessels exempted from watercraft excise tax are subject to the state personal property tax levy. Vessels used exclusively for commercial fishing purposes and U.S. Coast Guard documented vessels used primarily for commercial purposes such as charter and time-share boats, tugs and barges are subject to this tax. The tax rate is limited to no more than \$3.60 per one thousand dollars (\$1,000.00) of market value. The Department of Revenue (DOR) bills and collects the tax. In the year following the assessment year, DOR mails a tax statement to the vessel owner no later than March 31. Full payment is due by April 30.

Vessel value subject to tax

Each January DOR sends a Commercial Vessel Personal Property Tax Notice of Value (NOV) to the vessel owner of record. The NOV states the market value of the vessel for the current year. Each year the owner is required to report the cost of all improvements to the vessel on this form. The DOR depreciates the vessel value each year to reflect the current market value. The owner may submit a marine survey if the owner disagrees with the amount calculated by DOR. All vessels are taxable for the entire year unless they are apportionable.

Derelict vessel removal fee

Beginning with Annual 2014 tax assessments, the DOR will include the commercial vessel derelict vessel removal fee of \$1 per foot of vessel length when the commercial vessel tax is assessed. This fee does not apply when there is no commercial vessel tax due for the current year.

Apportionment

To qualify for apportionment the vessel must meet one of the following criteria:

1. Vessel used for foreign or interstate commerce. A ship or vessel is engaged in interstate and foreign commerce when transporting persons or property for hire from one state or territory of the United States to another, or between a state or territory of the United States and a foreign country. (Charter boats rarely meet this requirement)
2. Vessel used exclusively in fishing, tendering, harvesting and/or processing seafood products on the high seas or waters under the jurisdiction of other states.

Apportionable vessels may deduct those days the vessel is out of state. They may also deduct those days that the vessel is in state exclusively for repairs.

Vessel sold during the year

Even though the vessel may be sold any time throughout the year, the owner of record on January 1 of that year is liable for the personal property tax.

Vessel converted to pleasure use

Converting a vessel from commercial use to pleasure use alters the taxability of the vessel. The taxability of the vessel will change from personal property tax (payable to DOR) to watercraft excise tax (payable to Department of Licensing). Even though the conversion may occur any time during the year, the owner of record on January 1 of that year will be liable for the personal property tax. The owner may also owe use tax on the vessel upon conversion to pleasure use.

Property tax decal requirements

Commercial vessels receive a permanent orange decal. This property tax decal number identifies the vessel with DOR. Commercial vessels are also provided an annual decal. The color of the annual decal changes each year in coordination with the Department of Licensing excise tax color. The DOR must withhold the required annual decals for the commercial vessel if the owner fails to pay either the commercial vessel tax or the derelict vessel removal fee.

Vessel listing requirements

To list your vessel, complete and return a Commercial Vessel Tax Personal Property Listing Application to the address below. The listing application requests basic information about your business and your vessel. A copy of the signed Purchase/Sale agreement is required to list the vessel. Should you need assistance completing the application call the Taxpayer Account Administration Division.

Applicable Washington Administrative Code

WAC 458-17-101

Contact

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Taxpayer Account Administration Division
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dor.wa.gov