

Cite as Det No. 09-0203, 29 WTD 31 (2010)

BEFORE THE APPEALS DIVISION
DEPARTMENT OF REVENUE
STATE OF WASHINGTON

In the Matter of the Appeal Petition of) D E T E R M I N A T I O N
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 No. 09-0203
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 Registration No. . . .
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 Ruling Letter . . .
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 Docket No. . . .
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RCW 82.32.730: RETAIL SALE TAX – STREAMLINED SALES TAX (SST) – DESTINATION-BASED SOURCING. Under the Streamlined Sales and Use Tax Agreement, Washington sources the sales of tangible personal property or retail-taxable services to the location where such property or services are received by the purchaser.

Headnotes are provided as a convenience for the reader and are not in any way a part of the decision or in any way to be used in construing or interpreting this Determination.

Weaver, A.L.J. – Taxpayer appeals a letter ruling in which it was instructed to source its sales of print jobs, paper, and supplies to the location where the items were delivered. . . . Taxpayer’s petition is denied.¹

ISSUE

1. Whether, under RCW 82.32.730, Taxpayer is required to source its retail sales of its print jobs to the location where those print jobs are received by the purchaser.
2. Whether, under RCW 82.32.730, Taxpayer is required to source its sales of paper and supplies to the location where the paper and supplies are received by the purchaser.

¹ Identifying details regarding the taxpayer and the assessment have been redacted pursuant to RCW 82.32.410. Nonprecedential portions of this determination have been deleted.

FINDINGS OF FACT

On May 20, 2008, Taxpayer, . . . a commercial printer that performs bid distribution and other printing jobs, sent a letter to the Department of Revenue's Taxpayer Information & Education (TI&E) Section, requesting a ruling on the destination based sales tax process for the printing industry. That letter requested two specific rulings and it read, in pertinent part, as follows:

First

We perform bid distribution and other jobs, where we may distribute to as few as 2 or as many as a 100 separate delivery sites (subcontractors, plan centers, etc) – but bill only one customer for this service. One specific customer's charge – not the 100 that are distributed to. There is no sale to them. Since there is no sale to the 100 that are delivered to – would we then tax only at the Billed Customer's rate. A sample invoice is attached for reference

Second

. . . We sell . . . paper and supplies, which we understand would be taxed at delivery site.

See Taxpayer's letter dated May 20, 2008 (emphasis in original). On July 1, 2008, TI&E issued its ruling. The ruling letter stated the following:

Issue 1 Ruling:

Based on the information that has been provided, sales of printed materials distributed by your business to multiple locations should be sourced to the location where the printed materials are delivered, effective July 1, 2008

Your business activities consist of distributing printed material, such as bid requests or construction plans, for your customer to multiple locations. These activities do not meet the definition of "direct mail."

Issue 2 Ruling:

Sales of paper and supplies

Effective July 1, 2008, [Taxpayer] must source the sale of the paper and supplies to the location where the customer takes receipt of those items. (See RCW 82.32.730(1)).

See TI&E letter ruling dated July 1, 2008. Taxpayer timely appealed this ruling.

ANALYSIS

On March 22, 2007, the Streamlined Sales and Use Tax Agreement was signed into law. *See* Substitute Senate Bill (SSB) 5089, Chapter 6, Laws of 2007. The Streamlined Sales and Use Tax Agreement changed the manner in which sales taxes are sourced in the State of Washington. *See id.* This change was codified in RCW 82.32.730, which reads, in pertinent part:

(1) Except as provided in subsections (5) through (7) of this section, for purposes of collecting or paying sales or use taxes to the appropriate jurisdictions, all sales at retail shall be sourced in accordance with this subsection . . .

(a) When tangible personal property, an extended warranty, or a service defined as a retail sale under RCW 82.04.050 is received by the purchaser at a business location of the seller, the sale is sourced to that business location.

(b) When the tangible personal property, extended warranty, or a service defined as a retail sale under RCW 82.04.050 is not received by the purchaser at a business location of the seller, the sale is sourced to the location where receipt by the purchaser or the purchaser's donee, designated as such by the purchaser occurs, including the location indicated by instructions for delivery to the purchaser or donee, known to the seller

RCW 82.32.730(1)(a), (b).

According to Taxpayer, [Taxpayer] takes either an electronic digital file or scans a hard-copy set of original plans from which it creates and distributes paper copies as needed. Under the new destination-based sourcing in the Streamlined Sales and Use Tax Agreement, [sales are sourced to] the “location where receipt by the the purchaser or the purchaser’s donee, designated as such by the purchaser occurs.” RCW 82.32.730(1)(b).

In its Appeal Petition, Taxpayer argues that there should be no distinction between printing delivered by U.S. Mail or by its own delivery vehicles. Taxpayer cites no authority for its argument. RCW 82.32.730 does have a separate sourcing rule for sellers delivering by “direct mail” that allows sellers to source a sale to the delivery information provided by the purchaser. RCW 82.32.730(5). However, Taxpayer does not qualify for the “direct mail” sourcing rule because Taxpayer delivers its own products and does not deliver its printed material “by United States mail or other delivery service to a mass audience.” RCW 82.32.730(8)(b). Taxpayer must source its [sales] according to RCW 82.32.730(1)(b) as discussed above.

With respect to the paper and supplies delivered by Taxpayer to its customers, Taxpayer is again delivering tangible personal property to locations designated by its customers. Therefore, Taxpayer again must source its sales according to where the customer takes receipt of those items. *See* RCW 82.32.730(1).

For the reasons stated herein, the TI&E letter ruling is affirmed.

DECISION AND DISPOSITION

Taxpayer's petition is denied.

Dated this 31st day of July 2009.