

# Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

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ETA 3207.2018

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## Enhanced Delivery Services

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**Purpose**

This Excise Tax Advisory (ETA) describes how providing enhanced delivery services creates substantial nexus with Washington, requiring the seller to collect and remit retail sales or use tax on its Washington sales.<sup>1</sup>

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**Enhanced  
Delivery  
Services**

Enhanced delivery services, also commonly known as “white glove” delivery, generally includes any activity that significantly exceeds the basic delivery of goods to the buyer. For example, a seller of household goods provides enhanced delivery services if that seller or its representative physically places the goods in the buyer’s room of choice, unpacks the goods, performs basic assembly, removes the packaging materials from the buyer’s home, performs minor repairs to the goods, or engages in touch-up services. Many sellers of larger products, or products that require specialized care or assembly, offer these services at no added cost (i.e., as part of the purchase price) or for an additional fee.

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**Nexus –  
Physical  
Presence**

Generally, a state may impose a retail sales tax collection obligation on a seller that has a physical presence in the state. Mere delivery of products by a common carrier or mail, such as delivering a product to a mailbox or leaving it in front of the buyer’s home, does not create physical presence for the seller of the products. However, activities that exceed the basic delivery of goods by common carrier or by mail can establish a physical presence.

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<sup>1</sup> This ETA discusses the physical presence standard for nexus, which applies to sales tax collection and certain business and occupation (B&O) tax classifications. For information related to the economic nexus standard, which applies to apportionable activities and certain selling activities, refer to WAC 458-20-19401.

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Revised Code of Washington (RCW) 82.04.067(6) provides that a seller may establish a physical presence in Washington by having property or employees in the state, or by engaging directly or through a representative in activities that help establish or maintain a market in the state. Washington Administrative Code (WAC) 458-20-193 (Rule 193) provides further guidance on the physical presence standard as it relates to interstate sales of tangible personal property. As indicated in RCW 82.04.067(6) and Rule 193, physical presence need only be demonstrably more than a slightest presence.

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**Enhanced  
Delivery and  
Nexus**

Generally, a seller has nexus with Washington and is required to comply with the state's sales and use tax collection requirements if it provides enhanced delivery services to its Washington customers, either directly or through an agent or other representative, so long as the agent or representative is providing the enhanced delivery services on the seller's behalf. For example, if a seller or its representative places goods in the room of the buyer's choice, unpacks the goods, and removes the packaging materials, the seller is providing enhanced delivery services and has nexus in Washington.

Enhanced delivery services support individual sales by encouraging customers to purchase products that require these types of services and ensuring that customers are satisfied with their purchases. These services also support the seller's overall market in Washington by enhancing its reputation with customers throughout the state. As a result, these activities are significantly associated with the seller's ability to establish or maintain a market for its products in Washington.

Additionally, enhanced delivery services do not fall within the exclusion for delivery by common carrier or mail. The basic delivery of products by a common or mail carrier involves simply the delivery of an item to a specific address. While employees or representatives of a common carrier may perform the enhanced delivery services, providing these services goes beyond the level of activity involved in the basic delivery of products by a common carrier.

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