

Fishing charters

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This guide addresses the taxability of fishing charters.

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What are the tax responsibilities of the boat owner/operator?

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The owner/operator of a fishing boat used for charter is required to have an active tax registration with the Department of Revenue (DOR) even if they use a charter company to collect and remit sales tax on their behalf.

Third Party Charters

The fishing boat owner/operator must report the fishing charter income under the retailing classification of the business and occupation (B&O) tax on income earned through a third party charter company. The owner must also report the charter income under the retail sales tax classification and take a “*Sales Tax Paid by Charter Agent*” deduction under Other Deductions. There is no deduction allowed for the amount the charter company keeps as their commission for providing charter services.

Independent Charters

The fishing boat owner/operator must report the fishing charter income under the retailing classification of the business and occupation (B&O) tax on income earned through independent charters where no charter company is used. The owner must also report the fishing charter income under the retail sales tax classification.

Small Business B&O Tax Credit

In either case, the boat owner/operator may qualify for the [small business B&O tax credit](#).

What are the tax responsibilities of the charter company?

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Charter companies that book fishing charters for boat owner/operators are responsible for collecting retail sales tax on that charter income they collect on behalf of the boat owner/operator, and reporting/remitting it directly to the Department of Revenue. The charter company reports the charter income under the retail sales tax classification and also under the retailing B&O tax classification. The charter company is allowed to take a *Sales Reported as Agent* deduction under the retailing B&O tax classification.

Charter companies are subject to the B&O tax under the service and other activities classification on the amount they retain from the charter proceeds as compensation for the chartering services. These amounts are not deductible from the amount of chartering revenues subject to retail sales tax.

Commercial Vessel Personal Property Tax (CVT) and Watercraft Excise Tax (WET)

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Fishing boat owner/operators that are documented with the United States Coast Guard and use their boats primarily for fishing charters are eligible to pay [CVT](#) to DOR. Otherwise, they must pay [WET](#) to Department of Licensing.

Does sales tax apply on the purchase of bait?

Does sales tax apply on the purchase of bait?

Yes, charter companies and owner/operators must pay retail sales tax on their purchases of bait provided to patrons during fishing charters. Fishing charters are a retail recreational service and the bait is a consumable item for the provider of the fishing charter. It does not matter whether a bait charge is itemized separately on receipts or with the advertised price of the charter.

Are sales of fishing charters to nonresidents taxable?

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Yes, charges to nonresidents for fishing charters are subject to retail sales tax. The sales tax exemption for items sold to residents of certain states to be used outside of Washington does not extend to charges for retail recreational services.

Does sales tax apply on fishing charters that go outside of Washington waters?

Does sales tax apply on fishing charters that go outside of Washington waters?

Yes, retail sales tax applies on fishing charters that begin and end in the state of Washington. It does not matter that the actual fishing may occur outside of Washington waters.

Does sales tax apply on fuel surcharges?

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Yes, retail sales tax applies on fuel surcharges (and any similar itemized charges) added onto the price of a fishing charter.

Does sales tax or use tax need to be paid on purchase of fishing boat or charter fishing vessel?

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Yes, charter fishing is a retail recreational service. Persons engaged in service activities, even those services defined as retail sales, must pay sales tax or use tax on all items used by them in providing the retail service.