

WASHINGTON STATE DEPARTMENT OF REVENUE



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Revenue Rolls Out Streamlined Sales Tax Tools, Sets Workshops

OLYMPIA, Wash., April 4, 2008 — The Washington State Department of Revenue today introduced a variety of tools to help retailers change the way they determine local sales taxes on shipped or delivered goods beginning July 1.

It also has set a series of workshops around the state beginning April 16 to help businesses make the switch necessary to encourage out-of-state sellers to begin collecting sales tax on sales to Washington customers.

Currently, businesses collect local sales tax based on the rate in the city or unincorporated county from where a product is shipped. Beginning July 1, they must collect sales tax based on the rate where the goods are received.

This change to “destination-based” sales tax only affects shipments from one local jurisdiction to another within Washington State. It does not affect shipments to out-of-state customers or purchases when customers take possession at the selling location.

Agency Director Cindi Holmstrom said the Department has been working with businesses since last fall to identify and develop various systems for easily determining the right tax rate to apply on shipped goods.

She said the Department also has been working with the Association of Washington Business, Washington Retail Association, Association of Washington Cities and Washington State Association of Counties, all of whom support the effort.

“Our goal is to help businesses make the transition, not ding them for making honest mistakes,” Holmstrom said. “We will work with businesses to help them get it right.”

The tools include an online tax rate lookup tool, lists of tax rates by city and county; downloadable databases of addresses and location codes that businesses can integrate into their accounting systems, including ZIP+4; an Excel downloadable tax calculator

worksheet; and an online customer database conversion tool that matches tax codes to addresses. The online lookup tool also features a tax calculator and the ability to search by latitude and longitude, and can be accessed by handheld devices such as Blackberries, PDAs and cell phones. All tools are free.

The Department is continuing work on other tools to be made available before July 1.

This switch to destination-based sourcing of local sales tax stems from legislation enacted last year that conforms Washington's sales tax system to the national Streamlined Sales and Use Tax Agreement (SSUTA). The SSUTA seeks to preserve the economic vitality of brick-and-mortar businesses by reducing the competitive advantage held by out-of-state sellers who don't charge sales tax. More than 1,000 out-of-state sellers have agreed to begin charging sales tax to customers in any state that joins the SSUTA. Twenty-two states, including Washington, are members of the SSUTA.

The legislation provides businesses grossing less than \$500,000 a year in Washington sales with up to \$1,000 in tax credits to offset any necessary changes to their accounting and point-of-sale systems, or the free use for two years of a certified service provider that can handle all sales tax administration for businesses.

For more information on the tools and to register for one of the 20 workshops to be held from April through June, please visit <http://destinationtax.dor.wa.gov>.

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