

WASHINGTON STATE DEPARTMENT OF REVENUE

# SPECIAL NOTICE

For further information contact:  
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## Sales Tax Collection Requirement on Sales of Manufactured Housing

**Purpose** - This Special Notice is part of the Department of Revenue's ongoing educational efforts and has been sent to all businesses listed as manufactured housing (mobile home) dealers. This is a reminder that **persons making sales of manufactured housing to consumers must collect and remit the sales tax with their Combined Excise Tax Returns.**

**Background** - The 1997 Legislature repealed RCW 82.08.065 which had allowed the Department of Revenue to designate the county auditors as the collecting agents on sales of manufactured housing. RCW 82.08.065, was adopted to facilitate the prompt collection of sales tax at the time the title was issued. Over time, however, this proved to be an administrative burden for all parties involved. To alleviate this problem, the Legislature repealed RCW 82.08.065 and returned the sales tax administration on sales of manufactured housing to the Department of Revenue.

**Effect** - As of July 1, 1997, dealers of manufactured housing are responsible for collecting and remitting sales tax to the Department of Revenue with their Combined Excise Tax Returns.

**Trust Funds** - Collected sales tax is considered "trust funds" of the state of Washington. This means that anyone collecting sales tax is liable for its payment. Since the dealers are now responsible for remitting the sales tax to the Department of Revenue, escrow agents involved in sales of manufactured housing are to remit the sales tax to the dealer. With the repeal of RCW 82.08.065, transfer of title is no longer tied to showing that sales tax has been paid.

**Additional Information** - To help you properly report taxes, the following explains other issues related to manufactured housing which has not been changed:

- ◆ The sales tax is due on the **total selling price** regardless of the fact that the dealer may arrange to receive payment of the tax in installments or that a contract may be discounted, or sold to a finance company.
- ◆ Dealers making sales on an installment or conditional basis must remit the sales tax due on the total selling price during the tax period in which the sale is made (generally, this is when the buyer takes possession of the manufactured housing). Therefore, dealers may not remit the tax as the payments on the loan are made or wait until the loan is totally paid off. For additional information, see WAC 458-20-198.

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- ◆ Dealers who permanently install manufactured housing (which they have not sold) on land they own for **subsequent** sale or rental are subject to use tax on the value of the manufactured housing. In these cases, the dealer is a speculative builder and the consumer of the manufactured housing placed upon the real estate. The dealer is also subject to sales tax or use tax on any charges for contracted installation of such housing. For additional information, please review, WAC 458-20-170, 458-20-173, and *Construction Tax Guide 1997*.
- ◆ Sales of manufactured housing already permanently attached to land are sales of real estate (where the housing is not required to be moved as a condition of sale). Such sales are subject to **real estate excise tax** rather than sales tax and business and occupation tax. For additional information, see WAC 458-61-540.
- ◆ Dealers selling used manufactured housing must collect sales tax if the units are not permanently attached to real estate or, if attached, the unit will be moved as a condition of the sale.
- ◆ **Purchasers** of manufactured housing **acquired from parties not registered with the Department of Revenue** pay use tax to the Department of Licensing at the time the title is transferred if such units are not attached to land or must be moved as a condition of sale.

For more information contact the Telephone Information Center at 1-800-647-7706.

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