



# Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

NOVEMBER 7, 2008

## Vessels and Nonresident Individuals Tax Exemptions and Use Permit

This discussion explains the new one-year retail sales tax exemption for certain vessels purchased in this state by nonresident individuals. A comparable use tax exemption is also available for vessels brought into this state by nonresident individuals. SHB 1002, Chapter 22, Laws of 2007 that provides for the exemption permits, takes effect July 1, 2007.

### Vessels Purchased in Washington by Nonresident Individuals

**Vessel purchased from a licensed dealer** - A nonresident individual may purchase a vessel 30 feet or longer without paying retail sales tax if they purchase a use permit from the dealer.

RCW 82.08.700 does not allow a nonresident individual who purchases a vessel 30 feet or longer from a vessel dealer to separately purchase a use permit from another vessel dealer. The purchase of the vessel and the purchase of the use permit are to occur at the same time. The customer at the time of purchase must make an irrevocable election to purchase the use permit or to take the exemption in either RCW 82.08.0266 (for residents of other states) or 82.08.02665 (for residents of foreign countries). Both statutes require:

- (1) the vessel will not be used within this state for more than 45 days, and
- (2) an appropriate exemption certificate, supported by identification, as required by the Department of Revenue and signed by the purchaser or the purchaser's agent establishing that the purchaser is a resident of another state or foreign country, and the vessel is for use outside of this state.

A copy of the exemption certificate is to be retained by the dealer.

**Vessel purchased by nonresident entities (non-natural persons)** – Use permits cannot be obtained for vessels owned by nonresident entities such as corporations, limited liability companies, trusts, partnerships, etc.

**Vessel purchased from a private party** - A nonresident individual may purchase a vessel 30 feet or longer in Washington from someone other than a vessel dealer (e.g., a private party sale) and claim the new use tax exemption if they purchase a use permit from a licensed dealer within 14 days of the vessel purchase.

**Nonresident Individual bringing a vessel into Washington** - A nonresident individual who acquired a vessel of 30 feet or longer outside Washington may also purchase a one-year use permit. The nonresident individual must, however, purchase a one-year use permit from a licensed vessel dealer within 14 days of first entering the state with the vessel.

P.O. BOX 47478 | OLYMPIA, WASHINGTON 98504-7478 | 1-800-647-7706 | [HTTP://DOR.WA.GOV](http://DOR.WA.GOV)

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users please call 1-800-451-7985.

## **Purchasing a Permit**

When purchasing a **use permit** from a Washington licensed vessel dealer that also sold the vessel to the non-resident at the sale time, the nonresident individual must:

- Show proof of current nonresident status (i.e., driver's license),
- Make an irrevocable election to take the exemption and purchase a 12-month use permit,
- Complete an affidavit for the vessel dealer; and
- Display the use permit on the vessel for which it is purchased.

The cost of the use permit is:

- \$500 for vessels 50 feet and less
- \$800 for vessels greater than 50 feet.

Use permits are valid for 12 consecutive months and may not be renewed.

Before the use permit expires, the vessel must be removed from Washington waters for a minimum of 24 months.

## **Vessel Dealer Requirements**

Vessel dealers are not required to sell these use permits. However, a dealer who chooses to sell the permits to nonresidents purchasing vessels from them must also sell the permits to nonresidents who bring their vessels into the state.

When selling a use permit, a vessel dealer must:

- Examine one piece of photo identification to ensure the individual qualifies as a nonresident;
- Identify the expiration date on the use permit (decal) using a permanent marking pen; and
- Obtain a completed affidavit from the nonresident individual.

The vessel dealer must make two copies of the affidavit - one copy for the nonresident individual and one for the dealer's business records. The dealer must mail original affidavits to the Department of Revenue on a quarterly basis.

## **Dealers will remit permit fees collected to the Department with their excise tax returns and must file electronically.**

Licensed vessel dealers may obtain use permits and affidavits by contacting Taxpayer Account Administration at (360) 902-7169.