



# Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

MARCH 1, 2011

## Transfers of Firearms Between States

### Introduction

Washington residents sometimes purchase firearms from out-of-state dealers. Because of state and federal laws, many firearms acquired from an out-of-state source by a Washington resident must be sent from the out-of state transferor to a federally licensed gun dealer located in Washington State.

Once the Washington gun dealer has conducted the required background checks, the dealer will deliver the firearm to the Washington buyer.

The following provides instructions for the taxability of such transfers.

### Is the purchase of a firearm subject to sales tax?

For an interstate transfer of firearms, the Washington gun dealer is required to collect use tax from the Washington buyer at the time the firearm is delivered to the buyer. Use tax is collected on the total purchase price, including freight/delivery and insurance charges.

If the purchase price is not evident, it is up to the gun dealer to determine the taxable amount by either requiring the purchaser to show the purchase price or by obtaining the selling price from the out of state seller. If for whatever reason, the Washington dealer is still unable to obtain the original purchase price, RCW 82.12.010 provides that the current fair market value of the firearm shall be used. Current fair market values may be determined by the insured value, a recent appraisal, or a reliable resource, such as a respected publisher of gun values. (Values are subject to audit verification).

### What if the firearm is a gift or the customer already owns it?

A firearm obtained by gift is subject to use tax unless it can be demonstrated that the prior owner paid retail sales or use tax. (RCW 82.12.010). The Washington dealer may use the current fair market value as the taxable amount to calculate the use tax.

In cases where the firearm owner can provide proof of retail sales or use tax paid to Washington, the Washington dealer is not required to collect use tax. The Washington dealer must retain proof of tax paid.

In cases where the firearm owner can provide proof of retail sales or use tax paid to other states, the firearm owner is eligible for a credit against the use tax for the amount of sales or use tax paid to the other state. RCW 82.12.035.

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For tax assistance or to request this document in an alternate format, visit <http://dor.wa.gov> or call 1-800-647-7706. Teletype (TTY) users may call (360) 705-6718.

**Is the transfer fee subject to sales tax?**

Generally, the Washington gun dealer charges the Washington resident a fee for processing paperwork related to the transfer of the weapon from out of state into Washington. Neither retail sales nor use tax apply on any fees charged by the Washington gun dealer for processing the required state and federal paperwork.

The gun dealer is not required to collect retail sales tax on the service charge for processing the required federal and state forms and contacting the national Instant Criminal Background Check System (NICS) when the charge is stated separately from the selling price of the firearm and freight and/or delivery charges, insurance, etc.

**How are these transactions reported on the gun dealer's excise tax form?**

The gross selling price of the firearm is reported under the *use tax* lines of the tax return.

The separately stated service charge for processing the required federal and state forms and contacting the National Instant Criminal Background Check System is reported under the *service and other activities* B&O tax classification. Retail sales tax does not apply on this charge.

**Applicable law**

RCW 82.12.040(1) states:

Every person who maintains in this state a place of business or a stock of goods, or engages in business activities within this state, shall obtain from the department a certificate of registration, and shall, at the time of making sales of tangible personal property, extended warranties, or sales of any service defined as a retail sale in RCW 82.04.050 (2)(a) or (3)(a), ***or making transfers of either possession or title, or both, of tangible personal property for use in this state***, collect from the purchaser or transferees the tax imposed under this chapter. ***The tax to be collected under this section shall be in an amount equal to the purchase price multiplied by the rate in effect for the retail sales tax under RCW 82.08.020.*** (Emphasis added).

**For more Information**

Visit our website at [dor.wa.gov](http://dor.wa.gov), send an email to [dorcommunications@dor.wa.gov](mailto:dorcommunications@dor.wa.gov), or call the Telephone Information Center at 1-800-647-7706.