



STATE OF WASHINGTON

DEPARTMENT OF REVENUE

**Attachment for CR103 Filing**  
**WAC 458-20-141 Duplicating activities and mailing bureaus.**  
**WAC 458-20-144 Printing industry.**  
**WAC 458-20-17803 Use tax on promotional material.**

**Purpose:**

**Background:**

WAC 458-20-141 explains the B&O, retail sales, and use tax reporting responsibilities of persons who engage in duplicating activities or who provide mailing bureau services in Washington. WAC 458-20-144 explains the B&O and retail sales tax reporting responsibilities of persons engaged in printing activities. Both rules were revised in January 2005, each with an effective date of July 1, 2005.

One of the major changes in that revision was the removal of language stating that a deduction from the measure of tax for both B&O tax and the retail sales tax was available where a mailing bureau purchases postage for a customer and charges that customer for the postage. This revision explained that amounts received from a customer for postage costs incurred by the seller are, under the law, included in the measures of both taxes. The change to Rule 141 also identified circumstances under which postage charges are not included in the measure of tax because the charges qualify as advances or reimbursements.

WAC 458-20-17803 explains the use tax reporting responsibilities of persons who distribute or cause to be distributed tangible personal property promoting the sale of products or services are subject to use tax on the value of the property. While the January 2005 rule action had a July 1, 2005 effective date, the rule explains a use tax responsibility that resulted from provisions of chapter 367, Laws of 2002 that became effective June 1, 2002.

**Current rule making action:**

Chapter 514, Laws of 2005, provides a B&O tax deduction and retail sales/use tax exemption for delivery charges made for the delivery of direct mail, if the charges are separately stated. These provisions of chapter 514 became effective May 16, 2005, and supercede the instructions regarding charges for postage costs in these rules.

The Department is adopting revisions to Rules 141, 144, and 17803 on an emergency basis to reflect this legislative change. The Department plans to proceed with rule making for permanent revisions to these rules.