



Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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This ETA is cancelled effective February 2, 2009 and reissued under the 3000 series.

See ETA 3001 for a cross-reference to the new series.

Taxability of Credit Bureau Services

This ETA provides instructions on the taxability of credit bureau services and on the proper tax treatment of buyers of credit bureau services where the service provider has not collected retail sales tax.

Credit bureau services are subject to the business and occupation tax under the retailing classification. Services defined as retail sales are also subject to the retail sales tax when the sale of the service occurs within the state. Persons who make sales of credit bureau services in this state are required to collect the retail sales tax on the selling price of the services. There is no sale-for-resale exemption from the retail sales tax applicable to sales of credit bureau services. Accordingly, all sales of credit bureau services in this state are retail sales. If a person who provides taxable credit bureau services fails to collect the retail sales tax, the Department may proceed directly against the buyer to collect any sales tax due. Credit bureau services are not subject to the use tax. Therefore, only the retail sales tax may be assessed against a buyer of credit bureau services.

Credit bureau services include the assembly or evaluation of information bearing on the credit worthiness of any person for the purpose of furnishing such information to third parties. Credit bureau services are not limited to assembly or evaluation of information provided for the purpose of extending credit. Credit bureau services also include the assembly or evaluation of information provided to third parties who use such information to decide whether to accept a check or other form of payment, enter into a lease transaction, or make any decision where credit worthiness is a consideration. For example, the Department has found check writer verification and tenant screening services to be credit bureau services.

WAC 458-20-103 provides that in the case of services which constitute sales, the place of sale is the location where the services are performed. Where such services are performed both within and without the state, the place of sale is where the services are primarily performed. In determining where credit bureau services are primarily performed, the location(s) of the following core or fundamental functions should be evaluated:

- Information gathering

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- Information analysis
- Information formatting and explanation
- Information dissemination

The location of an activity incidental or collateral to the core or fundamental functions, alone, does not cause the sale of credit bureau services to be considered made in the state where the incidental or collateral activity occurs. For example, the place where the credit report is delivered to the customer does not by itself dictate the place of sale.

If it is determined that a buyer of credit bureau services has not paid retail sales tax on credit bureau services, the retail sales tax should be assessed only if the services were primarily performed in Washington. Prior to assessing retail sales tax on purchases of credit bureau reports, the taxpayer should be given an opportunity to obtain information from its credit bureau service provider regarding the location of the performance of the services purchased by the taxpayer.