



State of Washington
Department of Revenue

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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

NUMBER: 344.12.145

CONVERSION DATE: July 1, 1998

This ETA is cancelled effective June 29, 2007

LOCAL USE TAX--ALLOCATION WHEN CREDIT ALLOCATED FOR SALES OR USE TAXES PAID ANOTHER STATE

Issued May 11, 1970

Under RCW 82.12.035 a credit is allowed against the use tax for sales or use taxes paid another state or political subdivision by the present user. How should such credits be allocated between the state and county or city in distributing use tax revenues which include the county-city use tax?

The Multistate Tax Compact, RCW 82.56.010, contains specific directions for such allocation. The law states:

The credit shall be applied first against the amount of any use tax due the state, and any unused portion of the credit shall then be applied against the amount of any use tax due a subdivision.

For example: A Washington resident buys a \$3,000 automobile in Idaho and pays a 3% Idaho sales tax of \$90. Upon licensing the car in Spokane, which levies a local sales and use tax, he is required to pay the 5% Washington use tax of \$150, less the Idaho tax of \$90, balance \$60. In distributing this payment, the credit allowed for the Idaho tax must be deducted in its entirety from the state-imposed tax of \$135. The city of Spokane would receive \$15, the same as if no Idaho credit had been allowed, and the state would receive the balance of \$45.

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

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