



STATE OF WASHINGTON  
DEPARTMENT OF REVENUE

**CANCELLATION OF INTERPRETIVE STATEMENTS**

The Department of Revenue has cancelled the following excise tax advisories (ETAs).

**ETA 50.04.203 Management charges from parent to subsidiary** - This document explains that charges to a subsidiary for management fees are taxable. This subject is more fully addressed in ETA 86.04.201/203.

**ETA 52.04.171 Construction of highway tunnels for publicly owned roads** - This document explains that construction of tunnels for highways owned by the federal government is subject to the public road construction B&O tax classification, and a contractor installing linings in those tunnels is the consumer of the lining materials. There is no need for this information as WAC 458-20-171 provides sufficient information about the tax-reporting responsibilities of persons building roads owned by the federal government.

**ETA 90.04.203 Administrative and personnel charges between affiliated corporations** - This document explains that the payment made by an affiliate to a taxpayer for the services of the taxpayer's employees is subject to service and other activities business and occupation tax. ETA 86.04.201/203 fully explains the same subject.

**ETA 156.32.230 Statute of limitation and past performance** - This document explains the application of the statute of limitations to amounts received in settlement between the contracting parties after completion of the project. WAC 458-20-197 (When tax liability arises) and 458-20-199 (Accounting methods) sufficiently address when income is to be reported for Washington tax purposes.

**ETA 240.12.134 Use and manufacturing tax on production of molds used to produce finished product** - This document explains that a manufacturer who manufactures a single-use mold is subject to the manufacturing B&O tax and use tax on the value of the mold. While this document accurately reflects the Department's interpretation of the law, it fails to recognize the exemption from retail sales and use tax for manufacturing machinery and equipment (WAC 458-20-13601). The applicability of the manufacturing B&O tax is fully addressed in WAC 458-20-136 and the retail sales and use tax application to one-time use mold is adequately discussed in WAC 458-20-13601.

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

DATE: March 28, 2008  
TIME: 4:12 PM

**WSR 08-08-062**

Interpretations and Technical Advice

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**ETA 259.12.171 Sales to public roads contractor for use outside the state** - This document explains that a construction company that purchases materials in Washington that will be incorporated into a publicly-owned road outside of Washington is not subject to use tax on the value of those materials. While this is accurate, it is no longer necessary to have an ETA explaining it.

**ETA 308.04.224 "Art work" distinguished** This document explains that sketches, designs, layouts, and other art work produced by artists for advertising agencies, printers, television broadcasters, and organizations planning advertising and publicity efforts are visual representations of the artists' ideas and are invariably duplicated by the client in producing an end product for the client's customers. The document also noted that the Code of Fair Practice for commercial artists provides that transfers of such work are only of reproduction rights. Based on these factors, the document explains that income earned by artists engaged in these activities was not a retail sale, but is subject to the service and other business activities B&O tax. The distinction between the sale of artistic services and the sale of artwork is better explained in Det. No. 86-232, 1 WTD 93 (1986) and Det. No. 92-260, 12 WTD 425 (1992).

**ETA 421.04.103 Sales tax: labor performed outside of state** - This document explains that retail sales tax applies to repair labor performed outside of Washington at the option of the in-state repair shop. This document explains that in order to be exempt from retail sales tax, the owner of the article must agree that the actual repair services were to be performed outside of Washington. This document fails to recognize that owner is nonetheless subject to use tax under these circumstances. Additionally, effective July 1, 2008 retail sales tax will be sourced to the location where the repaired property is received by the customer.

**ETA 511.14.145 Warehouse as retail outlet for city/county sales tax** - This document was issued to explain that the Department did not acquiesce to a 1978 Washington State Board of Tax Appeals (BTA) decision (*Allied Stores Corporation v Department of Revenue*, Docket No. 14780 (informal), March 17, 1978). In this decision, the BTA held that when an order is taken and payment is made at a store location, but the goods are shipped to the customer from a different warehouse decision, the place of sale for local sales tax purposes is the store location. This document was issued to explain that the Legislature elected to specify in RCW 82.14.020 that the local tax is determined by the place from which delivery is made, and that the Department would continue to apply local sales tax on that basis. This document is no longer needed. Additionally, effective July 1, 2008, these sales will be sourced to the location at which the customer receives the goods.

Copies of the cancelled documents are available via the Department's website at <http://dor.wa.gov/content/FindALawOrRule/>, or a request for copies may be directed to:

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