

Notice to Boat Dealers

All boat dealers must register annually with the Department of Licensing and pay a fee. Contact the Dealer Division, Vehicle Services at (360) 664-6466 for more information.

For More Information Titling and Registration:

Department of Licensing
Customer Service Unit

PO Box 9042
Olympia, WA 98507-9042
(360) 902-3770, option 5

Boating Safety and Environmental Protection Programs:

Parks and Recreation Commission
Boating Program

PO Box 42654
Olympia, WA 98507-2654
(360) 586-6592

If the vessel is used primarily for commercial purposes and not for pleasure, contact the Department of Revenue at (360) 570-3265, option 5 for information regarding property tax obligations.

To request a Use Tax Return, register to conduct business, or ask questions about the sales or use taxes, contact any Department of Revenue field office or the Telephone Information Center at 1-800-647-7706.

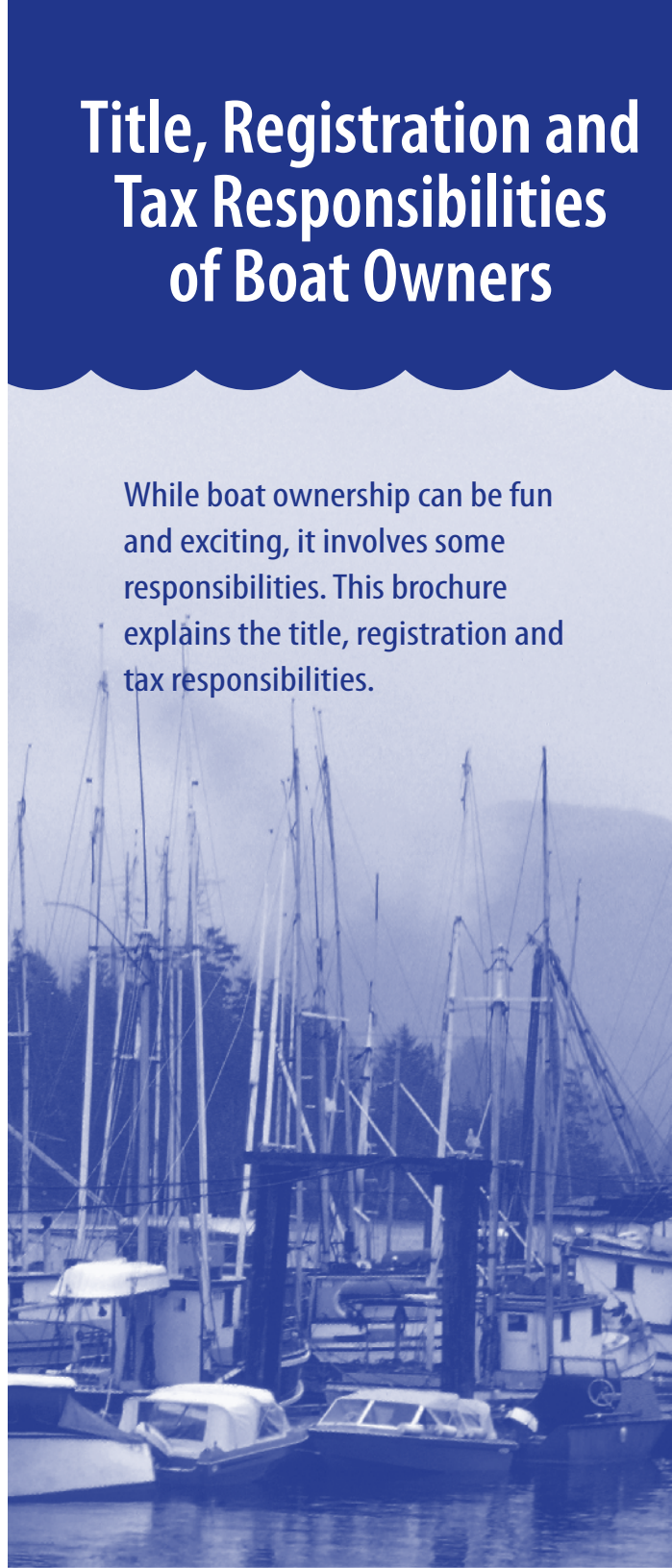
Teletype (TTY) users please call (360) 705-6718.

The Department of Licensing has a policy of providing equal access to its services.

If you need special accommodation, please call (360) 702-3770 or TTY (360) 664-8885.

Title, Registration and Tax Responsibilities of Boat Owners

While boat ownership can be fun and exciting, it involves some responsibilities. This brochure explains the title, registration and tax responsibilities.



Tax Responsibility

Affected Vessel Owners

Check the chart to see if you have to register your boat and pay the excise or property tax.

		Excise Tax Required	Registration/ Titling Required	
Sailboats	Less than 16ft.	Motor	no	yes
		No Motor	no	no
	16ft. & longer	Motor	yes	yes
		No Motor	yes	yes
Human Powered	Any length	no	no	
Motorized	Less than 16ft.	no	yes*	
	16ft. & longer	yes	yes	
Documented		yes**	Reg. Only	

Personal property tax applies to most commercial boats.

* No, if 10 horsepower or less when used only on non-federally regulated waters.

** Unless vessel qualifies for exemption.

Watercraft Excise Tax

The watercraft excise tax generally applies to all registered boats that are 16 feet or longer or equipped with a motor capacity of more than 10 horsepower. Excise tax is calculated at one-half of one percent of the boat's fair market value. A vessel is exempt from the watercraft excise tax if it is:

- ▶ used exclusively for commercial fishing purposes
- ▶ less than 16 feet in overall length and is not used on federally regulated waters
- ▶ owned and held for sale by a dealer
- ▶ owned by certain nonprofit youth organizations

For more information, contact the Department of Licensing at (360) 902-3770.

Personal Property Tax

Generally, boats exempt from the watercraft excise tax are, instead, subject to the personal property tax. You must list your vessel with the Special Programs Division of the Department of Revenue at (360) 570-3265, option 5. Certain vessels are taxed only for the time they are in Washington. In January of each year, the Department sends a Watercraft Personal Property Notice of Value to each vessel owner showing the market value and asking each owner to report how many days the vessel was in the state the previous year. In March, the property tax statement is mailed to each taxpayer with full payment due by April 30.

Business Tax

If you use your boat for commercial activities, such as charter or commercial fishing, you must register your business with the Department of Revenue. Based on the type of activity, your income may be subject to the business and occupation tax or public utility tax. In certain instances, you may be required to collect retail sales tax.

Sales and Use Tax

Use tax applies to the use of articles within this state acquired without payment of sales tax. Thus, articles purchased for use in this state are subject to sales tax or use tax, but not both.

Sales tax is based on the selling price, while use tax is based on the value of the article when it is first used in Washington. The value includes any delivery charges paid to the seller.

You owe use tax if you acquired your boat without paying sales tax.

- ▶ Sales tax and use tax rates are the same and, depending on location, range from 7 to 9.5 percent. If you purchase your boat from a Washington retailer, the retailer will collect the sales tax due based on the rate in effect at the retailer's location. If you purchase your boat from an individual or from out-of-state, the county auditor or licensing agent will collect the use tax based on the location the boat will be kept. If your boat is not required to be registered, you may pay the use tax by completing a Use Tax Return. This form is available on the Department of Revenue's website at dor.wa.gov or call 1-800-647-7706.

Retail sales and use tax exemptions for boats are limited to the following:

- ▶ boats 30 feet or longer owned by nonresident individuals and brought into this state temporarily for their use or enjoyment if the owner purchases a vessel use permit, explained in **Nonresident Boats Purchases**
- ▶ boats owned by nonresidents and brought into this state temporarily for their use or enjoyment. Refer to the **Registration for Nonresidents** section
- ▶ boats purchased in this state by nonresidents for use outside of Washington, subject to the conditions explained in **Nonresident Boats Purchases**
- ▶ boats purchased primarily for use in conducting interstate or foreign commerce by transporting persons or property for hire, or for use in conducting commercial deep sea fishing operations outside the territorial waters of this state. ("Primarily" means more than 50 percent of the time. If the boat is not used primarily for the exempt purpose, sales or use tax applies.)
- ▶ boats purchased only to rent/lease or charter at substantially fair rental value without an operator. The lessor must collect sales tax on the lease payments. (If the boat is leased or rented with an operator, or provided to others at substantially less than fair rental value, the lessor owes use tax on the full value of the boat.)

Nonresident Boats Purchases

Sales tax exemptions are available to a nonresident who purchases a boat in Washington for use outside the state if:

- ▶ the boat requires Coast Guard registration or registration by the state of principal use, and it will not be used within Washington for more than 45 days, and an appropriate exemption certificate is completed at the time of sale.
- ▶ the boat is 30 feet or longer and the buyer is a nonresident individual who, when purchasing the boat, purchases a one-time vessel use permit from the boat dealer. The cost of the permit is \$500 for boats 50 feet in length or less and \$800 for boats over 50 feet. The nonresident individual must make an irrevocable election to take the exemption and complete an affidavit. The vessel use permit, which must be displayed on the boat, allows the nonresident individual to use the boat in Washington for up to 12 continuous months without being subject to registration and use tax requirements. After the permit expires, the nonresident individual may not use the boat in Washington for 24 months after the permit expires. Any use of the boat in Washington before the 24-month period ends will subject the nonresident individual to the state's registration and use tax requirements. After the 24-month period ends, the nonresident individual may use the vessel in Washington as explained in the section discussing registration requirements for nonresidents. Nonresident entities, such as partnerships, corporations, limited liability companies, etc., are not eligible for this exemption. Not all boat dealers have chosen to sell the vessel use permits.
- ▶ the boat is 30 feet or longer and the buyer is a nonresident individual who, after purchasing the boat from someone other than a boat dealer, purchases a one-time vessel use permit as described above within 14 days of purchasing the boat.

Title and Registration

Most boats must be titled and registered with the Department of Licensing except for boats that are less than 16 feet in length and motorized by 10 horsepower or less.

You may register your boat at your local county auditor's office or with a vehicle licensing agency.

You must have the vessel's hull number; signatures of all owners with the exception of lien holder(s); and proof of ownership, such as the Manufacturer's Certificate of Origin, Carpenter's Certificate, Manufacturer's Invoice or original Certificate of Title. If you have already paid sales or use on the vessel, you must show proper documentation to receive a tax credit.

Registration Process

The registration year for vessels registered in Washington begins July 1 and runs through June 30. When you register your vessel with the Department of Licensing, you may request the continued use of your Coast Guard registration number.

Boat registration fees include:

- ▶ a one-time titling fee (due when applying for the certificate of ownership)
- ▶ an annual registration fee
- ▶ an applicable filing fee

You must complete a Declaration of Value if the most recent purchase price of your boat is unknown, your boat is homemade, or you acquired the boat by trade, lease or gift. The Department of Revenue may review the declared value.

All boat owners must notify the Department of Licensing within 15 days of the following:

- ▶ owner's change of address
- ▶ destruction, loss, abandonment, theft, or recovery of the boat
- ▶ loss or destruction of a valid certificate or registration

Within five working days of selling your vessel, you must notify the Department of Licensing of the following:

- ▶ the name and address of the owner and transferee
- ▶ the vessel's registration number (WN) and/or hull identification number (HIN)

Renewal reminder notices are mailed in April. If you do not receive a renewal notice, contact your local county auditor or licensing agent.

Registration for Nonresidents

A nonresident may use their "properly registered" vessel in Washington for 60 days or less without the need to register or pay use tax. A properly registered vessel is one that:

- ▶ is registered or numbered under the laws of a country other than the United States
- ▶ has a valid United States Customs Service cruising license
- ▶ has a valid number issued under federal law or by an approved issuing authority from the vessel's state of principal operation

After 60 day of use, the vessel is subject to Washington's registration requirements and is subject to use tax based on the vessel's current value. A nonresident individual may extend the time of use in this state by:

- ▶ obtaining an identification document from the Department of Licensing within the first 60 days of use in this state. The document allows the vessel to be used in this state for up to six months in any consecutive 12 months (RCW 88.02.030)
- ▶ purchasing a one-time vessel use permit, if the vessel is 30 feet or longer and has not been used in this state before. The permit must be purchased within 14 days of when the vessel enters the state

The above exceptions do not apply to vessels owned by nonresident entities (partnerships, corporations, limited liability companies, etc.) For information about the purchase of a vessel in Washington State by a nonresident or a one-time vessel use permit, please refer to the **Sales and Use Tax** section.