



State of Washington  
Department of Revenue

# Excise Tax Advisory

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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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NUMBER: 059.12.178

CONVERSION DATE: July 1, 1998

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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.**

## USE TAX IMPOSED ON THOSE USING PROPERTY WHICH THEY ARE HOLDING FOR SALE

Issued July 15, 1966

Is equipment acquired by the taxpayer from a manufacturer with intent to sell to another subject to a Use Tax when the sale to the other is not completed and the taxpayer operates the equipment while holding it for resale?

The taxpayer, a distributor of coin-operated dry cleaning equipment, as a practice found a customer who wished to operate a location and then ordered the equipment from the manufacturer and set up a cleaning center for his customer. The taxpayer, as a rule, never engaged in the operation of these cleaning centers. However, in this case, a customer had been secured by the taxpayer and the taxpayer had taken a \$1,000 deposit and ordered the equipment. Due to unforeseen circumstances, the customer could not finance the purchase of the center and the equipment. The taxpayer returned his customer's deposit and decided to set up the location and operate it until it could be sold. The taxpayer contended that taking the equipment under these circumstances amounted to repossession. The location was at all times held for resale and advertised in various newspapers until it was finally sold over a year later.

The Tax Commission held that the taxpayer acquired the equipment in question by purchase from the manufacturer and not by repossession. Since the equipment was substantially used by the taxpayer, the Use Tax was properly assessed under RCW 82.12.020. The fact that the business location was at all times held for sale is immaterial since the law intends that successive users of the same property shall each be subject to payment of the Use Tax. RCW 82.12.020.

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***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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