



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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.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: : 117.08.235

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.**

## PAYMENT PRIOR TO SERVICES - WHEN TAXABLE

Issued August 5, 1966

Is income taxable when received or is it taxable when the services for which payment is made are rendered?

The taxpayer, a credit association, was assessed a Retail Sales Tax on amounts billed by the taxpayer to its members in March, 1961, to cover credit bureau services for April, May and June of 1961. The law had changed in April, 1961, making the Sales Tax applicable to credit bureau services. RCW 82.04.050. The taxpayer contended that it was entitled to receive the charges to its members in advance of the rendition of services and therefore the income was taxable when received (March).

The Tax Commission held that liability for Retail Sales Tax was determined at the time the services were rendered for which payment was made. Further, the Commission ruled that it was immaterial that the parties may have agreed that payments were to be made in advance of the rendition of services. The Commission's position is based upon the general principles relating to taxable services in Rule 235.

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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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