



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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.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: 152.32.199

CONVERSION DATE: July 1, 1998

**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.**

RECORD KEEPING REQUIREMENTS

Issued August 12, 1966

Does the retention of all sale invoices without maintaining books of account satisfy the record keeping requirements of the tax statutes?

The taxpayer was engaged in the wholesaling of merchandise to retailers. Some of these sales were nontaxable. Although no books of account were kept, the taxpayer did retain all sales invoices which comprised the basic data from which sales records could have been compiled. The taxpayer contended that the auditor should have considered all the individual sales invoices in determining its tax liability instead of analyzing a portion of the transactions to estimate the over-all proportion of taxable and exempt sales.

RCW 82.32.070 required taxpayers to keep and preserve, for period of five years, suitable records as may be necessary to determine the amount of any tax for which he may be liable. All books, records, and invoices are to be open for examination at any time. The Tax Commission held that the total number of invoices, without being arranged, summarized, and totaled with regard to customers and periods, were not suitable records for reconciling the taxpayer's liability. It was the taxpayer's responsibility to keep books in some systematic manner from which the taxes due could be determined. In the absence of such records, the auditor's methods of determining liability were upheld.

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.

Please direct comments to:
Department of Revenue
Legislation & Policy Division
P O Box 47467
Olympia, Washington 98504-7467
(360) 753-4161 eta@DOR.wa.gov

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