



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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.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: 204.08.175

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.**

PURCHASE AND INSTALLATION OF FIXTURES AND EQUIPMENT ON A VESSEL OWNED BY ANOTHER

Does the sales tax exemption of RCW 82.08.030(11) and Rule 175 run to the purchase and installation of fixtures and equipment on a vessel owned by another where the purchaser of such fixtures and equipment retained the right to remove them at the termination of his concession agreement with the vessel's owner?

The taxpayer, a concessionaire, operated a restaurant concession on a vessel during its passenger operation between a point in this state to a point in Canada. Under its contract with the owner of the vessel, the taxpayer was required to provide and install its own fixtures and equipment, retaining the right to remove them at the termination of the agreement. The taxpayer contended that the fixtures and equipment so provided and installed were "component parts" of the vessel and that it was exempt from taxation by virtue of RCW 82.08.030(11) and RCW 82.12.030(4). The taxpayer further urged that its exemption applied even though the particular components were not owned by the owner of the rest of the vessel.

The Tax Commission noted that the exemption runs to "sales of tangible personal property which becomes a component part of such . . . watercraft . . ." RCW 82.08.030(11). Rule 175 defines the term "component part" to include ". . . all tangible personal property which is attached to and a part of carrier property . Thus, the ownership of the carrier property was held not to be a requisite of the exemption.

The Tax Commission ruled that the purchase and use of the restaurant fixtures and equipment installed on the vessel were exempt from the retail sales tax and the use tax despite the fact that the fixtures

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Please direct comments to:
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were not owned by the owner of the vessel and were subject to removal at the termination of the agreement.
(Letter)

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