



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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.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: 208.04.173

CONVERSION DATE: July 1, 1998

This ETA is cancelled effective December 29, 2006

SALE OF ABRASIVES AND MASKING TAPE FOR USE IN THE PERFORMANCE OF AN AUTOMOBILE PAINTING CONTRACT

Issued September 2, 1966

Where an automobile service company sells abrasives and masking tape to an automobile painter for use in performing a painting contract, does the seller have to collect a Retail Sales Tax or is it a sale for resale and thus exempt?

The taxpayer, an automobile service company, was assessed a Retail Sales Tax upon sales of abrasives and masking tape to persons engaged in performing automobile painting contracts. Masking tape was used to affix masking paper to portions of the car which were not to be painted and the abrasives were used to finish and smooth the paint job. The taxpayer contended that these items were, in effect, resold by the automobile painter because (1) they were entirely consumed in the performance of the work, and (2) it was a customary practice of the trade to itemize masking tape, abrasives and other materials separately in bids submitted to prospective customers and to list these items separately in invoices rendered upon completion of the work.

The Tax Commission held that the literal requirement of RCW 82.04.050 is that goods must be purchased for resale before a Retail Sales Tax exemption can be allowed. This is not accomplished by separately invoicing the customer for consumable supplies when, in fact, title to and possession of such supplies remains in the contractor at all times. The Commission held that abrasives and masking tape sold by a supply house to an automobile painter are purchased for consumption by the painter and are not for resale either as tangible personal property or as a component part of the finished job. An analogous situation exists with respect to the sale of such consumable items as lubricating oils, blasting powders, sandpaper, vehicle tires and small tools to persons performing construction contracts on a time and material or cost-plus-fixed-fee basis. Therefore, the Commission ruled that under RCW 82.08.050 Retail Sales Tax is due upon such purchases of consumable supplies despite the separate invoicing of cost items to the property owner. (Order.)

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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