



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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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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.**

PURCHASE OF PERSONALTY FOR RESALE AS REALTY

Issued September 16, 1966

Does the purchase of a house as personal property and resale as real property, after having been improved and affixed to the land, qualify as a purchase for resale?

Taxpayer purchased a house situated on condemned property from the State Highway Commission. At the time of purchase taxpayer intended to move the house to his own lot, make improvements, and resell it to a third party.

Use Tax is imposed by RCW 82.12.020 for "the privilege of using within this state as a consumer any article of tangible personal property purchased at retail." RCW 82.12.010(2) defines the term "use" to have its

ordinary meaning, and shall mean the first act within this state by which the taxpayer takes or assumes dominion or control over the article of tangible personal property (as a consumer), . . .

The term "consumer" is defined by RCW 82.04.190 to mean

Any person who purchases, acquires, owns, holds, or uses any article of tangible personal property other than for the purpose (a) of resale as tangible personal property. . . .

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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In purchasing the house, installing or affixing it to realty, and holding the house and lot for sale, the taxpayer assumed dominion and control over the house and "used" it within the meaning of the law. There

fore, the Commission held that the purchase of a house as personal property and resale as realty was not a purchase for resale. The sale of a house unaffixed to the land is a sale of personal property and not exempt as a sale of realty under RCW 82.04.390. However, once affixed to land, the house is classified as real estate and exempt from Sales or Use Tax. Thus, taxpayer did not fall within the sale for resale exemption as the house was for resale "as tangible personal property." (Letter.)