



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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.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: 229.12.178

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.**

## DETERMINATION OF MINIMUM VALUE OF TANGIBLE PERSONAL PROPERTY

Issued September 9, 1966

Where there is a conflict over the value of tangible personal property, can the minimum value of tangible personal property be determined from the taxpayer's record entries on his books of account?

The taxpayer purchased certain tangible personal property as a part of his acquisition of a grocery business which he managed. The items purchased were made up of inventory, furniture and fixtures, and good will. The total purchase price was \$17,500, and the taxpayer reported Use Tax on \$1,000 worth of tangible personal property acquired by said purchase. The taxpayer's books of record, however, showed the value of tangible personal property acquired to be \$8,000. The state assessed an additional Use Tax on the difference between the tax paid and that amount recorded in the taxpayer's books. The taxpayer contended that the \$1,000 figure was correct and that the book entry should not be used as a basis for the additional assessment. Oral testimony was offered to substantiate the taxpayer's claim that the value of the furniture and fixtures was not in excess of \$1,000.

The Tax Commission held that the policy of the Commission is to accept the taxpayer's own records as an admission of the minimum value of tangible personal property set up as a capital asset. The Commission is not necessarily bound by such record entry, for, if it is established that the entry was not the true purchase price or did not fairly represent the value thereof, further evidence will be obtained for the making of an intelligent determination.

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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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Applying the above rule to the case at hand, the Commission denied the taxpayer's assertion that \$8,000 was not the proper amount attributable to the purchase price of the tangible personal property. The

Commission noted that while the value of the property might be otherwise, the taxpayer's records showed that \$8,000 was what he paid for it. (Order.)