



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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.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: 232.08.118

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.**

## PARKING FEES AS INCOME FROM RENTAL OF REAL ESTATE

Issued September 16, 1966

Where designated parking spaces are rented for thirty day periods for the exclusive use of a customer, is the income from parking fees exempt from Sales Tax as income from rental of real estate?

The taxpayer operated a parking lot and rented parking spaces for thirty day periods. The customers parked their own cars and had the right of exclusive use of designated parking spaces. The taxpayer contended that no Sales Tax was due on the parking fees.

RCW 82.04.050 includes within the definition of retail sale fees received by persons engaging in the automobile parking and storage garage businesses. However, the Retail Sales Tax does not apply to rentals of real estate. Rule 118 defines a lease or rental of real estate as an agreement which

... conveys an estate or interest in a certain designated area of real property with an exclusive right in the lessee of continuous possession against world, including the owner, and grants to the lessee the absolute right of control and occupancy during the term of the lease or rental agreement . . . .

As the rental period was for thirty days or more, the customers parked their own cars, and designated spaces were assigned for the exclusive use of each customer, the Commission held the parking fees to be from the rental of real estate and not subject to Sales Tax. (Letter.)

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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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