



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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.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

STIMULATING WHOLESALE SALES BY PROMOTING RETAIL SALES

Issued August 5, 1977

Do a seller's representatives who stimulate wholesale sales in Washington by promoting retail sales create nexus for business and occupation tax on the seller's wholesale sales?

The out-of-state taxpayer sold ocular drugs to retailers. Its two resident employees in Washington gave samples and promotional literature to Washington physicians. The Department of Revenue ruled that promotion of retail sales in this manner was sufficient nexus (i.e. connection, tie, link) in the state of Washington to assess business and occupation tax on the seller's wholesale sales.

Where an out-of-state seller has resident employees in Washington who perform substantial services in relation to establishment and maintenance of sales into the state, the business tax is applicable, even though the seller may not have formal offices in Washington. This rule is consistent with the holding of General Motors Corporation v. Department of Revenue of Washington, 377 U.S. 436 (1964).

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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Please direct comments to:
Department of Revenue
Legislation & Policy Division
P O Box 47467
Olympia, Washington 98504-7467
(360) 753-4161 eta@DOR.wa.gov