



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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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CONVERSION DATE: July 1, 1998

**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.**

SALES TAX - CHARGES FOR TOWING DAMAGED OR INOPERABLE VEHICLES FOR REPAIR.

Issued November 1, 1988.

RCW 82.04.050 includes specific business services within the definition of "retail sale". Generally, these retail services are not capable of being purchased by anyone for resale. The statute includes "charges" for such services as being "retail sales", without regard to whether they are performed for "consumers".

It has been the consistent position of the Department of Revenue that retail services are not sold at wholesale and therefor resale certificates may not be provided to persons who render retail services. Such service providers may not report their income from these kinds of services under Wholesaling B&O tax and avoid sales tax collection.

With respect to certain special situations, however, involving charges for towing damaged or inoperable vehicles to service stations or automotive repair shops for repair or servicing, the Department has reviewed its position for future application only.

In these special cases the towing charges may be paid by the service station or repair shop as a simple matter of convenience, before they are billed by the shops to the vehicle owner or other person (e.g. insurance company) for whom the repairs are done. The service station or shop does not itself benefit from the towing and does not include the towing as a component of any further repair work performed for the vehicle owner. Rather, towing charges of this kind are simply billed again by the station or shop to their customers, the vehicle owners or others, who ultimately pay for the towing and repairs on a straight

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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through charge or marked up basis. The total charge made by the repair shop or service station to the vehicle owner or customer will then be subject to retail sales tax, including the towing charge portion.

Under the special circumstances outlined above, the Department will allow towing companies to accept resale certificates from the service stations or repair shops. Retail sales tax need not be collected and accounted for by such towing companies on these kinds of charges at this level of towing transactions. Income from such charges should be reported under the Wholesaling B&O tax classification by the towing company.

This is a unique factual circumstance pertaining only to towing damaged or inoperable vehicles which will be repaired or serviced. All other automotive towing is subject to sales tax on the charges paid by any person.

This policy position has prospective application only, from the issue date of this bulletin. No tax refunds or amended returns for prior periods will be granted.