



Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

NUMBER: 3031.2009

ISSUE DATE: February 2, 2009

Layaway Charges

Are layaway deposits on layaway sales taxable where the customer forfeits the deposit and the seller retains said deposits?

Some sellers collect a deposit/service charge on each layaway sale which is paid at the time the sale is made. If the total purchase price was paid in full within the layaway period, the sellers refund the service charge in full. When customers forfeit the deposit/service charge by not paying in full within the layaway period, and the taxpayer retained the revenue from such forfeitures.

Even though the deposit/service charge was received for a retail or wholesale purchase, the retained layaway charges are not retail sales. Such charges retained by the taxpayer were taxable under the business and occupation tax classification, "service and other activities."

All ETAs were cancelled on February 2, 2009 and those which had a continued use were rewritten and reissued using a new numbering system. The new ETAs are numbered using the following format 3nnn.yyyy. The Department of Revenue issued ETA 3001.2009 which includes a cross reference table showing the old and new ETA numbers for those ETAs that were rewritten.

Please direct comments to:
Department of Revenue
Interpretation and Technical Advice
Division
P O Box 47453
Olympia, Washington 98504-7453
(360) 570.6124 eta@DOR.wa.gov

To inquire about the availability of receiving this document in an alternate format for the visually impaired or language other than English, please call (360)705-6715. Teletype (TTY) users please call 1-800-451-7985.