



Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

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Purchase of Personalty for Resale as Realty

Does the purchase of a house as personal property and resale as real property, after having been improved and affixed to the land, qualify as a purchase for resale?

The issue is whether a house situated on condemned property and purchased for the purpose of moving it, locating it on a lot, improving it, and reselling it, is subject to retail sales or use tax.

Use tax is imposed by RCW 82.12.020 for "the privilege of using within this state as a consumer any article of tangible personal property purchased at retail." RCW 82.12.010(2) defines the term "use" to have its

ordinary meaning, and shall mean the first act within this state by which the taxpayer takes or assumes dominion or control over the article of tangible personal property (as a consumer), . . .

The term "consumer" is defined by RCW 82.04.190 to mean

Any person who purchases, acquires, owns, holds, or uses any article of tangible personal property other than for the purpose (a) of resale as tangible personal property. . . .

In purchasing the house, installing or affixing it to realty, and holding the house and lot for sale, there is an assumption of dominion and control over the house and the house is "used" within the meaning of the law. Therefore, the purchase of a house as personal property and resale as realty is not a purchase for resale. The sale of a house, unaffixed to the land, is a sale of personal property subject to retail sales tax and not exempt as a sale of realty under RCW 82.04.390. However, once affixed to land, the house is classified as real estate and exempt from retail sales or use tax.

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.

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