



Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

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Retail Sales Tax - Charges for Towing Damaged or Inoperable Vehicles for Repair

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."

Retail services generally cannot be sold at wholesale and therefore 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 the wholesaling B&O tax classification and avoid retail sales tax collection.

With respect to towing of damaged or inoperable vehicles to service stations or automotive repair shops for repair or servicing, the towing charges may be paid by the service station or repair shop as a simple matter of convenience, before being 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 through charge or marked up basis. The total charge, including the towing charge, made by the repair shop or service station to the vehicle owner or customer will be subject to retail sales tax.

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.

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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