



Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

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Withdrawal of published determinations

The Department is required to provide an internal review system for the Department's actions in the assessment or collection of taxes. It does this in part through its Appeals Division. The Appeals Division reviews taxpayers' appeals, and issues written opinions, called determinations. In some cases, the Department concludes that a particular determination provides useful guidance for a number of taxpayers and thus, in accordance with RCW 82.32.410, some are published. These determinations, called Washington Tax Decisions or WTDs, are published by the Department on its Internet website and are available to taxpayers, tax practitioners, Department employees, and the public.

There may be occasions when a WTD does not accurately state the position of the Department, no longer provides useful guidance, or is incorrect. In these instances, the Department needs to inform taxpayers, tax practitioners, and Department personnel when the WTD should not be followed. The usual way for the Department to do this is to overrule the erroneous WTD in a later published determination. When the Department does not have an opportunity to timely overrule the WTD in this manner, the Department will issue an excise tax advisory (ETA) or ETA supplement to announce the withdrawal of the WTD to avoid misunderstandings about how the Department will apply the law.

The following WTD was withdrawn effective January 17, 2003:

Det. 89-38, 7 WTD 125. The determination incorrectly applied RCW 82.04.260(4) (formerly 82.04.260(8)) and ETA 3059.2008 to a rendering business whose primary function was to produce nonperishable products. Because the taxpayer in the determination was not slaughtering, breaking or processing perishable meat products, it was not entitled to the tax rate contained in RCW 82.04.260(4). Generally, when a taxpayer is engaged in a process that includes multiple related activities, the Department will look to the primary activity to determine the appropriate tax classification for the process. ETA 3059.2008 explains the application of RCW 82.04.260(4) to taxpayers whose primary activity is to slaughter, break or process perishable meat products.

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

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The following WTD was withdrawn effective February 14, 2003:

Det. 97-111ER, 19 WTD 116. The Department has learned that the critical facts described in this determination are inaccurate. Therefore, the Department does not believe this determination provides helpful guidance.

The following WTD was withdrawn effective October 31, 2003:

Det. 98-101, 18 WTD 260. The taxpayer in this determination is engaged in the business of escrow and closing of vessel sale transactions. Standard practice had been that upon closing of a transaction involving a vessel dealer the taxpayer would remit the sales tax collected on the sale to the selling vessel dealer. The taxpayer requested a ruling that it be permitted to collect and pay sales or use tax directly to the Department of Licensing when the vessel dealer was acting as an agent or broker for a vessel owner. This would relieve the vessel dealer of the duty to remit the collected retail sales tax to the Department of Revenue. The determination granted the taxpayer's request on the basis that there was no legal bar to the taxpayer collecting and remitting sales tax on behalf of dealers, as their agent.

This determination has been cancelled because the conclusion is incorrect. The Department of Licensing is by law only authorized to collect use tax on behalf of the Department of Revenue. Thus, in a transaction not involving a vessel dealer and where the owner/seller is not registered with the Department, the taxpayer as agent of the buyer may remit use tax to the Department of Licensing at the time of vessel registration. There is no statutory authority for remitting collected retail sales tax to the Department of Licensing. Consistent with RCW 82.08.040 and WAC 458-20-159 (Consignees, bailees, factors, agents and auctioneers), the selling vessel dealer as agent of the vessel owner is responsible for collecting and remitting retail sales tax to the Department of Revenue.

The following WTD was withdrawn effective September 19, 2005:

Det. 04-0232, 24 WTD 230. The taxpayer in this determination manufactured products in a Foreign Trade Zone (FTZ) located in another state. From there, it sold and delivered products directly to its customers in Washington. The taxpayer protested imposition of wholesaling B&O tax on those sales, arguing that Washington's B&O tax on goods coming from an FTZ was preempted by the federal FTZ Act, prohibited by the Import-Export Clause of the United States Constitution, and also prohibited by the Department's own rule, WAC 458-20-193C. The Department ruled that neither the Foreign Trade Zone Act nor the Import-Export Clause preempted Washington's tax and that Rule 193C could not be interpreted to provide an exemption not provided by the United States Constitution.

The Department believes that Det. 04-0232 correctly found that the taxpayer in the determination was liable for B&O tax. However, the Department has decided that publication of the determination's discussion of the federal Import-Export Clause and Rule 193C was premature. In light of the questions raised during the rule-making process for Rule 193C on the legal justification of taxing imports and exports while they remain in transit, and the potential impact on Washington businesses, the Department has decided that it should wait for further clarification of the law before proceeding with action in this area. A case involving similar circumstances is pending before the West Virginia Supreme Court. The ultimate resolution of that case may provide additional guidance for the Department. Until further notice, the Department will continue to apply Rule 193C as currently written.