

BEFORE THE INTERPRETATION AND APPEALS DIVISION
DEPARTMENT OF REVENUE
STATE OF WASHINGTON

In the Matter of the Petition) D E T E R M I N A T I O N
For Refund of)
) No. 89-107
)
 . . .) Unregistered
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[1] **RULE 108, RULE 107, RULE 247, AND RCW 82.08.010 (1):**
SALES TAX -- SELLING PRICE -- AUTOMOBILE REBATE. A
manufacturer's automobile rebate endorsed by a
customer in favor of a dealer, as part of the
consideration for the purchase of an automobile, is
part of the selling price of the auto and is subject
to retail sales tax.

Headnotes are provided as a convenience for the reader and are
not in any way a part of the decision or in any way to be used
in construing or interpreting this Determination.

TAXPAYER REPRESENTED BY: . . .

DATE OF HEARING: March 8, 1988

NATURE OF ACTION:

Petition for refund of sales tax paid on automobile rebate
amount.

FACTS AND ISSUES:

Dressel, A.L.J. -- . . . (taxpayer) purchased a 1987 Subaru
automobile from . . . Motors, Inc. in To the
agreed purchase price of \$13,722, sales tax and license fee
were added. From that total a rebate amount of \$1,500 was
subtracted. That arithmetical operation yielded a figure
which the taxpayer paid in cash, but under protest. His

objection was that the effect of the above-described computations was that he paid sales tax on the \$1,500 rebate amount. He feels he should pay sales tax only on the money that came out of his own pocket.

The rebate was authorized by either the Subaru manufacturer or distributor. It was advertised to the public. Dealers who wished to participate were required to pay a fee to the manufacturer or distributor. The rebate program called for a cash payment direct from the manufacturer or distributor to customers purchasing new Subaru automobiles in a certain time frame. As an alternative to direct payment, however, the customer could endorse a document such that she or he transferred her or his right to the rebate to the selling dealer. The result of this would be that the dealer would reduce the amount owed on the car by the buyer. It could do this because of the rebate amount that would be sent to it by Subaru. If this alternative were utilized, of the total consideration paid for the car, \$1,500 would come from Subaru and the balance from the customer. That is what was done in the instant case.

The issue is: Does the selling price of an automobile include a manufacturer's rebate assigned by a customer to a dealer?

DISCUSSION:

Retail sales tax is measured by the "selling price". RCW 82.08.020. Selling price is defined at RCW 82.08.010 (1) as:

(1) "Selling price" means the consideration, whether money, credits, rights, or other property except trade-in property of like kind, expressed in the terms of money paid or delivered by a buyer to a seller... (Italics ours.)

[1] In the present case, the taxpayer surrendered money and the endorsed rebate certificate to the dealer in exchange for the new automobile. Clearly, the definition of selling price is not limited to money. It includes "credits, rights, or other property" as well. Just as clearly, the rebate certificate is a credit or a right in that it may be redeemed by the dealer for \$1,500. Therefore, the measure of sales tax in the transaction at issue should include that portion of total consideration attributable to the rebate certificate. The dealer properly calculated the sales tax on that basis.

DECISION AND DISPOSITION:

DETERMINATION (Cont)

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The taxpayer's petition is denied.

DATED this 28th day of February 1989.