State of Washington Department of Revenue

Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

NUMBER: 357.04.211 CONVERSION DATE: July 1, 1998

BAILMENTS: HANDLING AND CLEANING CHARGES

Issued June 5, 1970

Should amounts billed to bailees by bailors for handling items be properly classified as retail sales or in the Service and Other Activities category of the business and occupation tax when the items are serviced as well as stored?

The taxpayer maintained film libraries for various firms. He objected to reclassification from the Service and Other Activities to the Retail Sales category of the business and occupation tax for amounts billed to film owners for servicing and maintaining films on deposit. The taxpayer collected retail sales tax for repairs, but not for the handling charges. As part of the handling contract, the film was inspected and cleaned before storage, while the repair expenses were extra.

The department held that although the activity of cleaning and repairing tangible personal property falls within the definition of retail sale, RCW 82.04.050; here the cleaning was merely incidental to the handling contract since there was no extra charge. Therefore, the gross amount received for handling the items is subject to the Service and Other Activities classification since such handling charges do not fall within the retail sale definition.

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

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