



Mitigation and destination-based sales tax

Reporting destination-based taxes

Changing from origin-based to destination-based

Prior to July 1, 2008 Washington state sales tax was “origin-based”, meaning that the local tax rate used when calculating taxes was the location of the item sold.

Washington State changed to “destination-based” sales tax, meaning that tax for items shipped or delivered are now calculated at the point of delivery or first use, rather than the location where the item was shipped from.

Items purchased at a storefront are still charged tax at the local rate of the storefront. If the item is delivered, however, the rate changes to the delivery address.

Other sales not affected by this change are:

- wholesale sales
- most services
- sales of motor vehicles, trailers, semi-trailers, aircraft, watercraft, modular homes, and manufactured and mobile homes
- florists (more than 50% of sales must be cut flowers and similar items)
- sales that were already destination based prior to July 1, 2008, such as construction activities

How to report

Businesses must report sales to individual location codes. This means that if a business makes both sales in-store, and delivers, they will likely have multiple location codes under which they must report.

Example:

A customer buys a couch from a furniture store in City A (location code 3120), and asks to have it delivered to her home in City B (location code 3103). The price of the couch is \$220.00. The customer also buys a lamp that she takes home the same day, which costs \$5.

- Before July 1, 2008, all sales would have been attributed to the storefront, location code 3120.
- After July 1, 2008, the delivery would be attributed to the delivery location code, 3103, whereas purchases taken from the storefront would be attributed to 3120.

BEFORE JULY 1, 2008: ORIGIN-BASED

III LOCAL CITY AND/OR COUNTY SALES AND USE					
Local Sales Tax (Enter applicable rate of tax.)					Code 45
Total Taxable Amount must be the same as line 18, column 3, Taxable Amount					
Line No.	Location Code	Taxable Amount	Local Rate	Tax Due City or Co.	
20	3120	225 .00	.024	5	.40
21					
22					
23					
TOTAL		225 .00	TOTAL	5	.40

AFTER JULY 1, 2008: DESTINATION-BASED

III LOCAL CITY AND/OR COUNTY SALES AND USE					
Local Sales Tax (Enter applicable rate of tax.)					Code 45
Total Taxable Amount must be the same as line 18, column 3, Taxable Amount					
Line No.	Location Code	Taxable Amount	Local Rate	Tax Due City or Co.	
20	3120	5 .00	.024	0	.12
21	3103	220 .00	.020	4	.40
22					
23					
TOTAL		225 .00	TOTAL	4	.52