



# Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

JANUARY 2017

## Brokered Sales of Vessels – Determining the Place of Sale

The “place of sale” on brokered vessel sales determines the sales tax rate that applies and which local jurisdiction gets the local sales tax.

Vessel brokers are deemed to be the seller under [RCW 82.08.010\(2\)\(a\)](#). **The place of sale on a brokered vessel transaction is the “selling broker’s” in-state office location. The selling broker is the buyer’s agent.**

It is the standard practice of this industry for the selling broker (the buyer’s agent) to collect and pay the sales tax to the state on the buyer’s behalf. This practice agrees with the Department of Licensing’s (DOL) requirement that the broker registers the vessel with DOL on behalf of the buyer. Otherwise, the buyer would be relying on the seller’s agent to register the vessel on behalf of the buyer. In that situation, it would be opposite of the reasoning behind a buyer hiring an agent to represent their own interests.

## Exceptions to the Sales Tax Collection Obligation – 10-Day Report

Brokers do not have to collect sales tax from buyers when:

- the broker receives a commission on the sale, and
- the entire transaction is closed directly between the owner and the buyer, and
- the sale is reported to the Department on the broker’s Transaction Report.

Brokers have 10 days after the sale closes to file the Broker’s Transaction Report with the Department. This provision applies to both listing brokers and selling brokers.

## Record keeping requirements for brokers

To be relieved of the sales tax collection obligation, brokers must keep all of the following documents in their records:

- Copy of the Report of Sale
- Listing agreement
- Department of Licensing records of purchase (per RCW 88.02.210 and 220)
- Title or other such documents

## Questions?

Contact any Dept. of Revenue office or call our Telephone Information Center at 1-800-647-7706.

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For tax assistance or to request this document in an alternate format, visit <http://dor.wa.gov> or call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay Service by calling 711.