



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

May 18, 2007

The Streamlined Sales and Use Tax Agreement (SSUTA) Effective July 1, 2008

Substitute Senate Bill (SSB) 5089, Chapter 6, Laws of 2007 establishes laws allowing Washington's tax structure to conform to the Streamlined Sales and Use Tax Agreement (SSUTA). This Special Notice provides vendors in Washington a summary of changes associated with SSUTA.

What is SSUTA?

SSUTA is a cooperative effort of multiple states, local governments and the business community. SSUTA provides for a simpler and more uniform sales and use tax structure for businesses selling into multiple states.

What changes with SSUTA?

The sourcing of local sales tax changes with SSUTA. Washington will change from an origin-based tax system for sourcing local retail sales tax to a destination-based system.

Currently, retailers of goods and merchandise source local sales tax to the retail outlet at which or from which delivery is made to the consumer (origin-based sourcing).

Effective July 1, 2008, the local sales tax rate will be based on the location in Washington where the customer receives the merchandise (destination-based sourcing).

Who is affected by SSUTA?

This law applies to Washington retailers who **sell and deliver or ship** goods and merchandise to customers in Washington. **SSUTA only applies to the delivery or shipment portion of your business activity.**

Example: ABC Stationary Supply (ABC) sells items over the counter to customers, and also accepts mail orders where they use a parcel service to make deliveries to customers both inside and outside Washington.

ABC will need to collect sales tax in the following manner, after July 1, 2008

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- Over-the-counter sales to walk-in customers.
 - ◆ The sales tax rate is determined by the store location. (No change from current sales tax collection).
- Uses their own vehicles to deliver to local customers.
 - ◆ Sales tax rate is determined by the customer's location (ship-to address).
- Uses a package delivery service for their in-state customers outside of their area.
 - ◆ Sales tax rate determined by the in-state address the items are mailed to.
- Uses a package delivery service for their out-of-state customers.
 - ◆ Washington sales tax is not due on items delivered outside of this state.

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Businesses that may be affected by destination sourcing include (a non-inclusive list):

All types of businesses that ship or delivery goods or merchandise to customer, including:

- Food and beverage facilities
 - ◆ Grocery stores, restaurants, caterers, pizza delivery, lunch box delivery, etc.
- “Big Box” retailers
 - ◆ Furniture, electronics, appliances
- Office supply businesses
- Warehousing businesses
- Parts dealers
- Building material stores
- Fuel deliveries

SSUTA does not apply to sales of motor vehicles, trailers, semi trailers, aircraft, watercraft, modular, manufactured, and mobile homes.

If your business does not deliver goods and merchandise in Washington SSUTA does not apply to you.

What help is available to assist business owners in Washington:

- Small businesses grossing less than \$500,000 per year are eligible for up to \$1,000 in tax credits; or
- two years free service from a certified service provider (a company that helps determine sales tax rates and files returns).
- Amnesty for qualifying businesses

Additional Information:

The Department of Revenue’s web site at dor.wa.gov provides the following SSUTA information for business owners:

- FAQ’s
- Destination Examples
- Decision Trees
- Power Point Training
- All notices and publications
- Presentations and workshops