

# Special Notice

*Intended audience: Public transportation agencies, major employers, and employees of major employers purchasing ride-share vehicles, sellers of such vehicles, and ride-share operators.*

**Aug. 19, 2021**

## Ride-share vehicles

Beginning Sept. 1, 2021, the law provides new requirements for a sales and use tax exemption on purchases of vehicles to be used in certain ride-share programs, and broadens certain definitions. This Special Notice focuses on the sales and use tax exemptions for purchases of vehicles to be used in certain ride-share programs.

## What qualifies?

To qualify for a sales or use tax exemption, the passenger motor vehicle must:

- Have a seating capacity of **three** or more passengers, including the driver, when operated by a public transportation agency.
- Be used for ride sharing in the transport of at least **five** passengers when operated by any ride-sharing operator other than a public transportation agency.
- Be used for ride sharing for 36 consecutive months beginning from the date of purchase.
- Be operated in one of the following areas:
  - The state's eight largest counties that are required to develop commute trip reduction plans as directed by chapter 70A.15 RCW.
  - Other counties, or cities and towns within those counties, that elect to adopt and implement a commute trip reduction plan.
  - Other counties where the vehicle is registered with, or operated by, a public transportation agency.
- And meet at least one of the following conditions:
  - The vehicle must be operated by a public transportation agency for the benefit of the general public.
  - The vehicle must be used by a major employer, as defined in RCW 70A.15.4010, as an

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element of its commute trip reduction program for their employees.

- The vehicle must be owned and operated by individual employees and must be registered either with the employer as part of its commute trip reduction program or with a public transportation agency.

## How does a seller document and report sales of ride-share vehicles?

A buyer must present the seller with a completed Buyer's Retail Sales Tax Exemption Certificate form, declaring the purpose and intent of the vehicle.

When reporting the sale on the excise tax return, a seller may claim the **Sales of Qualified Ride-sharing Vehicles** deduction from retail sales tax.

## Buyer is a business

A business taking an exemption must report it on the Buyers Sales and Use Tax Preference Addendum within MyDOR.

## Ride-share operators

Funds received in the course of ride sharing, or ride sharing for persons with special transportation needs, is exempt from Business & Occupation (B&O) tax and Public Utility Tax (PUT). When filing excise tax returns, ride-share operators may claim the **Qualified Ride-sharing Services** deduction from either classification.

## Definitions

**Major employer** means a private or public employer, including state agencies, that employs one hundred or more full-time employees at a single worksite who begin their regular workday between 6:00 a.m. and 9:00 a.m. on weekdays for at least twelve continuous months during the year (RCW 70A.15.4010).

**Persons with special transportation needs** means those persons, including their personal attendants, who because of physical or mental disability, income status, or age are unable to transport themselves or to purchase appropriate transportation.

**Ride sharing** means a carpool or vanpool arrangement whereby one or more groups not exceeding fifteen persons each including the drivers, and not fewer than three persons including the drivers are transported in a passenger motor vehicle with a gross vehicle weight not exceeding 10,000 pounds. "Ride sharing" does not include transportation provided in the normal course of business by entities that are subject to chapters 46.72A, 48.177, 81.66, 81.68, 81.70, and 81.72 RCW, or offer peer-to-peer car sharing.

**Ride sharing for persons with special transportation needs** means an arrangement whereby a group of persons with special transportation needs, and their attendants, is transported by a public social service agency or a private, nonprofit transportation provider, as defined in RCW 81.66.010,

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serving persons with special needs, in a passenger motor vehicle as defined by the department to include small buses, cutaways, and modified vans not more than twenty-eight feet long. The driver need not be a person with special transportation needs.

**Ride-sharing operator** means the person, entity, or concern, not necessarily the driver, responsible for the existence and continuance of ride sharing, or ride sharing for persons with special transportation needs. The term “ride-sharing operator” includes, but is not limited to, an employer, an employer’s agent, an employer organized association, a state agency, a county, a city, a public transportation benefit area, a public transportation agency, or any other political subdivision that owns or leases a ridesharing vehicle.

## Questions?

Please visit [dor.wa.gov](http://dor.wa.gov) or call 360-705-6705.

See [RCW 82.04.355](#), [82.08.0287](#), [82.12.0282](#), [82.16.047](#), [82.32.808](#), [70A.15.4010](#).

For information on ride-share plates, see [dol.wa.gov](http://dol.wa.gov).