



# Retail Sales Tax & My Business

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*"Working together to  
fund Washington's future"*

# Retail Sales Tax

- What is retail sales tax?
  - Form of excise tax
  - Trust Fund money
  - Computed on total selling price
  - Buyers to pay, Seller to collect
  - Must be separately stated on bills, invoices, or other sales documents
  - Retail Sales Tax is the largest excise tax levied in Washington (a consumer based tax)

# What is Subject to Retail Sales Tax?

- When does my business need to collect retail sale tax?
  - When your business makes sales of tangible property or specifically identified retail services to direct consumers.

# Who is Subject to Retail Sales Tax?

- Everyone is subject to retail sales tax unless they are otherwise exempted by statute i.e.:
  - Federal Government
  - Red Cross
  - Certain manufacturing equipment
  - Sales to qualifying tribal members
  - Certain farming equipment

# Rate of Retail Sales Tax

- What determines the rate of retail sales tax I should collect?
  - Sales of tangible personal property are subject to the sales tax rate of where the goods are purchased or if shipped the location of the delivery in Washington.
  - Sales of retail services are taxed based on the location of where the retail service is provided.

# Local Sales Tax Rates

- How can I find the correct local sales tax?
  - Local Sales & Use Tax Flyer – online at [www.dor.wa.gov](http://www.dor.wa.gov)
  - GIS look-up available online
  - Call the Telephone Information Center at 800-647-7706
  - And as of May 2012.....

# Tax Rate Look-up App

- The Department made available a free mobile App that will help you find the sales/use tax rate & location code for any location in Washington. You can look up rates by your current location (using GPS), address, or zip code. Available for Android and IOS at the App Store



# iPhone & Android

## Screen Shots





# Exemptions

What types of items are exempt from retail sales tax?

- Certain food products
- Newspapers
- Prescription drugs
- Interstate and foreign sales
- Sales to Native Americans – delivered to reservation
- Certain purchases made by qualifying artistic or cultural organizations

## Exemptions (continued)

- Sale to certain nonresidents – with proof of nonresident status - applies only to the following States, U.S. Possession, & Canadian Provinces: Alaska, Colorado, Delaware, Montana, New Hampshire, Oregon, American Samoa, - Canadian Provinces of Alberta, Nunavut. Northwest Territories, & Yukon Territory
- Manufacturing machinery and equipment
- Other – this deduction should be well documented if used.

## Reseller Permits

- Reseller permits are issued to businesses making wholesale purchased/purchases for resale without paying sales tax.
- Businesses not making purchases for resale are not entitled to or are issued a reseller permit
- Most businesses are automatically issued a reseller permit when they register to do business based on the information they provide on their Business License Application
- Issued within 60 days of application

## Reseller Permits (continued)

- If the reseller permit is not automatically issued the business must apply for the permit
- Construction contractors must apply and will be required to renew the permit on every two years

### **Reseller Permit Verification Service**

- This is a free service allowing you to submit and receive verification of you customers' reseller permit information

# Copy & Share your Reseller Permit

- What to do with the reseller permit:
  - Make copies of your reseller permit
  - Give either a paper or electronic copy to businesses where you make purchases of goods or subcontracted services.
  - **DO NOT GIVE AWAY YOUR ORIGINAL PERMIT**

# Use Tax

- What is use tax?
  - Companion tax to retail sales tax
  - Is due on goods purchased/acquired for use in Washington where retail sales tax was not paid
  - Due on the value of the article used to include shipping costs or other fees added to the price of the item
  - Same rate as retail sales tax at the location of first use in this State.

# Use Tax Examples

- Items used to conduct business that do not become a component part of what is resold i.e. tools, equipment consumable supplies
- Purchases from another state or country by:
  - Mail order
  - Internet
  - Telephone
  - Gifts where no sales tax was previously paid

# CONTACT INFORMATION

- Local Offices – addresses & direction available at [www.dor.wa.gov](http://www.dor.wa.gov) – under contact us
- Telephone Information Center at 1-800-647-7706
- By E-mail at [www.dor.wa.gov](http://www.dor.wa.gov)
- USPS Mail – Department of Revenue  
PO Box 47478  
Olympia, WA 98504



# Services offered by the Dept. of Revenue

- Telephone Information Center (Taxes) 800-647-7706
- Business Licensing Telephone Center 800-451-7985
- Written Advice
- Tax Workshops
- Taxpayer Rights Advocate Service
- Publications
- Speakers Bureau
- Internet – [www.dor.wa.gov](http://www.dor.wa.gov) & [www.bls.dor.wa.gov](http://www.bls.dor.wa.gov)
- Electronic filing
- Business Licensing & renewals

# Questions?

