



State of Washington
Department of Revenue

Excise Tax Advisory

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NUMBER: : 091.08.166:

CONVERSION DATE: July 1, 1998

This ETA is cancelled effective January 29, 2009. A lodging provider's responsibility to pay retail sales or use tax on tangible personal property used in providing lodging services is adequately addressed in WAC 458-20-166.

LEASE FOR PURPOSES OF RELETTING

Issued July 22, 1966

Is the lease or purchase of tangible personal property exempt from Retail Sales Tax as a sale for resale where the property leased is used in rendering lodging services which are subject to Sales Tax?

The taxpayer leased a ship from its owner for use as a floating hotel. The taxpayer collected Sales Tax on all room rentals but no Sales Tax was paid on the lease of the boat. The taxpayer considered the leasing of the ship to be exempt from tax since the "resale" of the rooms in connection with furnishing lodging for hire was taxable.

The taxpayer as lessee acquired the ship to render the service of renting rooms. The ship was not resold or subleased in the same unit as originally leased. The leasing of the ship and the renting of rooms in the conduct of a hotel business constituted two separate taxing incidents. The Retail Sales Tax therefore applied to the lease of the ship as well as the rental of rooms.

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

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