



# Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

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**This ETA is cancelled effective September 14, 2015. The issues addressed in this ETA have been incorporated into revised WAC 458-20-108, which became effective August 21, 2015.**

## **Effect of Manufacturers' Rebates on the Measure of Tax Liability**

Manufacturers will often make rebates available to customers. Under a typical procedure, the customer will pay the supplier the full purchase price for the product. The customer will send an itemized sales invoice, proof of purchase, and rebate claim form to the manufacturer. The rebate will be sent directly to the customer. This Excise Tax Advisory explains the tax consequences of manufacturer's rebates.

RCW 82.08.020 provides that the retail sales tax is measured by the selling price. The term "selling price" is defined by RCW 82.08.010 as:

[T]he consideration, whether money, credits, rights, or other property except trade-in property of like kind, expressed in the terms of money paid or delivered by a buyer to a seller

....

A cash payment by the manufacturer to the buyer has no effect on selling price of the sales transaction between the buyer and seller. The measure of the business and occupation and retail sales tax liabilities remains the total consideration paid or delivered by the buyer to the seller.

As an alternative to direct payment to the buyer, some programs allow the customer to assign his or her right to the rebate to the selling dealer.

The assignment to the dealer of a buyer's right to a manufacturer's rebate is a part of the consideration paid or delivered by the buyer to the seller. In such cases, the measure of the business and occupation and retail sales tax liabilities must include the value of the manufacturer's rebate. If a new vehicle is purchased by a Washington resident from an out-of-state dealer, the amount of a manufacturer's rebate may not be deducted or excluded in determining the use tax liability.

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**All ETAs were cancelled on February 2, 2009 and those which had a continued use were rewritten and reissued using a new numbering system. The new ETAs are numbered using the following format 3nnn.yyyy. The Department of Revenue issued ETA 3001.2009 which includes a cross reference table showing the old and new ETA numbers for those ETAs that were rewritten.**

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