Washington State
Tax Guide

TRUCKING
rucking is a multifaceted industry in the state of Washington. In addition to the 
hauling of goods into and through the state, many other business activities fall 
under the umbrella of “trucking” industry. These businesses include fuel stations, 
repair facilities, broker services, and leasing companies, to name a few.

The taxability of trucking and trucking related businesses depends on the activity 
performed. This guide is intended to provide general information regarding tax 
obligations and tax reporting instructions. In addition, Departmental resources 
are included to provide multiple ways to obtain tax related information.

This guide was created to help persons owning transportation vehicles and 
working in the trucking industry to easily understand Washington State taxes 
that apply to their business activities.

The information in this guide is current at the time of publication. Please 
remember that state laws change on a regular basis and this guide will not reflect 
changes that occur after printing.

This guide is intended to provide general tax information only. For more 
information or to get answers to specific questions, please contact the 
Department of Revenue using the mailing address, phone number, or website 
listed below:

Taxpayer Services Division
Washington Department of Revenue
PO Box 47478
Olympia, Washington 98504-7478
Telephone Information Center
1-800-647-7706
Web site: http://dor.wa.gov

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Taxpayer Rights and Responsibilities

The Taxpayers of the State of Washington have the Right to:

- Simple and prompt administrative process for tax refunds and credits.
- Timely, fair and equitable treatment with dignity and respect.
- Accurate written information on reporting instructions, appeal procedures, refund claims and reasons for assessment.
- Public hearings on proposed rules.
- Review and appeal of assessments, business registration revocation and adverse rulings.
- Remedies when statutes and rules are found to be unconstitutional.
- Confidentiality of financial and business information.

The Taxpayers of the State of Washington have the Responsibility to:

- Register with the Department of Revenue.
- Know their tax reporting obligations and seek instructions when they are uncertain.
- Keep accurate and complete business records.
- File returns and pay taxes in a timely manner.
- Ensure the accuracy of the information entered on their tax returns.
- Substantiate claims for refund.
- Notify the Department of Revenue and pay taxes promptly when closing a business.
Terms Relevant to this Guide

**Business and Occupation (B&O) Tax:** A gross receipts tax imposed on persons conducting business activities in Washington. There are different reporting classifications for various business activities. Each classification has its own tax rate. Persons performing more than one activity may be subject to B&O tax under more than one classification.

**Master Application:** A document completed by a person registering a business in Washington with one or more state agencies. Upon submitting a Master Application, the person receives a Unified Business Identifier (UBI) number and a Master License to post at the business location(s).

**Public Utility Tax (PUT):** A tax on public service businesses, including businesses that engage in transportation. The tax is in lieu of the business and occupation (B&O) tax.

**Resale Certificate:** A certificate a seller takes from the buyer to document the wholesale nature of a sale. The law requires that a resale certificate contain certain information. See WAC 458-20-102 for more details.

**Retail Sales Tax:** Businesses making retail sales in Washington collect sales tax from their customers. Generally, retail sales tax is collected on sales of tangible personal property and sales of services such as installation, repair, cleaning, altering, improving, construction, and decorating. Retail sales tax includes the state and local components of the tax.

**RCW (Revised Code of Washington):** Laws of the state of Washington.

**UBI/Department of Revenue (DOR) Registration Number:** A nine-digit number issued via the Unified Business Identifier (UBI) system and used to identify registered businesses. This number is sometimes referred to as a registration, tax, “C,” or resale number.

The number is assigned when a person completes a Master Application to register with or obtain a license from state agencies. The departments of Revenue, Licensing, Labor and Industries, Employment Security, and the Office of Secretary of State are among the state agencies participating in the UBI program. In most cases, your UBI number will also be your DOR registration number. Spouses who file separately and corporations that file multiple accounts are assigned separate DOR registration numbers as needed.

**Use Tax:** A tax imposed on the use in Washington of goods and certain services by a consumer when the state’s retail sales tax has not been paid. Either sales tax or use tax applies, but not both, with respect to goods or services purchased and/or used by a consumer. In this manner, the use tax serves to complement the sales tax. Like sales tax, the use tax is a combined state and local tax. Use tax and sales tax rates are the same for the particular local taxing jurisdiction.

**WAC:** Washington Administrative Code.
State Tax Overview

Registration & UBI Number
Generally, every person doing a business activity in Washington must register with the state of Washington through the Master License program. Once registered, persons receive a nine-digit Unified Business Identifier (UBI) number. Generally, this number is also the Department of Revenue (DOR) Tax Registration Number. Businesses also receive the state Master License.

Washington’s Major Taxes
Persons engaged in trucking activities are potentially subject to the following taxes:

- Public Utility Tax
- Business and Occupation Tax
- Retail Sales Tax
- Use Tax

Public Utility Tax (PUT)
Persons operating motor driven vehicles used in transporting persons or property on a for hire basis are subject to the Public Utility Tax. The transportation of persons or property across state boundaries, into and out of Washington, via “through freight billing,” or shipments to ports for export, are allowed deductions for interstate transportation.

Business and Occupation (B&O) Tax
Many trucking industry businesses located in Washington are subject to the state B&O tax. This includes corporations, limited liability companies, partnerships, and sole proprietors. The B&O tax is a gross receipts tax on the business. It is measured on the value of products, gross proceeds of sale, or gross income of the business. There are no deductions from the B&O tax for labor, materials, taxes, or other costs of doing business. Trucking related businesses generally report income under the retailing, retailing of Interstate Transportation Equipment, wholesaling, and service and other activities B&O tax classifications.

Retail Sales Tax
Retail sales tax must be collected by the business from the consumer on all sales subject to the retailing classification of the B&O tax unless there is a specific statutory retail sales tax exemption. Retail sales tax is comprised of both a state rate (6.5%) and a local rate (.5% - 2.4%). Local rates vary depending on location.

Remember: Sales invoices must be given to customers for all purchases and the sales tax must be separately stated on the invoices. (RCW 82.08.050).

Use Tax
Use tax is a tax on the use of goods or retail services in Washington when sales tax has not been paid. Goods and retail services used in this state are subject to either the sales or use tax, but not both.

Use tax is based on the value of the article or service and includes charges for labor, materials, freight, handling, or any other amount paid or accrued when separately stated on an invoice.

Examples when use tax is due include:
- Mail order, telephone, or Internet purchases from persons with no presence in Washington.
- Goods purchased with a resale certificate and then used or consumed.
- Tangible personal property acquired with the purchase of real property.
- Goods purchased in a state with no sales tax or a tax rate lower than Washington’s.

Remember: You should always pay use tax when an out of state vendor does not collect retail sales tax on items that are subject to sales tax.

Tip: An online Use Tax Return is available on the Department’s website at http://www.dor.wa.gov
Motor Transportation and Urban Transportation

A business that performs hauling for hire within the state of Washington is subject to the Public Utility Tax (PUT) under either the Motor Transportation or the Urban Transportation classifications. Motor and urban transportation include the operation of motor-driven vehicles, upon public roads, used in transporting persons or property belonging to others, on a for hire basis. The PUT on transportation is generally computed only on those trips that originate and terminate within this state.

Definition of Hauling for Hire:
The term “hauling for hire” means the business of operating any motor propelled vehicle by which persons or property of others are conveyed for hire. The term includes, but is not limited to, the operation of any motor propelled vehicle as an auto transportation company, common carrier or contract carrier.

It includes the business of hauling for hire any extracted or manufactured material, over the highways of the state and over private roads. The term “hauling for hire” does not include:

- The transportation of logs or other forest products exclusively upon private roads;
- The hauling of any earth or other substance excavated or extracted from or taken to the right of way of a publicly owned street, place, road or highway, by a person taxable under the classification of public road construction of the business and occupation tax.

The terms “motor transportation” and “urban transportation” does include the business of renting or leasing trucks, trailers, busses, automobiles and similar motor vehicles to others for use in the conveyance of persons or property when as an incident of the rental contract such motor vehicles are operated by the lessor or by an employee of the lessor. These terms include the business of operating the following:

- Taxicabs
- Armored cars
- Contract mail delivery vehicles

Motor transportation and urban transportation do not include the businesses of operating auto wreckers or towing vehicles, school busses, ambulances, or the collection and disposal of refuse and garbage.

Definition of Carrier for Hire:
A seller/carrier transporting goods titled in the name of the purchaser with whom the seller/carrier has contracted for carriage is a “for hire” carrier. A seller/carrier transporting its own goods is not a “for hire” carrier.

The motor and urban transportation classifications of the public utility tax have different tax rates. The rates are:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Transportation</td>
<td>1.926% (.01926)</td>
</tr>
<tr>
<td>Urban Transportation</td>
<td>0.642% (.00642)</td>
</tr>
</tbody>
</table>

The urban transportation classification applies when the origin and destination of a haul are within:

- The corporate limits of the same city;
- 5 miles of the corporate limits of the same city; or
- 5 miles of the corporate limits of any two cities whose corporate limits are no more than five miles apart.

(Mileage between cities, pickup points and delivery points are determined not in road miles, but rather as a straight line distance or as the crow flies.) (See Excise Tax Advisory 346.16.180 in Appendix A).
Motor Transportation:

Example 1
Speedy Trucking is hired to pickup office furniture in City A and then deliver it to City C. The total mileage from the pickup point to the delivery point is twenty miles. The carrier will use a direct route from City A, through City B, and deliver the goods in City C. City B’s corporate limits are within five miles of both City A and C.

Example 2
Speedy Trucking is hired to transport goods from City A to City B. The total mileage between the pickup point and delivery point is fifteen miles. There is 10 miles between the corporate limits of City A and City B.

Example 3
Speedy Trucking is hired to transport goods from City A to a farm 6 miles outside of City A.

The motor transportation tax applies because the destination is not within five miles of the corporate limits of City A.
Examples

Urban Transportation:

Example 4
Speedy Trucking is hired to transport property from a location in City A to a location in City B. The total mileage between the pickup point and the delivery point is ten miles. City B is within 5 miles of the corporate limits of City A.

Example 5
Speedy Trucking is hired to transport goods from a point five miles outside of City A, to a point five miles outside of City B. The total mileage between the pickup point and delivery point is twenty miles. City B is within five miles of the corporate limits of City A.

Example 6
Speedy Taxi is hired to transport Mr. Jones from City A to City B. The total mileage between the pickup point and delivery point is twenty miles. However, Speedy’s route will also take Mr. Jones through City C. City B is within five miles of the corporate limits of City A, as the crow flies.

TIP: To determine if transportation of persons or property is urban or motor transportation you must look at the pickup and delivery points and the bill of lading to determine the correct classification.

Examples
Segregation of Activities

In many cases, a business may perform both urban transportation and motor transportation activities. In order to report under the proper tax classification the business must segregate their income into the proper reporting classifications. Documentation, such as a log or other record, must be maintained as evidence of actual activities performed. (Failure to maintain proper records may result in the higher tax rate of motor transportation applying to all of the income.)

TIP: Keep documentation for a period of 5 years. Lack of proper documentation may result in a tax liability. See WAC 458-20-254 for recordkeeping requirements.

Allowable Deductions

Certain amounts may be deducted from the gross income reported under the public utility tax if the amount is included in the gross amounts reported. Deductions are allowed for the following:

Interstate Hauls – Income from transporting persons or property by motor transportation equipment where either the origin or destination of the haul is outside the state of Washington.

Example: Furniture picked up by a transportation company in Portland, Oregon to be delivered to a warehouse in Seattle, Washington is an interstate haul and may be deducted from the gross income amount.

Services Jointly Provided – Amounts paid by a person conducting hauling for hire to another person performing the same activity may be deducted as consideration due for services jointly furnished by both.

Example: Customer A hires ABC Transport to haul goods from Tacoma, Washington to a manufacturing facility at Bellingham. ABC Transport subcontracts part of the haul to XYZ Transport and has XYZ haul the goods from Tacoma to Everett where the goods are loaded into ABC’s truck. ABC may deduct the payments it makes to XYZ as a “jointly furnished service.”

Through Freight – A deduction is allowed for income received from transportation within the state relating to imported or exported goods which have technically ceased movement in interstate commerce. Such items must have been shipped under a “through freight” billing.

Shipments to Ports – A deduction for income received from shipping products produced in Washington to export facilities in the state, including docks, wharfs and elevators, if the products are then shipped outside of the state in vessels. The deduction does not apply if the shipment occurs solely within the same city.

Other Deductions – Most allowable deductions are listed on the Deduction Detail page of the Excise Tax Return. However, there may be a specific deduction allowed by law that is not listed. When taking such a deduction refer to the statute governing your type of business.

Volume Exemption – Persons reporting under a public utility tax classification are exempt from the tax if the taxable income does not meet the minimum threshold listed below:

Monthly reporting basis (frequency) ....... $2,000 per month
Quarterly reporting basis (frequency) ..... $6,000 per quarter
Annual reporting basis (frequency) ........ $24,000 per year
Selling Motor Vehicles, Trailers, and Parts to Motor Carriers who Operate in Interstate or Foreign Commerce

A sales tax exemption is allowed for certain purchases by motor carriers who operate in interstate and foreign commerce. A “motor carrier” means and includes a natural person, individual, partnership, firm, association, or private or public corporation, which is engaged in interstate commerce and which operates or causes to be operated on any highway in this state any commercial motor vehicle.

The exemption applies to purchases of the following items when used in interstate and foreign commerce:

- Motor vehicles and trailers
- Sales of component parts for motor vehicles and trailers
- The lease of motor vehicles and trailers without an operator
- Charges for labor and services in respect to “construction, cleaning, repairing, altering or improving” vehicles and trailers or component parts

Retail Sales Tax on Carrier Property

Generally, sales tax applies to the purchase of trucks, trailers, component parts and repair work performed on carrier property. This includes amounts charged for the lease or rental (with or without operator) of motor vehicles or trailers. However, carrier property that is purchased for use in interstate or foreign commerce by Motor Carrier (MC) permit holders or their subcontractors may qualify for a sales tax exemption in certain instances. To be exempt the purchaser must:

- Be an MC permit holder
- Meet the minimum threshold for use “substantially” in interstate or foreign commerce

The term “component parts” means any tangible personal property which is attached to and becomes an integral part of the motor vehicle or trailer. It includes items such as motors, motor and body parts, batteries, paint, permanently affixed decals, and tires. “Component parts” also includes the axle and wheels, referred to as “converter gear” or “dollies,” which are used to connect a trailer behind a tractor and trailer.

Items that do not qualify as “component parts” include equipment, tools, parts and accessories which do not become a component part of a motor vehicle or trailer used in transporting persons or property for hire. This includes items such as tire chains and tarps which are not custom made for a specific vehicle and sales of consumable supplies, such as oil, antifreeze, grease, other lubricants, cleaning solvents and ice.

In order to qualify for the exemption, the purchaser must give the seller an exemption certificate at the time of purchase. Exemption certificate are available on the Department’s web site at http://www.dor.wa.gov or by contacting the Department’s Telephone Information Center at (800) 647-7706. See Appendix B – Forms for a copy of the Buyers’ Retail Sales Tax Exemption Certificate. Refer to section 3 – a.

RECORDKEEPING REQUIREMENT: All exemption certificates must be maintained by the seller for a period of 5 years. See WAC 458-20-254 for recordkeeping requirements.

NOTE: Even though carrier property (trucks, trailers, etc.) may qualify for a sales tax exemption at the time of purchase, the property will be subject to use tax if it does not meet the “in substantial part” test of operating at least 25% in interstate commerce.

TIP: If you have questions about the taxability of component parts, contact the Department of Revenue at (800) 647-7706.

Use Tax on Carrier Property

Generally, use tax applies to trucks and trailers primarily garaged in Washington if not used at least 25% in interstate commerce. Use tax applies even though the property may have qualified for a sales tax exemption at the time of purchase.

Use Tax Exemptions

Trucks and trailers are exempt from use tax if all of the following conditions are met:

- The carrier property is used by MC permit holders or their subcontractors
- The carrier property is used in hauling for-hire
- The carrier property is used substantially (at least 25% of time), in interstate commerce hauling for hire (The determination for the percentage of qualifying use must be done at least once per year. See Annual Review below.)

In order to obtain an exemption from use tax the MC carrier must show proof of MC permit OR that they are operating under contract with an MC permit holder at the time of purchase.

The use tax exemption applies to component parts and repair work even if the parts are for use on a motor vehicle or trailer which is used less than twenty-five percent in interstate hauls for hire, provided the vehicle is used in hauling for hire.
Methods to Determine "Substantial Use" in For-hire Interstate Commerce

The following information provides guidance for determining if carrier equipment is used at least 25% of the time in interstate and foreign commerce.

"Substantial part" means that the motor vehicle or trailer actually crosses Washington boundaries and is used a minimum of twenty-five percent in interstate hauling for hire.

Use tax is due for those vehicles which have not been used substantially (more than 25%) in interstate commerce and on which retail sales or use tax has not been paid.

Annual Review Information

Calendar Year: Each calendar year the carrier must review the use of each vehicle and trailer for a "view period" consisting of the previous calendar year. If a vehicle was purchased or sold during the calendar year the taxpayer may choose to review the usage during the portion of the year during which the vehicle was owned or may use a twelve-month period beginning with the date of purchase of a vehicle or ending with the date of sale of a vehicle.

Example: If a vehicle is traded-in on May 30, 2006, the taxpayer must meet the substantial use test for this vehicle for either the period January through May 2006 or for the period June 1, 2005 through May 30, 2006.

Fiscal Year: A carrier maintaining records on a fiscal year basis may choose to review the usage of their vehicles using the fiscal year rather than the calendar year. If a fiscal year is used, it must be used for the entire fleet of vehicles. These carriers may not change to a calendar year basis without first obtaining prior approval from the Department of Revenue.

REMEMBER: Usage will be reviewed on a calendar or fiscal year basis and not on a "moving" twelve-month period.

Methods to Determine Substantial use Threshold

A motor carrier may choose one of the methods listed below to determine if its motor vehicles and trailers satisfy the substantial use threshold for exemption from use tax. The method must be applied to all trucks, tractors, and trailers within the fleet. Regardless of the method selected, a vehicle will not be considered as used in interstate hauls unless the vehicle actually crosses the boundaries of the state and is used in part outside of Washington. The motor carrier may change the method with prior written consent of the Department of Revenue.

The methods are as follows:

Line crossing: Compares the number of interstate for hire hauls made by a motor vehicle or trailer to the total number of for hire hauls. The motor vehicle or trailer must actually cross the boundaries of this state or be used for hauls which begin and end outside this state.

Mileage: Compares interstate mileage associated with the for hire hauls made by a motor vehicle or trailer, to the total mileage associated with its for hire hauls. The motor vehicle or trailer must actually cross the boundaries of this state, or haul exclusively outside this state, to be considered interstate mileage. (Empty mileage qualifies as part of the mileage from an interstate haul.)

Revenue: Compares interstate for hire revenue generated by a particular motor vehicle or trailer to the total for hire revenue. The revenue generated by the motor vehicle or trailer actually crossing the boundaries of this state, or hauling exclusively outside this state, is considered to be interstate revenue. If the motor carrier uses more than one motor vehicle or trailer to transport the cargo, the revenue generated from hauling this cargo must be allocated between the motor vehicles and/or trailers used. For the purposes of determining use tax liability, a vehicle will not be considered as having interstate revenue even if the haul originates or ends outside Washington unless the vehicle actually crosses the boundaries of the state.

Other: Any other method may be used when approved in advance and in writing by the Department of Revenue.

REMEMBER: If a vehicle is used both in hauling for hire and in hauling the carrier’s own products, the “substantial use” is determined solely on the usage in hauling for hire.

Washington Administrative Code (WAC) 458-20-17401 provides examples and additional information on determining substantial use.
Methods To Determine Substantial Use Threshold For Trailers

Special Application To Trailers: Motor carriers must keep appropriate records in order to determine the use tax exemption for each individual truck and tractor. Motor carriers are encouraged to keep similar records for each individual trailer, but the Department recognizes that some carriers do not have a system for tracking or documenting the travel of their trailers. When records are maintained to document the use of individual trailers, use tax liability for trailers must be determined on the basis of those records. However, when separate records are not maintained for trailers, the motor carrier may determine the use tax liability based on the actual use of the tractors.

When using the “actual use” method to determine use tax due on a trailer or trailers, it is assumed that there is a direct correlation between the use of tractors and the use of trailers. Whenever use tax is due on a tractor because of the failure to maintain the twenty-five percent interstate usage, use tax will also be due on one or more trailers. The number of trailers subject to use tax under this method will correspond to the fleetwide trailer to tractor ratio. (Round up if the trailer to tractor ratio results in a fraction.)

Example: If the fleet wide ratio of trailers to tractors is two and one quarter to one and one tractor fails to maintain the substantial use threshold in a given year, the motor carrier will incur a use tax liability on three trailers. If two tractors fail to maintain the substantial use threshold in a given year, the motor carrier will incur a use tax liability on five trailers.

The trailer or trailers subject to use tax under this method will be those acquired nearest to the purchase date of the tractor triggering the use tax liability for those trailers meeting the following conditions:

1. The trailer or trailers are compatible for towing with the tractor upon which use tax is incurred.
2. The trailer or trailers have not previously incurred a retail sales or use tax liability.
3. The trailer or trailers have been actively used in hauling for hire in the year tax liability is incurred.

Under this reporting method, use tax is generally due on one or more trailers whenever a tractor is subject to the use tax. If a tractor is purchased with the intent that less than twenty-five percent of the hauls will be across state borders, it will be presumed the tractor will be pulling a trailer or trailers on which use tax is also due.

Example: ABC Trucking has eight tractors and fifteen trailers in its fleet. The tractors and trailers met the exemption from retail sales tax and use tax at the time they were purchased, and it was determined during previous annual reviews that the tractors continued to be substantially used on interstate hauls. However, at the time of the annual review for the just-completed calendar year it was determined that one tractor was not used at least twenty-five percent in interstate hauls. Use tax is due on this tractor. Under this method, use tax is also due on two trailers. The two trailers on which use tax must be reported are the two purchased most nearly to the purchase date of the tractor.

Valuation: The value of the motor vehicle or trailer subject to the use tax is its fair market value at the time of first use within the review period for which the exemption cannot be maintained. The use tax is due and should be reported on the last excise tax return for that review period.

Example: A motor carrier who has previously met the exemption requirements for a particular truck determines this truck no longer was substantially used in interstate hauls during calendar year 2006. Use tax should be reported on the last tax return filed for 2006 with the taxable value based on the value of the truck at January 1, 2006.

To determine values the Department of Revenue will accept the following:

- Independent publications containing values of comparable vehicles if those values are generally accepted in the industry as reflecting the value of used vehicles.
- Notarized valuation opinions signed by qualified appraisers and/or dealers.
- If no other valuation is available, the Department of Revenue will accept a value based on depreciation schedules used by the Department of Licensing to determine the value of vehicles for licensing purposes.

Example: ABC Trucking purchased five trailers for use in both interstate and intrastate for hire hauls on January 1, 2006. All the conditions for exemption were met; delivery was made in Washington, and the trailers were purchased without payment of the retail sales tax. The taxpayer uses the “line crossing” method for determining interstate use.
ABC Trucking keeps a journal showing the origin and destination for each haul that identifies each truck/tractor and trailer used on a per unit basis. The journal is reviewed at the end of each calendar year to verify that motor vehicles and trailers are substantially used for transporting persons or property for hire across the boundaries of the state. During the first year of use, all five of the trailers met the “substantial use” threshold. However, in reviewing the journal for the 2007 calendar year, ABC Trucking determined that two of the trailers failed to meet the twenty-five percent “substantial use” threshold. ABC Trucking must remit use tax directly to the department on its December 2007 excise tax return, based on the fair market values of the two trailers as of January 1, 2007. Since the taxpayer maintained specific usage records for each trailer, the “substantial use” in interstate hauling must be met by each trailer for which exemption is claimed. If detailed records for usage of trailers had not been kept, use tax liability of the trailers would have been based on the tractors. In any event, use tax liability may not be determined based on the overall experience of a fleet of vehicles.

Example: DB Carriers is a motor carrier engaged in both intrastate and interstate for hire hauls. DB purchases and first uses a truck in Washington on January 1, 2007. All the necessary conditions for exemption were met; delivery was made in Washington, and the truck was purchased without payment of the retail sales tax. DB Carriers uses the “line crossing” method for determining interstate use.

DB Carriers keeps a journal showing the origin and destination for each haul which identifies each truck used on a per unit basis. This journal is reviewed at the end of the 2007 calendar year, and DB determines that the truck failed to meet the twenty-five percent “substantial use” threshold. DB Carriers must remit use tax directly to the department on its December 2007 excise tax return, based on the fair market value of the truck as of January 1, 2007. DB Carriers may not compute the use tax liability based upon the December 31, 2007, fair market value as the vehicle never satisfied the substantial interstate use provision.

**Leased Vehicles:** Use tax exemption requirements are the same for leased vehicles as those for purchased vehicles. Motor vehicles and trailers, leased without an operator, are exempt from use tax if the user is, or operates under contract with, a holder of a permit issued by the ICC or its successor agency. The vehicle must be used in substantial part for transporting persons or property for hire across the boundaries of the state. This requires that the leased vehicle be used a minimum of twenty-five percent (25%) in interstate hauls.

TIP: The taxpayer may elect to use either the fiscal year of the business or a calendar year to determine if the leased vehicle meets the substantially use minimum required for interstate hauls for hire.

If the leased vehicle does not meet the substantial use requirement during for the “view period,” use tax applies only to the portion of the lease payment which is for use in Washington during the “view period.”

Mileage is an acceptable basis for determining instate and out-of-state use for leased vehicles or trailers. When use tax is determined to be due all miles traveled in Washington by the leased vehicle is instate miles. In order to claim that a portion of any lease payment was exempt of use tax because of out-of-state use, the motor carrier must maintain accurate records of actual instate and out-of-state use. For example, if a truck was leased for the years 2006 and 2007 and failed to meet the substantial use requirement in 2006, but met the requirement in 2007, use tax would only be due for the usage in Washington which occurred in 2006.

The following examples show how this method would be applied to typical situations. These examples should be used only as a general guide. The tax status of each situation must be determined after a review of all of the facts and circumstances.

Example: BG Hauling is a for hire carrier that entered into a lease agreement for a truck without operator on January 1, 2006. All the necessary conditions for the retail sales and use tax exemptions for the first year of the lease were met. BG Hauling verifies compliance with the twenty-five percent substantial use threshold on a calendar year basis.

BG determines that this truck failed to meet the twenty-five percent substantial use threshold for calendar year 2007. Use tax will be due beginning with the period for which the exemption was not met, in this case beginning with January 2007. However, BG Hauling will report use tax only on the portion of each lease payment attributable to actual instate use, provided accurate records substantiating the trucks instate and out-of-state activity were maintained. Only mileage incurred while actually outside Washington will be considered out-of-state mileage. If BG Hauling continues to lease this truck in 2008, usage will again be reviewed for that period and use tax may or may not be due for the 2008 lease payments, depending on whether the vehicle was used substantially in interstate hauls during that year.
Taxability of Vendors Selling to Truckers

In general, the activity of hauling for hire is not subject to the business and occupation (B&O) tax. However, vendors selling to truckers are subject to tax as follows:

Retailing of Interstate Transportation Equipment:

This B&O tax classification applies to persons who sell items to businesses that perform interstate hauling-for-hire. In order for this B&O tax classification to apply, the purchaser must be operating under an ICC permit. The following sales are subject to the Retailing of Interstate Transportation Equipment B&O tax classification, when purchased by the holder of an ICC permit:

- Sales of motor vehicles, trailers, and component parts;
- The lease of motor vehicles and trailers without operator; and
- Charges for labor and services rendered in respect to constructing, cleaning, repairing, altering or improving vehicles and trailers or component parts.

The term “component parts” means any tangible personal property which is attached to and becomes an integral part of the motor vehicle or trailer. It includes such items as motors, motor and body parts, batteries, paint, permanently affixed decals, tires and includes the axle and wheels, sometimes referred to as converter gear or dollies, used to connect a trailer behind a tractor and trailer. Component parts can include tangible personal property which is attached to the vehicle and used as an integral part of the motor carrier’s operation of the vehicle, even if the item is not required mechanically for the operation of the vehicle. It includes cellular telephones, communication equipment, fire extinguishers, and other items, whether they are permanently attached to the vehicle or held by brackets which are permanently attached. If held by brackets, the brackets must be permanently attached to the vehicle in a definite and secure manner with these items attached to the bracket when not in use and intended to remain with that vehicle.

Component Parts does not include antifreeze, oil, grease, and other lubricants which are considered as consumed at the time they are placed into the vehicle, even though required for operation of the vehicle. It does include items such as spark plugs, oil filters, air filters, hoses and belts.

Example: MG Inc. is an equipment distributor which, in addition to hauling its own product to customers, is engaged in hauling for hire. MG is a holder of an ICC permit. MG enters into a lease agreement for a truck without operator on January 1, 2006. All conditions for retail sales and use tax exemption are satisfied for the first year of the lease.

Based upon the truck’s for hire hauling activities during the 2007 calendar year, MG determines that the use of the truck failed to meet the twenty-five percent substantial use threshold. MG must remit use tax on the amount of lease payments made during 2007 at the time it files its last tax return in 2007. MG may remit use tax only upon that portion of each lease payment attributable to actual instate use if accurate records were maintained to substantiate instate and of out-of-state use. While only the hauling for hire activities are reviewed when determining whether the truck satisfies the substantial interstate use threshold, once it is established that the exemption cannot be maintained, the use tax liability is based upon all instate activity, including the motor carrier’s hauling of its own product.

Component Parts: A use tax exemption also applies for the use of tangible personal property which becomes a component part of any motor vehicle or trailer used for transporting persons or property for hire. This exemption is available for motor vehicles or trailers owned by, or operated under contract with, a person holding a carrier permit issued by the Interstate Commerce Commission. Since carriers are required to obtain these permits only when the carrier is hauling for hire, the exemption applies only to tangible personal property purchased for vehicles which are used in hauling for hire. The exemption for component parts will apply even if the parts are for use on a motor vehicle or trailer which is used less than twenty-five percent in interstate hauls for hire, provided the vehicle is used in hauling for hire.

Vehicles Taken Directly Outside the State: For vehicles purchased in Washington, there is a use tax exemption for the use of any motor vehicle or trailer while being operated under the authority of a trip permit and moving from the point of delivery in this state to a point outside this state.
Log Truck Drivers

Most situations that apply to trucking activity, in general, also apply to deliveries by log trucks. However, there are certain exemptions and taxability issues that apply specifically to log truck drivers. Following is information on export sites, hauling on private roads, and fuel refunds:

Export Sites:

With proper documentation, log truck drivers can deduct amounts received for logs delivered to an export site. The “interstate and foreign sales deduction” is taken on the Deduction Detail page of the Excise Tax Return. The hauler is responsible for getting the Exemption Certificate for Logs Delivered to an Export Facility. All documents must be retained for a period of five years.

TIP: Export sites are located on the water and a docking facility must be present for ships.

Taxability of Hauling on Private Roads:

HAULS: In some instances, log truck drivers conduct hauls which are entirely on private roads. If a haul is entirely on private roads the income is reported under the service and other B&O tax classification. The tax rate for service and other activities is 1.5%. Records that document private road hauls must be retained for a period of 5 years.

FUEL: An exemption is allowed for fuel tax paid when the fuel is used off-road. This includes fuel used on private roads to haul logs. If you pay the “special fuel tax” on the purchase of fuel and use the fuel for non-highway purposes, you are eligible for a refund of the special fuel tax. When the special fuel tax is refunded, use tax is due on the fuel.

To get a refund, you must submit a request to the Department of Licensing’s Fuel Tax Section. Send your refund request to:

Fuel Tax Section
Washington State Department of Licensing
PO Box 9228
Olympia, Washington 98507-9228

TIP: If you have questions about fuel tax refund you may call the Fuel Tax Refunds Unit at (360) 664-1838.

Dump Truck Operators

Dump truck operators perform a variety of activities and the taxability of the operators depends on the activity performed. For example, when an agreement calls for the mere transportation or loading and dumping dirt, the operator is subject to the public utility tax under either the motor or urban transportation classification.

See Excise Tax Advisory (ETA) 365.04.172 - Dump Truck Operators in Appendix A for several different types of operations and the resulting tax liability.
Truck Stop and Diesel Truck Owners Tax Incentive

Effective June 7, 2006, owners of truck stops and heavy duty diesel trucks are allowed certain tax incentives for providing or using auxiliary power through on-board or stand alone electrification systems as external power sources to reduce air and noise pollution or reduce the consumption of diesel fuel.

Truck stop owners are eligible for:
- A B&O tax deduction for income received for providing non-metered auxiliary power to heavy duty diesel trucks meeting certain qualifications.
- An exemption from retail sales tax and use tax for the construction of pedestals at truck stops and equipment to deliver power to the trucks.

Heavy duty diesel truck owners are eligible for:
- An exemption from retail sales tax and use tax for equipment and labor which enables heavy duty diesel trucks to accept power through on-board electrification systems.

See Special Notice – Truck Stop and Diesel Truck Owners Tax Incentives in Appendix A.

Recordkeeping Requirements

All businesses must keep complete and adequate records from which the Department of Revenue may determine any tax for which the business may be liable. Such records must be preserved for a period of five years.

In general, records are to be kept, preserved, and presented upon request of the Department of Revenue which will demonstrate:
- The amount of gross receipts and sales form all sources, including barter or exchange transactions.
- The amount of all deductions, exemptions, or credits claimed through supporting documentation.

Such records may include general ledgers, sales journals, together with all bills, invoices, cash register tapes, or other documents or original entry supporting the books of account entries. The records should include all federal and state tax return reports and all schedules or work papers used in the preparation of tax reports or returns.

Suggested records:
- Federal income tax returns
- Washington Combined Excise Tax Returns
- General and subsidiary ledgers
- Sales and/or cash receipts journals
- Sales invoices
- Purchase/cash disbursement journals
- Purchase invoices for assets and expense items
- Financial statements
- Resale Certificate for wholesale sales
- Documentation for any exemption claimed or given and any deductions taken

Audit Process

As a registered business, you may be selected for an audit. Audits are a routine procedure used to determine whether state excise taxes have been reported and paid correctly. The majority of businesses selected for audit are chosen at random using statistical methods.

What occurs during an audit?

During an audit, the auditor will:
- Verify income – amounts and classifications reported on return
- Reconcile calendar year sales
- Verify deductions and exemptions
- Verify sales or use tax paid on capital assets, consumable supplies, and articles manufactured for commercial or industrial use
- Review Washington State tax returns, along with state apportionment schedules and consolidated work papers
- Review federal income tax returns for the business
- Review summary accounting records and source documents
- Review journals, such as check registers, the general ledger, sales journal, general journal, cash receipts journal and any other records used to record income and expenses
- Review/test sales invoices
- Review/test purchase invoices (i.e., accounts payable, receipts)
- Review depreciation schedules, listing all assets acquired during the audit period along with purchase invoices for those assets
The Department of Revenue offers many services to make reporting your taxes as convenient as possible. The following list contains a sampling of the Department’s services.

Internet – http://dor.wa.gov
Our web site offers a wide variety of information and resources for your business, including:

- Electronic Filing (e-file): File and pay taxes via the Internet
- Business Information Update (your account): You can notify us online if your business has moved, closed, or changed activities
- Local Offices: Find telephone numbers, office hours, and directions to a local office near you

Telephone and One-on-one Assistance
- Telephone Information Center (1-800-647-7706) - One-on-one telephone assistance during business hours 8:00 am to 5:00 pm
- “Fast Fax” allows access to the most requested forms and publications 24 hours a day, seven days a week. Use code “500” for a list of available documents and publications and have them transmitted directly to your fax machine. To use the system dial 1-800-647-7706
- Tax Express – Call (1-800-334-8969) for prerecorded information on selected tax issues (24-hours)

Listserv
Sign up to receive tax information and updates electronically. Topics include:

- Electronic filing
- Excise taxes
- Sales tax rates

To join our e-mail distribution list, go to the Department’s web site at http://dor.wa.gov and click on “Contact Us.”

Letter Rulings
To obtain a binding letter ruling write to:

Taxpayer Services Division
Taxpayer Information and Education Section
Washington State Department of Revenue
PO Box 47478
Olympia, Washington 98504-7478

** Only those letters that contain the name(s) of the party(ies) involved are legally binding.
Other Agencies to Contact

For help starting your business, a list of appropriate registrations, permits, and requirements, visit Access Washington’s Doing Business in Washington at: http://access.wa.gov/business/index.aspx

Agency and Information About:

**Internal Revenue Service**
Information (800) 829-1040
Businesses (800) 829-4933
Forms (800) 829-3676

*Information on:*
Federal employee withhold
Social Security
Medicare

**Department of Licensing**
PO Box 9034
Olympia, WA 98507-9034

*Information on:*
Master License
Trade name registration

OR

**Fuel Tax Section**
PO Box 9228
Olympia, WA 98507-9228
(360) 664-1838

*Information on:*
Fuel tax questions
Fuel tax refunds

**Department of Revenue**
PO Box 47478
Olympia, Washington 98504
1-800-647-7706
http://dor.wa.gov

*Information on:*
Retail sales tax
Completing the tax return

**Employment Security Department**
PO Box 9046
Olympia, WA 98507-9046
(360) 902-9360
http://fortress.wa.gov/esd/portal

*Information on:*
Unemployment insurance for employees

**Department of Labor and Industries**
PO Box 44000
Olympia, WA 98504-4000
(360) 902-5800 or (800) 547-8367
http://www.lni.wa.gov/

*Information on:*
If you employ one or more persons you must apply for industrial insurance coverage with the Washington State Department of Labor and Industries.

**Corporations Division**

*Information on:*
Articles of Incorporation

**Secretary of State**
PO Box 40234
Olympia, WA 98504-0234
(360) 753-7115
http://www.secstate.wa.gov

*Information on:*
Certificate of Limited Partnership
Trademarks

**City and County Taxing Offices**
http://access.wa.gov/government/local.aspx

*Information on:*
If your city or county has business taxes and you are located within the city limits, you will need to register with the city taxing authority, such as the city auditor. Businesses located outside city limits should register with the county taxing authority, such as the county clerk’s office. Also, remember to contact your county assessor as soon as your business opens. Businesses are required to report personal property – assets used in the operation of a business – to the assessor. Personal property includes furniture, office equipment, machines, and supplies used in the course of doing business.

Appendix A: Excise Tax Advisories & Special Notices

Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department’s policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

NUMBER: 365.04.172 CONVERSION DATE: July 1, 1998

DUMP TRUCK OPERATORS

Issued January 30, 1974

What excise tax liabilities result from the various types of work engaged in by dump truck operators? Listed below are different types of operations and the resultant tax liability.

1. Sales of fill dirt or top soil are taxed under Retailing business and occupation tax and retail sales tax (or Wholesaling business and occupation tax if sold for resale).

2. Contracts for trenching, excavating or back filling are taxable under Retailing business and occupation tax and retail sales tax (or Wholesaling business and occupation tax when done as a subcontract).

   In this situation, the operator contracts to perform such earth moving activities as excavating and dumping earth according to specific requirements of the agreement. He is responsible for special work and the contract has as its purpose the removal or placement of earth as distinct from the performance of mere transportation services.

3. Hauling for hire is taxed under either the Motor or Urban Transportation classifications of the public utility tax.

   Where the agreement calls for the performance of mere transportation services including loading and dumping, the operator is subject to the public utility tax (Motor or Urban Transportation classification).

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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.

To inquire about the availability of receiving this document in an alternate format for the visually impaired or language other than English, please call (360)753-3217. Teletype (TTY) users please call 1-800-451-7985.

Page 1
4. Activities which combine those included in number 2 (earth moving) and number 3 (hauling for hire) are taxed under the Retailing business and occupation tax and retail sales tax (or Wholesaling business and occupation tax when performed as a subcontract).

Where the contract combines hauling with a specific earth moving agreement (for example: a contract to excavate a basement which requires the contractor to haul away the excavated material) the entire contract will be treated as an earth moving contract unless the hauling portion is separately stated in the contract and billed separately.

5. Excavating, filling, hauling and tailgate spreading to specification on public road jobs (except state owned roads) is taxed under the Public Road Construction classification of the business and occupation tax. When these activities are performed in connection with state owned roads, tax is due under the Retailing classification and retail sales tax (or Wholesaling classification if done as a subcontract).

Motor Transportation or Urban Transportation does not include the hauling of any earth or other substance excavated or extracted from or taken to the right of way of a publicly owned street, place, road or highway, by a person taxable under the classification of Public Road Construction. This is true regardless of whether or not the earth moving portion is separately stated.

6. Mere hauling and tailgate spreading is taxed under the Motor or Urban Transportation classifications of the public utility tax unless the activity constitutes public road construction under Rule 171.

The Public Utility tax classifications are applicable when the obligation of the contractor is limited to providing transportation services.

7. Bare truck rentals are taxed under Retailing business and occupation tax and retail sales tax or Wholesaling business and occupation tax.

The rental of a dump truck to a contractor for use by the contractor is a retail transaction. Wholesaling is involved only when the lessee intends to re-rent it (without operator) to another.

8. The rental of a truck with a driver is not taxed as a rental but rather according to the nature of the activity performed; e.g. hauling for hire, earth moving, public road construction.

In this situation the operator is deemed to be performing contract services (as distinct from merely renting equipment). If the lessee is performing activities taxable under Motor or Urban Transportation, the lessor is entitled to the deduction in RCW 82.16.050(3).
Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department’s policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

NUMBER: 346.16.180            CONVERSION DATE: July 1, 1998

URBAN TRANSPORTATION--THE FIVE MILE STANDARD

Issued May 29, 1970

What is the proper interpretation of the phrase "operating entirely within five miles of the corporate limits thereof" in the definition of "urban transportation business," RCW 82.16.010(10)?

The five mile standard is applied on a straight line basis from the corporate limits and not on a road mileage basis. It is immaterial how many miles the carrier travels from the origin to the destination of his haul as long as the origin and the termination of the haul are within a five mile radius of the corporate limits.

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.

To inquire about the availability of receiving this document in an alternate format for the visually impaired or language other than English, please call (360)753-3217. Teletype (TTY) users please call 1-800-451-7985.
Truck Stop and Diesel Truck Owners - Tax Incentives

Owners of truck stops and heavy duty diesel trucks that provide or use of auxiliary power through on-board or stand-alone electrification systems as external power sources to reduce air and noise pollution or reduce the consumption of diesel fuel are eligible for tax incentives effective June 7, 2006. (Substitute Senate Bill 6512)

Truck Equipment Definitions

“Heavy duty diesel truck” is any diesel vehicle with a gross vehicle weight over 14,000 pounds.

“On-board electrification system” is the equipment that provides auxiliary electrical service to heavy duty diesel trucks that are equipped with the necessary components to accept electrical power, including inverters, heat and air systems capable of being powered by electricity, and hardware to plug into an electrical outlet.

“Stand-alone electrification system” is an independent system that supplies a heavy duty diesel truck’s needs for heating, ventilation, and air conditioning without modification to the truck.

Truck Stop Owners

B&O Tax Deduction
A B&O tax deduction applies to income received by truck stop owners for providing non-metered auxiliary power to heavy duty diesel trucks through on-board or stand-alone electrification systems. If the truck stop bundles non-metered electrical power with other services, such as Internet access, cable, telephone, etc., only amounts received for providing electrical power can be deducted from the B&O tax.

The deduction is taken on the Deduction Detail page of the excise tax return under “Other.” An explanation is also required, such as “Chapter 323, Laws 2006.”

Public Utility Tax
Charges for metered electricity are subject to the public utility tax under the Power classification.
Retail sales and use tax exemption
This exemption applies to the construction of pedestals at truck stops and equipment to deliver power to the trucks including:
- Machinery and equipment as a necessary component of the external power structure;
- Services and labor to construct external power structures including installing, constructing, repairing, cleaning, decorating, altering, or improving the external power structures;
- Machinery and equipment that provide auxiliary power through an external power structure.

Heavy Duty Diesel Truck Owners

Retail sales and use tax exemption
This exemption applies to equipment and labor which enables heavy duty diesel trucks to accept power through on-board electrification systems including:
- Parts and other components specific to enabling a heavy duty diesel truck to operate while parked with an on-board electrification system;
- Labor and services to install necessary equipment.

Required documentation
You must provide the seller or service provider with a completed and signed Buyers’ Retail Sales Tax Exemption Certificate when purchasing machinery, equipment, parts, labor and services that are exempt from retail sales tax. The certificate is available on our web site at http://dor.wa.gov under Forms or by calling our toll free number 1-800-647-7706.

Note: The person taking the exemption must keep adequate records for the Department to verify eligibility of the exemption.

For more information
For additional information on reducing engine idling at truck stops, contact the Washington State Department of Ecology at http://www.ecy.wa.gov.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users please call 1-800-451-7985.
RESALE CERTIFICATE

1. Name of Seller: ________________________________________________________________

2. Name of Buyer/Business: _______________________________________________________

3. Address of Buyer: ______________________________________________________________ Street, City, State & Zip Code

4. Buyer’s Tax Registration Number: ________________________________________________

5. Buyer is in the business of: ______________________________________________________

6. Types of items purchased for resale: ______________________________________________

The buyer certifies that it is purchasing the items listed on line 6 (please check appropriate box):

☐ For resale in the regular course of business without intervening use.

☐ For use as an ingredient or component part of a new article of tangible personal property to be produced for sale,

☐ as a chemical to be used in processing a new article of tangible personal property to be produced for sale, or

☐ for use as feed, seed, seedlings, fertilizer, or spray materials in its capacity as a farmer.

The buyer acknowledges that it is solely responsible for purchasing within the categories listed on line 6. The buyer acknowledges that misuse of the resale privilege subjects the buyer to a penalty of 50 percent of the tax due, in addition to the tax, interest, and any other penalties imposed by law.

Print Name: ________________________________________________________________

Name of Person Authorized By the Buyer to Sign the Resale Certificate

Signature: ________________________________________________________________

Signature of Authorized Agent of the Buyer

Effective Date: ___________________________ through ___________________________

(Not To Exceed 4 Years)

Date Signed: ________________________________

Seller must maintain a copy. Please do not send to Department of Revenue.

Reference Rule and Statute (RCW 82.08.130 and WAC 458.20.102)

For tax assistance, visit http://dor.wa.gov or call 1-800-647-7706. To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users may call 1-800-451-7985.
BUYERS’ RETAIL SALES TAX EXEMPTION CERTIFICATE
Not to be used as a resale certificate

Vendor/Seller

Date

Street Address

City

State

Zip Code

1, the undersigned buyer, certify I am making an exempt purchase for the following reason: (check applicable box(es))

1. Manufacturing Machinery and Equipment:
   - [ ] Check here if using as a blanket certificate for these purchases.
     - [ ] Used directly in a manufacturing operation.
     - [ ] Used directly in a research and development operation.

2. Nonresident:
   - Place of Residence: _______________________________ Proof of Residence: _______________________________
     - [ ] Equipment for use in a farming activity (Include brand, model and address of use):
     - [ ] Watercraft (Include make, model and serial number of vessel):
       - [ ] Registered or documented with the US Coast Guard or state of principal use and will leave Washington waters within 45 days; or
       - [ ] Buyer is a resident of a foreign country. Purchase is for use outside Washington and will leave Washington waters within 45 days.

   Seller’s Signature: _______________________________

   c. [ ] Tangible personal property for use in a noncontiguous state delivered to the usual receiving terminal of the shipper.

   Type of Goods Purchased: _______________________________
   Point of Delivery: ___________________________ Carrier/Agent: ___________________________

   d. [ ] Tangible personal property other than motor vehicles and those mentioned above for use outside Washington by a resident of a state, possession, or province of Canada, with a sales tax rate of less than three percent.
3. Interstate or Foreign Commerce or Commercial Deep Sea Fishing Business:
   a. ☐ Motor vehicles, trailers and component parts thereof used to transport persons or property for hire in interstate or foreign commerce.
   b. ☐ Airplanes, locomotives, railroad cars or watercraft and component parts thereof used in transporting persons or property for hire.
   c. ☐ Labor and services rendered to construct, repair, clean, alter or improve for hire carrier property.
   d. ☐ Items for use connected with private or common carriers engaged in air, rail or water in interstate or foreign commerce. (Note: Items consumed in the state are subject to use tax.)
   e. ☐ Fuel to be consumed outside of Washington by a vessel primarily engaged in foreign commerce.

      Vessel Name: __________________________________________ Type of Fuel: __________________________ Quantity: __________________________

   f. ☐ Watercraft, component parts, labor and services, and/or diesel fuel used in a qualifying commercial deep sea fishing operation.

      Registered Vessel Name: __________________________ Vessel Number: __________________________

4. Sales to Indians:
   a. ☐ Tangible personal property or services purchased by Indians or Indian tribes when the goods are delivered to or services provided within Indian country.
   b. ☐ Tangible personal property or services purchased by an Indian/tribe for use in treaty fishery.
   c. ☐ Supplies or services purchased by prime contractors hired by Indian tribes to perform construction in Indian Country when the goods are delivered to or services provided in Indian country.

5. Other:
   a. ☐ Prescription items (describe): __________________________________________
   b. ☐ Machinery and equipment (including labor and services to install) used in generating electricity using fuel cells, wind, solar energy or landfill gas.
   c. ☐ Biofuel blend machinery and equipment and the construction of retail biofuel blend facilities.
   d. ☐ Biofuel blend delivery vehicles and labor and service charges related to such vehicles.
   e. ☐ Equipment rental and purchase of services for use in motion picture and video production.
   f. ☐ Objects of art or cultural value purchased by an artistic or cultural organization.
   g. ☐ Livestock for breeding purposes.

      Animal Type: __________________________ Registered Breed Association: __________________________
      Animal Name: __________________________________________

   h. ☐ Animal pharmaceuticals purchased by veterinarians (describe): __________________________________________
   i. ☐ Computer hardware, peripherals, software and related installation, used by aerospace manufacturers.
   j. ☐ Computer hardware, peripherals, software and related installation, purchased by publishers and printers.
   k. ☐ City, County, Tribal, or Inter-Tribal Housing Authorities.

I, the undersigned buyer, understand that by completing and signing this certificate I am certifying that I qualify for the tax-exempt purchase(s) indicated above. I understand that I will be required to pay sales or use tax on purchases that do not qualify for an exemption. In addition, I understand that false or erroneous use of this certificate will result in liability for unpaid tax with interest and may result in additional penalties.

Type of entity: ☐ Individual ☐ Corporation ☐ Sole Proprietor ☐ Partnership ☐ Other (Explain)
Type of Business: __________________________________________ Tax Registration No.: __________________________
Name of Buyer: __________________________________________ Title: __________________________
Signature of Buyer: __________________________________________
Street Address: __________________________________________
City: __________________________ State: __________________________ Zip: __________________________

Seller must maintain a copy. Do not send to Department of Revenue—.
Each exemption on this form has specific rules (see instructions)
Lines 1a and 1b apply to machinery and equipment for use directly in a manufacturing, processing for hire or research and development activity as outlined in RCW 82.08.02565. This exemption does not apply to: consumable items, nonpowered hand tools, property with a useful life of less than one year, or building fixtures that are not integral to the manufacturing operation. Certain repair or replacement parts are also exempt. Reference: RCW 82.08.02565 and WAC 458-20-13601.

Line 2a applies to machinery, implements, repair parts and labor purchased in this state by a nonresident for use in conducting a farming activity outside the state. The equipment must be transported outside the state immediately upon purchase. Seller must examine and record buyer’s proof of residency. See WAC 458-20-239 for acceptable proof of residency. Reference: RCW 82.08.0266 and WAC 458-20-239.

Line 2b applies to watercraft purchased by a nonresident for use outside Washington when delivery takes place in Washington. The buyer must provide proof of residency (picture ID) and check the applicable box. By checking the box, the buyer certifies that the vessel will leave Washington State waters within forty-five days. Sellers must examine and document the proof of residency provided by the buyer. Seller must sign the form. By signing the form, the seller certifies that the seller has examined and listed the buyer’s proof of residency. See WAC 458-20-238 for acceptable proof of residency for corporations, partnerships and limited liability companies. Reference: RCW 82.08.0266, RCW 82.08.02665, and WAC 458-20-238.

Line 2c applies to the purchase of goods for use in a state, territory or possession of the United States which is not contiguous to any other state such as Alaska, Hawaii, Guam and American Samoa. For the exemption to apply, the seller must deliver the goods to the usual receiving terminal of the for-hire carrier selected to transport the goods. Reference: RCW 82.08.0269 and WAC 458-20-193 (6)(c).

Line 2d applies to purchases of tangible personal property other than motor vehicles and that mentioned on lines 2a, b, and c for use outside Washington by a resident of a state, possession, or province of Canada with a sales tax rate of less than three percent (e.g. Oregon, Alaska). Reference: RCW 82.08.0273, WAC 458-20-193 (6)(b) and ETA 316.08.193.

NOTE: Sales of motor vehicles are not covered by this certificate, please refer to RCW 82.08.0264 and WAC 458-20-177 for certificate and exemption information.

Line 3a applies to the purchase of motor vehicles, or trailers by a business operating or contracting to operate for the holder of a carrier permit issued by the Interstate Commerce Commission. The exemption also applies to component parts and repairs of such carrier property including labor and services rendered in the course of constructing, repairing, cleaning, altering or improving the same. The buyer must attach a list stating make, model, year, serial number, motor number and ICC permit number. Reference: RCW 82.08.0263 and WAC 458-20-174.

Line 3b applies to the purchase of airplanes, locomotives, railroad cars, or watercraft for use in conducting interstate or foreign commerce by transporting therein or therewith persons or property for hire. The exemption also applies to component parts of such carrier property. Reference: RCW 82.08.0262 and WAC 458-20-175.

Line 3c applies to charges for labor and services rendered in the course of constructing, repairing, cleaning, altering or improving carrier property when carrier property is used for hire. Reference: RCW 82.08.0262 and WAC 458-20-175.

Line 3d applies to purchases of durable goods or consumables, other than those mentioned in line 3b, for use in connection with interstate or foreign commerce by such businesses. The goods must be for exclusive use while engaged in transporting persons or property in interstate or foreign commerce. The exemption does not apply to charges for labor or services in regard to the installation, repairing, cleaning or altering of such property. Although exempt from retail sales tax, materials are subject to use tax if consumed in Washington. Unregistered businesses must attach a list stating the description and quantity of items that will be consumed in Washington and pay use tax to the seller. Reference: RCW 82.08.0261 and WAC 458-20-175.

Line 3e applies to fuel consumed outside the territorial waters of the United States by vessels used primarily in foreign commerce. Buyers must list the vessel name, type of fuel and quantity. Reference: RCW 82.08.0261 and WAC 458-20-175.

Line 3f applies to the purchase of vessels, component parts, or repairs by persons engaged in commercial deep sea fishing operations outside the territorial waters of the United States, with a permit issued by the Department of Fish and Wildlife, Washington State. Reference: RCW 82.08.0264 and WAC 458-20-177 for certificate and exemption information.
state of Washington. The exemption also applies to the purchase of diesel fuel used in commercial deep or commercial passenger fishing operations when annual gross receipts therefrom are at least five thousand dollars. Reference: RCW 82.08.0262, RCW 82.08.0298, and WAC 458-20-176.

**Line 4a** applies to the purchase of tangible personal property or services by an Indian or Indian tribe. The goods or services must be delivered to, or performed on the reservation. The purchaser must present a tribal membership card, a treaty fishing card, a certificate of enrollment, or a letter from a tribal official. Sellers must document the buyer’s name, dollar amount of purchase, tribal affiliation and reservation where delivery is made. Reference: RCW 82.08.0254 and WAC 458-20-192.

**Line 4b** applies to the purchase of tangible personal property or services by an Indian or Indian tribe for use in the treaty fishery, regardless of where delivery of the item or performance of the service occurs. Unless the buyer is personally known to the seller, the purchaser must present a tribal membership card, a treaty fishing card, a certificate of enrollment, or a letter from a tribal official. Sellers must document the buyer’s name, dollar amount of purchase, and tribal affiliation. Reference: 458-20-192 (6)(b)(ii).

**Line 4c** applies to the purchase of consumable supplies, equipment rentals or services by a prime contractor hired by an Indian tribe to perform construction in Indian Country where the goods or services are delivered to, or performed on the reservation. The purchaser must present a construction contract with the tribe or a letter from a tribal official evidencing that they are working directly with the Tribe. Sellers must document the buyer’s name, dollar amount of purchase, and reservation where delivery is made. Reference: RCW 82.08.0254 and WAC 458-20-192.

**Line 5a** applies to the purchase by a medical practitioner, chiropractor, nursing home, or hospital of items to be prescribed and used for the treatment of illness or ailments of human beings. To qualify, certain of these items must be prescribed. Reference: WAC 458-20-18801.

**Line 5b** applies to the purchases of qualifying machinery and equipment (and charges for labor and services to install) used directly in generating electricity using wind, solar energy, or landfill gas as the principal source of power at a facility capable of generating not less than two hundred watts of electricity. Effective July 1, 2001, the exemption includes purchases of fuel cells used in generating electricity. Reference: RCW 82.08.02567 and WAC 458-20-263.

**Line 5c** applies to the purchase of machinery and equipment and the construction of facilities used directly for the retail sale of biodiesel fuel blend, alcohol fuel blend, and wood biomass fuel blend. Chapter 63 & Chapter 339, Laws of 2003.

**Line 5d** applies to the purchase of fuel delivery vehicles and labor and service charges related to such vehicles provided 75% of the fuel distributed by them is biodiesel fuel blend, alcohol fuel blend, and wood biomass fuel blend. Chapter 63 & Chapter 339, Laws of 2003.

**Line 5e** applies to the rental of production equipment and the purchase of production services by motion picture and video production companies. Reference: RCW 82.08.0315 and Motion Picture-Video Production Special Notice, available from the Department.

**Line 5f** applies to the purchase of objects of art or cultural value and items used in the creation of such objects, or in displaying art objects or presenting artistic or cultural exhibitions or performances by artistic or cultural organizations. Reference: RCW 82.08.031 and WAC 458-20-249.

**Line 5g** applies to the purchase of livestock for breeding purposes. “Livestock” is defined in RCW 16.36.005. The animal must be registered in a nationally recognized breed association. Reference: RCW 82.08.0259 and WAC 458-20-122.

**Line 5h** applies to the purchase of animal pharmaceuticals by veterinarians or farmers for the purposes of administering to an animal raised for sale by a farmer. Animal pharmaceuticals must be approved by the United States Food and Drug Administration or the United States Department of Agriculture. Reference: RCW 82.08.880.

**Line 5i** applies to the purchase of computer hardware, peripherals, and software, and related installation, not otherwise eligible for the M&E exemption, to a manufacturer or processor for hire of commercial airplanes or components thereof, used primarily in development, design, and engineering of such products. RCW 82.08.975.

**Line 5j** applies to the purchase of computer hardware, peripherals, digital cameras, software, and related installation not otherwise eligible for the M&E exemption that is used primarily in the printing or publishing of printed materials. The exemption includes repairs and replacement parts. (Chapter 8, Laws of 2004, SSHB 3158).

**Line 5k** applies to all retail purchases of goods and services by City, County, Tribal, or Inter-Tribal Housing Authorities.

For tax assistance, visit http://dor.wa.gov or call 1-800-647-7706. To inquire about the availability of this form in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users may call 1-800-451-7985.
Exemption Certificate for Logs Delivered to an Export Facility  
(WAC 458-20-13501)

<table>
<thead>
<tr>
<th>Certificate Date/Effective Period*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export Facility Operator</td>
</tr>
<tr>
<td>Export Facility Location</td>
</tr>
<tr>
<td>Name of Person Giving Statement</td>
</tr>
<tr>
<td>Trucking Firm Name</td>
</tr>
<tr>
<td>Trucking Firm Address – Street</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

The above export facility operator hereby certifies:

That ______ percentage or more of all logs hauled to the above export facility location, ____________________, the same located on tidewater or navigable tributaries thereto, will be shipped by vessel directly to an out-of-state or foreign destination and the following conditions will be met:

1. The logs will not go through a process to change the form of the logs before shipment to another state or county.

2. There will be no intervening transportation of these logs from the time of receipt at the export facility until loaded on the vessel for the interstate or foreign journey.

* The effective period of a certificate cannot be greater than one year.
For More Information
If you have general questions you can call our Telephone Information Center at 1-800-647-7706 or our visit web site at http://dor.wa.gov.

Local Office Locations

<table>
<thead>
<tr>
<th>Address</th>
<th>City</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1904 Humboldt St Suite A</td>
<td>BELLINGHAM</td>
<td>(360) 676-2114</td>
</tr>
<tr>
<td>PO Box 1176</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2101 4th Ave Suite 1400</td>
<td>SEATTLE</td>
<td>(206) 956-3000</td>
</tr>
<tr>
<td>PO Box 2300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>734 E First St Suite B</td>
<td>PORT ANGELES</td>
<td>(360) 417.9900</td>
</tr>
<tr>
<td>PO Box 400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20819 72nd Ave South</td>
<td>KENT</td>
<td>(253) 437-3440</td>
</tr>
<tr>
<td>Suite 680</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6500 Linderson Way SW</td>
<td>TUMWATER</td>
<td>(360) 705-6676</td>
</tr>
<tr>
<td>Suite 102</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8008 NE 4th Plain Blvd</td>
<td>VANCOUVER</td>
<td>(360) 256-2060</td>
</tr>
<tr>
<td>Suite 320</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1000 Evergreen Way</td>
<td>EVERETT</td>
<td>(425) 356-4800</td>
</tr>
<tr>
<td>Suite Y-150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1330 N. Washington</td>
<td>SPOKANE</td>
<td>(509) 327-0200</td>
</tr>
<tr>
<td>Suite 5600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>630 N Chelan Ave, Suite</td>
<td>WENATCHEE</td>
<td>(509) 663-0714</td>
</tr>
<tr>
<td>B-3 PO Box 220</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3315 South 23rd St</td>
<td>TACOMA</td>
<td>(253) 382-2000</td>
</tr>
<tr>
<td>Suite 300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1714 S 16th Ave</td>
<td>YAKIMA</td>
<td>(509) 575-2783</td>
</tr>
<tr>
<td>Suite A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1657 Fowler St</td>
<td>RICHLAND</td>
<td>(509) 734-7526</td>
</tr>
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<td>PO Box 140</td>
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