

WASHINGTON STATE DEPARTMENT OF REVENUE

SPECIAL NOTICE

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Special Notice for Direct Sellers

The Department of Revenue has updated WAC 458-20-246, Rule 246, which implements RCW 82.04.423, the business and occupation tax exemption for sales to or through direct sellers' representatives. The revised rule took effect at 11:59 p.m. on December 31, 1999.

The purpose of the rule revision is to provide guidance to taxpayers regarding the requirements of the statute. The rule reiterates the express requirements of the statute, including, among others, the limitation that sales of consumer products sold in permanent retail establishments are not eligible for the direct sellers' business and occupation tax exemption. This is because the law states that the sale of consumer products must be "in the home or otherwise than in a permanent retail establishment." If a consumer product is sold by **anyone** in a permanent retail establishment, the direct sellers' exemption is not available to the direct seller.

As of January 1, 2000, any reporting instructions directed specifically to individual taxpayers that are inconsistent with the revised rule have no effect.

The revised rule is intended to implement RCW 82.04.423 in a comprehensive way, consistent with the terms of the statute. Therefore, the following published determinations are no longer useful, and are therefore rescinded and supplanted by the revised rule: 3 WTD 353 (1987), 3 WTD 357 (1987), 5 WTD 73 (1988) and 9 WTD 286-17 (1990).

If you would like a copy of the revised rule you can obtain it from the Department's Internet web site at <http://dor.wa.gov> or you may request a copy by contacting the Department's Telephone Information Center at 1-800-647-7706.

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