



STATE OF WASHINGTON
DEPARTMENT OF REVENUE

January 23, 2004

TO: Interested Taxpayers
FROM: Washington Department of Revenue, Taxpayer Services Division
SUBJECT: Motor Vehicle Sales and Use Tax Rate Increase

In June 2003, you were sent a Special Notice on the additional Motor Vehicle Sales and Use Tax effective July 1, 2003. The notice explained that the sales and use tax increase of three-tenths of one percent (0.3%) applies to every retail sale, rental, or lease of a motor vehicle in this state, with some exceptions.

There has been some confusion with regard to how the motor vehicle tax applies to rentals/leases of passenger cars and other motor vehicles.

The enclosed version of the Special Notice (published in June of 2003) is being sent to help clarify which motor vehicle rentals/leases are subject to the additional tax on motor vehicles and which are subject to the rental car tax. No motor vehicle rental/lease is subject to both.

Passenger Car Rentals/Leases

RCW 46.04.382 defines "Passenger car" as every motor vehicle, except motorcycles and motor-driven cycles, designed for carrying ten passengers or less and used for the transportation of persons.

- Passenger car rentals of **30 days or less** are subject to the rental car tax under RCW 82.08.020 (2). Passenger car rentals that are subject to the rental car tax are **not** subject to the additional 0.3% motor vehicle sales or use tax.
- Passenger car rentals/leases of **more than 30 days** are subject to the additional 0.3% motor vehicle sales or use tax. The rental car tax does not apply.

Other Motor Vehicles Rentals/Leases

Short-term and long-term rentals/leases of motor vehicles that are not defined as passenger cars, *including moving vans, trucks, buses, etc.*, are subject to the additional 0.3% motor vehicle sales or use tax. These rentals/leases are not subject to the rental car tax.

Please retain the enclosed Special Notice and this letter for future reference.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users please call 1-800-451-7985.