



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

MAY 31, 2007

Sales of Auto Parts to Nonresidents and Annual Notification for Repair Facilities

Beginning July 22, 2007, SHB 2158, chapter 135, Laws of 2007, provides the conditions under which charges for parts installed during the repair of vehicles owned by nonresidents are exempt from sales tax.

Also included in this notice are the consumer protection requirements for auto repair shops.

Qualifying Nonresidents Repair Parts Exemption

Residents of states (other than Washington) or Canadian provinces that impose a sales tax of 3 percent or less may purchase automotive parts (for automobiles, trailers, or campers) to be used outside of Washington without paying retail sales tax.¹

Parts that are installed by the seller are exempt from sales tax if;

- the charges for parts are separated from labor or other installation charges; and
- the separately stated parts charges do not exceed the seller's current publicly stated retail price for the parts or, if no separately stated retail price is available, the seller's cost for the parts.

The exemption does not apply to labor or other charges for installation.

Sellers who install parts for motor vehicles, trailers, and campers are not required to make exempt sales of parts. They may instead collect retail sales tax and remit the tax to the Department of Revenue.

Under Washington's Auto Repair Law, Chapter 46.71 RCW, customers are entitled to:

- A written estimate for repairs that will cost more than \$100, unless waived or absent face-to-face contact (see item 4).
- Return or inspection of all replaced parts, if requested at the time repair is authorized.
- Authorize orally or in writing any repairs exceeding the estimated total pre-sales tax cost by more than 10 percent.
- Authorize any repairs orally or in writing if the customer's vehicle is left with the facility without face-to-face contact between the customer and the repair facility personnel.
- An invoice copy clearly and accurately listing all work performed and parts supplied.

Repair facilities that do not comply with these requirements cannot file a possessory or chattel lien for unauthorized parts or labor on the motor vehicle or component.

For more information or to obtain a repair notice sign to post at your place of business, call us at 1-800-647-7706.

¹ For a listing of states and Canadian provinces that currently charge sales tax of 3 percent or less, search for excise tax advisory (ETA) 2014.08.193 on the Department's web site at <http://dor.wa.gov>.