



# Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

JUNE 13, 2007

## Vessels and Nonresident Individuals Tax Exemptions and Use Permit

*This special notice explains the new one-year retail sales tax exemption for certain vessels purchased in this state by nonresident individuals. A comparable use tax exemption is also available for vessels brought into this state by nonresident individuals. SHB 1002, Chapter 22, Laws of 2007 that provides for the exemption permits, takes effect July 1, 2007.*

### Vessels Purchased in Washington by Nonresident Individuals

**Vessel purchased from a licensed dealer** - A nonresident individual may purchase a vessel 30 feet or longer without paying retail sales tax if they purchase a use permit from the dealer. Use permits cannot be obtained for vessels owned by (nonresident) entities, such as, corporations, limited liability companies, trusts, partnerships, etc.

**Vessel purchased from a private party** - A nonresident individual may purchase a vessel 30 feet or longer in Washington from someone other than a vessel dealer (for example, a private party sale) and claim the new use tax exemption, if they purchase a use permit from a licensed dealer within 14 days of the vessel purchase.

### Nonresident Individuals Bringing a Vessel into Washington

A nonresident individual who acquired a vessel of 30 feet or longer outside Washington may also purchase a one-year use permit. The nonresident individual must, however, purchase a one-year use permit from a licensed vessel dealer within 14 days of first entering the state with the vessel.

### Purchasing a Permit

When purchasing a **use permit** from a Washington-licensed vessel dealer, the nonresident individual must:

- Show proof of current nonresident status (i.e., driver's license),
- Make an irrevocable election to take the exemption and purchase a 12-month use permit,
- Complete an affidavit for the vessel dealer; and
- Display the use permit on the vessel for which it is purchased.

The cost of the use permit is:

- \$500 for vessels 50 feet and less
- \$800 for vessels greater than 50 feet.

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Use permits are valid for 12 consecutive months and may not be renewed. Before the use permit expires, the vessel must be removed from Washington waters for a minimum of 24 months.

## **Vessel Dealer Requirements**

Vessel dealers are not required to sell these use permits. However, a dealer who chooses to sell the permits to nonresidents purchasing vessels from them must also sell the permits to nonresidents who bring their vessels into the state.

When selling a use permit, a vessel dealer must:

- Examine one piece of photographic ID to ensure the individual qualifies as a nonresident;
- Identify the expiration date on the use permit (decal) using a permanent marking pen; and
- Obtain a completed affidavit from the nonresident individual.

The vessel dealer must make two copies of the affidavit. The vessel dealer must give one copy to the nonresident individual and keep the other copy with the dealer's business records. The vessel dealer must mail original affidavits to the Department of Revenue on a quarterly basis.

**Dealers will remit permit fees collected to the Department with their excise tax returns that must be filed electronically.**

Licensed Vessel Dealers may obtain use permits and affidavits by contacting Taxpayer Account Administration at (360) 902-7065.

If you have questions, please contact the Department at 1-800-647-7706.

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Taxpayer Services Division  
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**Important Information on  
Vessels & Nonresident Individuals  
Tax Exemptions and Use Permit  
Enclosed**



Washington State Department of Revenue