

SPECIAL NOTICE

April 9, 2003

For further information contact:
Telephone Information Center
1-800-647-7706 or (360) 705-6676

Alternate Formats (360) 705-6715
Teletype 1-800-451-7985

Tax Reporting for Consignment Sales

If you sell goods on behalf of others through a consignment arrangement, you need to know what your tax collection obligations are and how to correctly report consignment sales on your *Combined Excise Tax Return*. Businesses making retail consignment sales must collect sales tax. Generally, consignment sellers are to remit the sales tax directly to the Department (on behalf of the owner of the consigned goods).

For purposes of this notice:

“**Consignee**” (or selling agent) is one who has either actual or constructive possession of tangible personal property, the actual ownership of such property being in another, or one calling for bids on such property. The term “constructive possession” means possession of the power to pass title to tangible personal property of others. WAC 458-20-159.

Reporting instructions are provided below for consignees and owners of consigned goods.

Consignee’s Tax Reporting

Consignees selling in the name of the owner:

- Report consignment sales under the *Retailing* B&O tax classification. A deduction may be taken from *retailing* B&O tax (identify as “*Consignment Sales*”) if the consignee segregates such sales income and maintains records in accordance with WAC 458-20-159.
- Report consignment sales under the *Retail Sales* tax classification. Generally, the consignee is responsible for remitting the sales tax to the Department. However, if the owner of the goods is registered with the Department of Revenue and otherwise reports sales tax, the consignee can remit the sales tax to the owner to report. In this case, a deduction would be allowed. On the deduction detail pages, identify the deduction as “*sales tax remitted to owner.*”
- Consignees selling in the name of the owner must report commissions earned from consignment sales under service and other activities B&O tax. (RCW 82.04.290)

(more)

Consignees that sell in their own names:

- Report consignment sales under the *Retailing* B&O tax classification.
- Report consignment sales under the *Retail Sales* tax classification.
- Consignees selling in their own name do not report commissions on such sales.

Owner's Tax Reporting

Where the goods are sold in the name of the owner:

- Report consignment sales under *Retailing* B&O tax classification.
- Report consignment sales under the *Retail Sales* tax classification. If the consignee remits the sales tax to the Department, the owner may take a deduction from retail sales tax. On the deduction detail pages, identify the deduction as "*sales tax reported by agent.*"
(WAC 458-20-159)

Where the goods are sold in the name of the consignee:

Report consignment sales under wholesaling B&O tax. (WAC 458-20-102)

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