

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

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## Layaway Charges

Are layaway deposits on layaway sales taxable where the customer forfeits the deposit and the seller retains said deposits?

Some sellers collect a deposit/service charge on each layaway sale which is paid at the time the sale is made. If the total purchase price was paid in full within the layaway period, the sellers refund the service charge in full. When customers forfeit the deposit/service charge by not paying in full within the layaway period, and the taxpayer retained the revenue from such forfeitures.

Even though the deposit/service charge was received for a retail or wholesale purchase, the retained layaway charges are not retail sales. Such charges retained by the taxpayer were taxable under the business and occupation tax classification, "service and other activities."

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