

Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

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Sales of Drawings and Plans

In the process of performing design services for a customer, the customer will generally receive one or more copies of drawings or plans. These drawings or plans are considered to be the mere representation of the professional services which were provided to the customer. The service provider is not considered to have made the sale of tangible personal property when the drawings or plans are intended to be part of the professional service. The service provider is the consumer and required to pay retail sales or use tax on any materials, such as paper, ink, etc., that went into the drawings or plans.

However, if the customer may purchase copies of the drawings and plans in addition to those received as part of the professional service, the sale of these additional drawings and plans is a retail sale. For example, assume the customer receives three sets of house plans in connection with the custom design of a house. In addition, the customer purchases additional copies of the plans for fifty dollars per set. The sale of these additional plans is a retail sale. This purchase is separate from the purchase of the professional services and the true object of this transaction is to simply purchase additional copies of the plans.

Some designers may prepare "standard" or "pre-drafted" plans which are available for sale to any customer and are not prepared for a specific customer. There are only minimal professional services provided to the customer in connection with these sales. The sale of these plans is also a retail sale. This may include situations where the designer may show the customer various sets of "standard" plans and may identify and explain the differences between specific plans. No actual design services are performed for the customer and only minor or incidental modifications to the existing plans are made. In many cases, no consultation charge is made to the customer who does not purchase the plans or drawings. The true object of the transaction is the ultimate sale of tangible personal property which is a retail sale.

If a consultation charge is made to the customer and no custom design services are performed, whether or not "standard" or "pre-drafted" plans are sold to the customer, the consultation charge is taxable under the service and other activities business and occupation tax classification and the sale of the "standard" plans is a retail sale.

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