

# Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

ETA 3128.2023

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## Repair Work on Goods Damaged in Transit – Purchased by the Shipper, the Carrier, or the Owner

### Purpose

This ETA explains when retail sales tax applies to charges for the repair of goods damaged while in transit to a Washington customer. This ETA further clarifies the retail sales tax and business and occupation (B&O) tax consequences in cases where the purchaser of the repair services is the shipper, carrier, or owner of the damaged goods.

### Repaired goods are not for resale in the owner's ordinary course of business

When repair services are performed for a shipper, carrier, or owner of items damaged in transport that is not in the business of selling the goods being repaired at retail to consumers, the sale of the repair work is a "sale at retail". RCW 82.04.050. Retail sales are reported under the retailing B&O tax classification and are subject to the retail sales tax. RCW 82.04.250, RCW 82.08.020. If the retail sales tax is not collected by the seller (repairer), the purchaser's use of the repair work is subject to use tax. RCW 82.12.020.

### Repaired goods are for resale in the owner's ordinary course of business

Charges for repair services performed on goods damaged in transport are not subject to retail sales tax if the owner of the goods is in the business of selling the goods at retail to consumers and provides the seller (repairer) a Reseller Permit certifying the goods are for resale in the regular course of the owner's business activities. WAC 458-20-102. The seller (repairer) that provides repair services to the owner of the damaged goods, that are in the business of selling the damaged goods at retail to consumers, is taxable under the wholesaling B&O tax classification. The seller (repairer) may meet its burden to prove that a sale is a wholesale sale and report the gross proceeds from the repair(s) under the wholesaling B&O tax

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classification by taking a reseller permit from the retailer of the damaged goods.  
RCW 82.04.270 and RCW 82.04.470.

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**Other rules that may  
apply**

- **WAC 458-20-173** Installing, cleaning, repairing or otherwise altering or improving personal property of consumers.
  - **WAC 458-20-145** Sourcing retail sales for business and occupation tax and state and local retail sales tax – Sourcing of use tax for purchasers.
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