

# Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

ETA 3132.2021

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## Casual Sales of Motor Vehicles

### Purpose

This excise tax advisory explains the application of retail sales tax or use tax on casual sales of motor vehicles.

### Casual Sales and Retail Sales Tax

A casual or isolated sale is “a sale made by a person who is not engaged in the business of selling the type of property involved.”<sup>1</sup> While the business and occupation tax does not apply to casual sales, retail sales tax must be collected on casual sales when the seller is engaged in business activities, and therefore is required to be registered with the Department.<sup>2</sup>

The requirement on businesses to collect sales tax on all retail sales includes a business’s casual sales of motor vehicles. For example, a department store must collect the retail sales tax on the casual sale of a delivery truck.

The seller bears the responsibility for collecting the retail sales tax. Any seller failing to collect and remit the retail sales tax is personally liable for the tax unless the seller maintains proper records documenting an exempt or nontaxable transaction.<sup>3</sup>

### Use Tax Due if Sales Tax is Not Paid

Use tax generally applies to the use of tangible personal property in Washington when sales tax has not been paid by the user of the property.<sup>4</sup> [RCW 82.12.045](#) requires county auditors to collect any use tax owing at the time the applicant

<sup>1</sup> [RCW 82.04.040\(2\)](#).

<sup>2</sup> [RCW 82.08.0251](#); [WAC 458-20-106](#); [WAC 458-20-101](#).

<sup>3</sup> [RCW 82.08.050](#).

<sup>4</sup> [RCW 82.12.020\(1\), \(2\)](#).

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applies for registration of, and transfers title to, the motor vehicle. This requirement does not relieve any seller obligated to collect retail sales tax from doing so.

County auditors are required to collect use tax due on any taxable transaction except in the following situations:

- The applicant exhibits a dealer's report of sale showing the retail sales tax has been collected by the dealer;
  - The applicant presents a valid reseller permit issued to the vehicle owner by the Department under the authority of [RCW 82.32.780](#);
  - The applicant presents a written statement signed by the Department showing no use tax is legally due; or
  - The applicant presents satisfactory evidence showing that the retail sales tax or use tax has been paid by him on the vehicle in question. This exception applies only if the buyer presents a copy of an invoice or bill of sale that identifies the vehicle, shows the selling price and amount of retail sales tax collected, and indicates the seller's registration number with the Department.
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