

Washington Sales Tax Alert

Washington Department of Revenue officials took quick corrective action when we pointed out problematic areas in Washington tax administration at a recent construction industry conference. They addressed some of the problems by issuing a Tax Topics publication which discusses the distinction between subcontractor services (which may be purchased for resale) and rental of equipment with an operator (which is always subject to sales tax).

This Tax Topics is particularly notable because the Department clearly states that it will presume concrete pumping services are construction services and are eligible to be purchased with a resale certificate or reseller's permit. The Department's position on concrete pumping services has not been consistently communicated in the past. For example, the administrative rule currently in effect (WAC 458-20-211) provides an example that is contradictory to this newly published statement.

Contractors who have previously paid sales tax to subcontractors performing concrete pumping may be eligible for a refund of sales tax paid in error on these transactions. If you have paid sales tax in error on concrete pumping services, we can help you determine the best way to apply for a refund.

Link to the Tax Topics publication:

<http://dor.wa.gov/Content/GetAFormOrPublication/PublicationBySubject/TaxTopics/RentalEquipOperator.aspx>

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