



STATE OF WASHINGTON

DEPARTMENT OF REVENUE

INTERPRETIVE STATEMENT ISSUED

The Department of Revenue has issued the following Excise Tax Advisory (ETA):

ETA 3185.2014 – Sourcing and Attribution of Income on Leases and Rentals of Tangible Personal Property

This ETA explains the business and occupation (B&O) and retail sales tax responsibilities of a seller (lessor) leasing tangible personal property to a consumer (lessee). The ETA clarifies that the lease of tangible personal property to a consumer is a retail sale subject to retailing B&O tax and retail sales tax unless a specific exemption applies; the measure upon which these taxes are due; and how these taxes are sourced and attributed under Washington law. The ETA addresses both leasing arrangements that require recurring periodic payments and those that do not as they relate to:

- Tangible personal property (other than transportation equipment or motor vehicles, trailers, semitrailers, and aircraft that do not qualify as transportation equipment);
- Transportation equipment; and
- Motor vehicles, trailers, semitrailers, and aircraft that do not qualify as transportation equipment.

A copy of this document is available via the Internet at [Recent Rule and Interpretive Statements, Adoptions, and Repeals](#).

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OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: January 16, 2014

TIME: 3:49 PM

WSR 14-03-090