



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

OCTOBER 21, 2010

Retail Sales by Colleges and Universities

Background

Colleges and universities are required to collect sales tax when making retail sales in Washington. This includes sales conducted on or off campus. (See WAC 458-20-167 and WAC 458-20-189.)

Effective July 1, 2008, the sales tax rate on goods and merchandise is based on the location in Washington where the customer receives the goods (destination-based sourcing). Therefore, when making retail sales, colleges and universities are required to collect sales tax based on where the customer first takes possession of the goods.

Sales conducted on campus

When making retail sales on campus, the college or university must collect tax based on the tax rate of the campus location, and report the sale under the corresponding location code on their excise tax return.

Example: University A is located in Bellingham, and sells merchandise at a campus bookstore. Customers take possession of the merchandise at the time of the sale. Sales by University A at the campus bookstore will be subject to the Bellingham tax rate. When University A reports these sales it will code them to location code 3701 for Bellingham.

Sales conducted off campus

When making retail sales off campus—for example during a sporting event held elsewhere—the college or university must collect tax based on the tax rate where the buyer takes possession of the goods. The university would report the sale to the corresponding location code on their excise tax return.

Example: University A is located in Bellingham, and has a game at a stadium in Seattle. University A will bring merchandise to sell at that game. Sales by University A at the game in Seattle will be subject to the Seattle tax rate. When University A reports these sales it will code them to location code 1726 for Seattle.

Internet sales

When selling goods through the Internet, the college or university must collect sales tax based on where the customer receives the goods in Washington. This is normally the shipping address. If the shipping address is not available at the time the order is placed, the seller should collect tax based on the address of record, such as the billing address. Note that goods shipped out-of-state are not subject to sales tax.

Example 1: University B is located in Spokane, and sells merchandise through its online store. A customer in Longview places an order and has the goods shipped to their

Longview address. University B should collect sales tax at the Longview tax rate and report this transaction under location code 0804, for Longview.

Example 2: University B is located in Spokane, and operates an online store as in example 1. A customer located in Oregon places an order with University B and has the goods shipped to their address in Oregon. University B should not collect sales tax on this transaction.

Resources

The Department provides resources to assist sellers in determining the correct tax rate. The Tax Rate Lookup Tool returns a tax rate and location code for a given address. Lists of all tax rates by city or county are also available. Both can be found online at dor.wa.gov.

For more information

Visit our website at dor.wa.gov or contact the Department's Telephone Information Center at 360-705-6705.