

INTERPRETIVE OR POLICY STATEMENT

DEPARTMENT OF REVENUE

CANCELLATION OF INTERPRETIVE AND/OR POLICY STATEMENTS

This announcement of the cancellation of these interpretive statements is being published in the Washington State Register pursuant to the requirements of RCW 34.05.230. The Department of Revenue has cancelled the following six audit directives: No. 8108.1, No. 8144.1, No. 8168.1, No. 8171.2, No. 8177.1, and No. 8178.1, effective August 17, 2020. As a result of this action, no audit directives are remaining, and the entire audit directive series is completely cancelled.

No. 8108.1 Merchandise Returns With Restocking Charge (1984)

Audit Directive 8108.1 became redundant with a [Tax Topic](#) (“Restocking fees for returned merchandise”) in 2009, and [WAC 458-20-278\(2\)\(b\)](#) in 2015. Both cover the same subject as the Audit Directive, the tax treatment of restocking fees charged by sellers on the return of sold goods.

No. 8144.1 Printing Plates (1984)

This Audit Directive cites two ETBs, 417 and 456, now renumbered as ETAs [3063](#) and [3074](#) respectively. The Audit Directive provides a presumption about the value of printing plates and similar items for sales and use tax purposes. It instructs auditors to presume the sales/use tax value of printing plates “and similar items used by printers” to equal 15% of their total cost. Neither ETA includes the 15%-of-cost presumption. The rules applicable to printers/publishers and to the printing industry, Rules 143 and 144, respectively, also make no mention of the presumption stated in the Audit Directive. This information is outdated.

No. 8168.1 Retirement Homes (1984)

This Audit Directive addresses the taxability of “retirement home” meals. Meals provided to residents were not to be considered sold when the retirement homes were not subject to B&O tax on the living quarter’s charges. The information about meals in retirement homes being part of the tax exempt real estate rental income is incorrect. “Retirement homes” are not a current tax classification. Meals provided by a statutorily defined nursing home or assisted living facility are exempt. See [WAC 458-20-168\(7\)\(b\)](#). Meals provided to tenants by other types of entities, including independent senior living boarding homes that are not licensed, and that do not provide healthcare services, are subject to sales tax. See [WAC 458-20-166\(5\)\(b\)\(v\)](#). A [Tax Topic](#) “Meals provided to senior residents” from 2015 describes these issues. Audit Directive No. 8168.1 is out of date, and partially conflicting with Rule 166 and the 2015 Tax Topic.

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No. 8171.2 Paving Cuts (1987)

Paving cuts are the activity by utilities and contractors where a paved road is cut open to access something underneath, generally a utility line. When the utility work is finished, the opened section is paved over again. Audit Directive 8171.2 became redundant with ETA 3035.2009 in 2009, and a Tax Topic in 2015. The 2015 “Paving Cuts” [Tax Topic](#) covers the same subject.

No. 8177.1 Out of State Affidavits (1986)

Audit Directive 8177.1 cites an older version of WAC 458-20-177 requiring automobile dealers to attach copies of the out of state delivery affidavits to their tax returns. The directive indicated that it was better for the dealer to retain the affidavits than to attach them to their returns. This is outdated because [WAC 458-20-177](#) was amended in 2005, removing that requirement.

No. 8178.1 Use Tax Value of Equipment Used Temporarily in Washington (1987)

Audit Directive 8178.1 became redundant in 2014 when the formula for calculating the rental value (for use tax purposes) of out of state equipment used temporarily in WA was incorporated into the use tax rule. [WAC 458-20-178\(4\)\(i\)](#).

Questions regarding the cancellation of these documents may be directed to Atif Aziz, Rules Coordinator, Interpretations & Technical Advice, P.O. Box 47453, Olympia, WA 98504-7453; phone (360) 534-1593; e-mail: AtifA@dor.wa.gov.

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