



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

OCTOBER 14, 2009

Return of New Vehicles Under Customer Satisfaction Programs

Purpose

Motor vehicle manufacturers and dealers are offering a number of incentives and customer satisfaction programs to stimulate new car sales. Some customer satisfaction programs provide customers with an extended period of time within which they can return a purchased vehicle to the dealer if the customer is not satisfied. This Special Notice explains the conditions under which the dealer can claim a refund or credit of taxes previously paid on the sale of a vehicle to a customer.

Entire selling price must be refunded to customer

Where the entire vehicle selling price and the sales taxes are refunded to the customer, the dealer is entitled to a tax refund or credit from the Department of Revenue. The dealer can deduct the original amount reported under both the retailing B&O tax classification and the retail sales tax classification.

Entire selling price includes dealer add-ons

The entire selling price that must be refunded includes any additional services or tangible personal property sold by the dealer (with the sale of the vehicle). It doesn't matter whether or not these add-ons are covered under any manufacturer's agreement with the dealer. Examples of add-ons include:

- Undercoating
- Leather seat protection
- Pin-striping
- Floor mats

Dealer not entitled to a tax refund if entire selling price is not refunded to customer

If a dealer does not refund the entire selling price to the customer, including dealer add-ons, the dealer is not entitled to any refund from the Department. When the full selling price is not refunded, the vehicle is considered repurchased property by the dealer. In the case of a repurchase, no tax credit or refund is due the dealer.

Note: See WAC 458-20-108 for additional information regarding returned and repurchased property.

For more information

If you have questions or need assistance, contact the Department's Telephone Information Center at 360-705-6705.