

## Sales/Use:

### Washington DOR Explains Destination-Based Sourcing Rules and their Application

*Determine the location of my sale*, Wash. Dept. of Rev. (6/21). The Washington Department of Revenue (Department) explains its tiered rules for determining the location of a sale for state sales and use tax purposes, providing that sales tax collection generally is based on the location where the customer receives the merchandise or service. In doing so, the Department lists the following general destination-based sourcing rules in the order of their application:

**URL:** <https://dor.wa.gov/taxes-rates/sales-and-use-tax-rates/determine-location-my-sale>

1. If a customer takes possession of property, digital good, retail service, or extended warranty at the seller's business location, calculate the sales tax based on the rate at the seller's business location; or if not,
2. If the customer will receive the product, digital good, retail service, or extended warranty at a location other than the seller's place of business, code the sales tax to the location where the customer receives the property, service, or warranty; or, if not,
3. If the seller does not know the address where the product, digital good, or service will be received, the seller should code the sales tax to the address for the customer maintained in the seller's ordinary business records, provided use of the address does not constitute bad faith; or, if not,
4. If the seller does not have a delivery address or an address where the customer has received shipments, the seller must code the sales tax to an address for the purchaser obtained at the time of the sale (e.g., the address that appears on a check, credit card, or money order, so long as use of the address does not constitute bad faith).

If Rules 1 through 4 do not apply, or if the seller does not have enough information to code the sales tax under one of these four methods, the seller generally must base the sales tax on the location as determined under the following rules:

1. Regarding tangible personal property, the location from which the property was shipped;
2. Regarding retail services and extended warranties, the location from which the services or warranties were provided; and
3. Regarding prewritten software (and digital goods), the location at which the software was first made available for transmission.

The administrative guidance includes example scenarios involving some common transactions, as well as some special sourcing provisions applicable to the sale of select merchandise and services. Please contact us with any questions.

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