

Gross Receipts:

Washington DOR Ruling Says Customized Online Product Sales are Subject to Manufacturing B&O Rate

Determination No. 18-0191, Wash. Dept. of Rev. (6/16/23). A ruling issued by the Administrative Review and Hearings Division of the Washington Department of Revenue (Division) concluded that an online remote seller changing the physical property of pet items it sold by physically stamping or embroidering them constitutes creating “new, different, or useful” products – that is, engaging in “manufacturing activities” – and thus such sales are subject to Washington’s manufacturing business and occupation (B&O) tax rate. In doing so, the Division explained that the fact it is a customization or personalization for a specific customer does not render the activities “non-manufacturing” for B&O tax purposes. The Division also noted that in instances when the company is reselling non-personalized pet items, it is *not* engaging in manufacturing activities for B&O tax rate purposes. Please contact us with any questions.

URL: <https://dor.wa.gov/sites/default/files/2023-06/42WTD005.pdf>

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