

FINAL BILL REPORT

SB 5523

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Synopsis as Enacted

Brief Description: Authorizing an offset for certain overpayments of tax concerning leased equipment.

Sponsors: Senators Horn, Rossi and Snyder.

Senate Committee on Ways & Means

House Committee on Finance

Background: The sales tax is imposed on retail sale of most items of tangible personal property and some services. Use tax is imposed on the use of an item in Washington when the acquisition of the item or service has not been subject to sales tax. The combined state and local sales and use tax rate ranges between 7 and 8.6 percent, depending on location.

The retail sales tax applies to sales of property to consumers. Property that is purchased for resale or leasing is exempt from the retail sales tax because it is not a sale to a consumer. However, the subsequent leasing of such property to consumers is subject to sales tax.

By statute, there exists a four-year time limit on tax refunds or credits for taxes, penalties or interest due.

Summary: An exception is granted to the four-year limitation of refunds regarding overpayments of sales tax on leased equipment. A taxpayer is allowed to credit the sales tax paid incorrectly on the original sale to offset the amount of sales taxes subsequently owed on the leased property.

Votes on Final Passage:

Senate	44	0
House	94	0

Effective: June 13, 2002