



# Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

June 1, 2016

## Retail Sales Tax Exemption for Sales of Motor Vehicles to Tribes and Enrolled Tribal Members

Starting June 9, 2016, a new Washington law states there are updated requirements to document:

- The sale of a motor vehicle was to a tribe or an enrolled tribal member and
- The motor vehicle was delivered to or the sale was made in the buyer's Indian country.

[\(See Engrossed Substitute Senate Bill \(ESSB\) 6427, Chapter 232, Laws of 2016.\)](#)

*Federal* law provides that the sales of tangible goods, including motor vehicles, to tribes and enrolled tribal members are exempt from retail sales tax if the goods are delivered to or the sale is made in the tribe or enrolled tribal member's Indian country.

### How to document a tax exempt sale to a tribe or enrolled tribal member?

#### **1. The buyer is a tribe or an enrolled tribal member**

A buyer must present to the seller, and the seller must keep, one of the following documents to substantiate that a sale was made to a tribe or an enrolled tribal member:

- the buyer's tribal membership or citizenship card;
- the buyer's certificate of tribal enrollment; or
- a letter signed by a tribal official confirming the buyer's tribal membership status or that the buyer is a tribe

If a buyer does not provide one of the above documents, the seller must collect retail sales tax on the sale.

PO BOX 47478 | OLYMPIA, WASHINGTON 98504-7478 | 1-800-647-7706 | [DOR.WA.GOV](http://DOR.WA.GOV)

For tax assistance or to request this document in an alternate format, visit <http://dor.wa.gov> or call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay Service by calling 711.

## **2. Delivery to or sale made in the buyer's Indian country**

An exempt motor vehicle sale to a tribe or an enrolled tribal member must also meet one of the following:

### **The motor vehicle is delivered in the buyer's Indian country**

To establish delivery in the buyer's Indian country, the seller must:

- Deliver the motor vehicle to the buyer's Indian country **and**
- Complete a declaration, attesting to the location of delivery and enrollment status of the buyer. Both the buyer and seller must sign the declaration. The Department of Revenue created the [Declaration for Motor Vehicle Sales to Enrolled Tribal Members with Delivery in Indian Country](#) for buyers and sellers to use.
- The seller must keep the declaration in their records.

The declaration is at: <http://dor.wa.gov/Docs/forms/Misc/declarvehsaletribal.pdf>

No additional proof is required to document delivery. No other Department of Revenue form or certificate may be used to document delivery.

**Note:** If a declaration is **not** completed and signed by both the buyer and the seller, the seller will be unable to meet the delivery requirement and retail sales tax is due on the sale, unless the sale is made in the buyer's Indian country as discussed below.

### **The sale of the motor vehicle is made in the buyer's Indian country**

If the sale is made in the buyer's Indian country, a declaration does not need to be completed by the buyer and the seller. The buyer must still present one of the three documents above and the seller must examine and keep a copy of the document presented.

For motor vehicle sales, the most common example of when a sale is made in the buyer's Indian country happens when the seller's business (such as an auto dealership) is located in the buyer's Indian country and the sale is completed at the seller's location.

## **What about the old form used for sales before June 9, 2016?**

Before June 9, 2016 the *Retail Sales/Use Tax Exemption Certificate for Vehicles Sold to Enrolled Tribal Members by Auto Dealers* form was used to document this exemption.

Starting June 9, 2016 this form will not be available and was replaced by the above declaration. Sellers should use this declaration.

## **How do I verify a delivery address is in Indian country?**

The seller must verify the delivery address is in the Indian country of the buyer. If a seller is uncertain if an address is in the buyer's Indian country, the seller can search under "sales tax rates" with our [Tax Rate Lookup Tool](#) to determine if an address is located in Indian Country.

If you have questions about an address or sales to tribes and enrolled tribal members visit: <http://dor.wa.gov/content/FindTaxesAndRates/RetailSalesTax/Indians/>

The Lookup Tool can be found at: <http://dor.wa.gov/content/findtaxesandrates/salesandusetaxrates/lookupataxrate/>

**Tribal members are *not* required to live in their Indian country to receive this exemption.**

## **What is a motor vehicle?**

A “motor vehicle” is every vehicle that is self-propelled and every vehicle propelled by electric power obtained from overhead trolley wires, but not operated upon rails ([Revised Code of Washington \(RCW\) 46.04.320](#)). Generally, this means:

- Passenger cars
- Sport utility vehicles (SUVs)
- Pickup trucks
- Commercial trucks
- Recreational vehicles (motor homes)
- Motorcycles
- Buses

In addition, “motor vehicle” also includes:

- Snowmobiles ([RCW 46.04.546](#))
- Off-road vehicles ([RCW 46.04.365](#))
- Nonhighway vehicles ([RCW 46.09.310](#))
- Neighborhood electric vehicles ([RCW 46.04.357](#))
- Medium-speed electric vehicles ([RCW 46.04.295](#))

## **Can this declaration be used for sales of boats, other tangible goods, and extended warranties?**

No. The above declaration is used for sales of motor vehicles. For qualifying sales of boats, other tangible goods, and extended warranties, one of the following forms should be used:

- [Sales to Indians with Delivery in Indian Country](#)

- [Buyer's Retail Sales Tax Exemption Certificate](#)

These forms can be found at: <http://dor.wa.gov/content/getaformorpublication/>

### **Extended warranties**

For extended warranties sold with a motor vehicle, the buyer will also need to complete one of the two forms above to receive the exemption for the extended warranty.

As with other retail sales tax exempt sales to tribes and enrolled tribal members, the extended warranty must be delivered to or the sale must be made in the buyer's Indian country. If the motor vehicle is being delivered to the buyer's Indian country, the extended warranty should be delivered to the buyer with the motor vehicle.

## **What about trailers, including travel trailers?**

Before June 9, 2016, the *Retail Sales/Use Tax Exemption Certificate for Vehicles Sold to Enrolled Tribal Members by Auto Dealers* form was used to document tax exempt sales to tribes and enrolled tribal members where the trailer was delivered to or the sale was made in the buyer's Indian country.

Starting June 9, 2016 this form is no longer available. For trailer sales, including travel trailer sales, buyers should complete one of two forms listed above. Trailer sellers can also use the *Declaration for Motor Vehicle Sales to Enrolled Tribal Members with Delivery in Indian Country* to document this exemption.

A trailer must be delivered to or the sale must be made in the buyer's Indian country.

## **Definitions**

- "Indian country" has the same meaning as provided in 18 U.S.C. Sec. 1151.
- "Tribe" means a federally recognized tribe.
- "Tribal member" means an enrolled member of a federally recognized tribe.

## **Questions?**

- Telephone Information Center at 1-800-647-7706
- Send an email to [communications@dor.wa.gov](mailto:communications@dor.wa.gov).

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