

State of Washington Responds to U.S. Supreme Court's Decision in *South Dakota v Wayfair*

Authored by George C. Mastrodonato August 9, 2018

UPDATE: The state of Washington has announced its response to the U. S. Supreme Court's decision in *South Dakota v. Wayfair*. In a publication dated August 3, 2018 (Registration Thresholds for Out-of-state Businesses: Retail Sales, Wash. Dept. of Rev., 08/03/2018), the Department of Revenue states that, effective October 1, 2018, out-of-state remote sellers that make \$100,000 in retail sales to Washington customers, or 200 annual transactions with Washington consumers in the current or immediately preceding tax year, will be required to register with the Department and collect and remit sales on those sales. In effect, Washington is adopting the thresholds that the Supreme Court approved in the *Wayfair* decision. Any remote seller meeting either of these thresholds after October 1, 2018, must begin collecting sales tax on the first day of the month that starts at least 30 days after the threshold is met.



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Previously, in a law that became effective on January 1, 2018, any remote seller making annual retail sales of \$10,000 or more to Washington customers was required to either collect sales tax or give notice to the buyers of their use tax liability plus file an annual report with the Department of Revenue that discloses all sales. This law remains in effect, that is, the \$10,000 threshold for notice and reporting or sales tax collection remains in effect for taxpayers that have not exceeded the new thresholds (\$100,000 in sales/200 separate transactions, in a year). However, any remote seller that may have previously met the \$10,000 threshold is required to register and collect and remit sales tax (and can no longer choose the notice and reporting option) as soon as the seller crosses the \$100,000 or 200 transaction threshold.