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Washington State: Sales and use tax, economic nexus legislation enacted

Legislation (House Bill 2163) that significantly affects remote retailers, electronic marketplace operators, and others making and facilitating sales to Washington State consumers was signed into law on July 7, 2017.

At the outset, House Bill 2163 notes that Washington State and its local governments will “lose out on” an estimated \$353 million in sales and use taxes in fiscal year 2018 from remote sales, reducing funds that would otherwise be available for public education, health care, infrastructure, and other vital public services. To address this “significant harm and unfairness” resulting from the *Quill* physical presence nexus rule, House Bill 2163 adopts a “new program” that applies to remote sellers, “marketplace facilitators,” and so-called “referrers” effective January 1, 2018.

The program is framed as an “election”—a remote seller meeting a specified threshold of gross receipts from retail sales into Washington must elect to either collect retail sales or use tax on taxable retail sales or comply with certain sales and use tax notice and reporting provisions. This election/mandate also extends to marketplace facilitators that facilitate sales on behalf of third-party remote sellers as well as referrers.

Read a [July 2017 report](#) [PDF 192 KB] prepared by KPMG LLP

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