

WAC 458-20-201 Interdepartmental charges. The term "interdepartmental charges" means amounts credited to the sales account or other gross income account of a taxpayer for goods, materials or services furnished by one department or branch of a business organization to another department or branch of the same business concern or firm.

Tax may be due upon interdepartmental charges covering transfers of goods from a central location to two or more retail outlets. See WAC 458-20-231, Tax on internal distributions. Tax is also due upon the value of products extracted or manufactured by one branch or department of a business for commercial or industrial use of another branch or department of the same business. See WAC 458-20-134. In other cases amounts representing interdepartmental charges may be excluded in computing tax due. This does not permit the exclusion or deduction of charges against or income derived from an affiliated corporation or other affiliated association.

Municipal corporations are entitled to an exclusion of interdepartmental charges in computing tax whether or not the charges represent an actual transfer of money or merely a bookkeeping entry (see WAC 458-20-189).

[Statutory Authority: RCW 82.32.300. WSR 83-08-026 (Order ET 83-1), § 458-20-201, filed 3/30/83; Order ET 70-3, § 458-20-201 (Rule 201), filed 5/29/70, effective 7/1/70.]