

# CRUISING PERMITS & TAXES

Unless one of the various exemptions applies, sailing vessels over 16-feet in length and all motorized vessels must be registered with the State of Washington. Motorized vessels less than 16-feet long and powered by less than 10-HP are exempt if never used on a federally controlled body of water. At the time of purchase, or initial registration within Washington, a sales or "use" tax will be collected as well. (Manually powered vessels not subject to registration fees will still be subject to sales taxes)

## Sales Tax

If a vessel is purchased from a yacht broker or dealer, the seller will collect the sales tax during closing. Sales tax varies slightly by county, but is typically between 8 and 8.9%. If the dealer or broker accepted a trade-in as partial payment, the sales tax is calculated only on the net difference between the two values.

Vessels purchased out of state by Washington residents for use within Washington state, vessels transferred to Washington by out-of-state residents for extended use in Washington waters, and vessels purchased from private parties are subject to use tax instead of sales tax. The same percentage rate used to calculate sales tax applies to use tax, based on a vessel value determined by sales documents and/or an owner's statement of value approved by the county auditor.

## Sales and Use Tax Exemptions

Non-resident boaters purchasing a boat in Washington will not be required to pay sales or use tax, providing the boat is required to be licensed and registered in another state and is not used on Washington for more than 45 days following the purchase

Non-resident boaters who bring a vessel to Washington for temporary use are not subject to use tax for the first 60 days, if the vessel is properly registered in another state. The 60 days may be extended to six months if the non-resident applies for a temporary Washington State Vessel ID document.

Sales or use tax previously paid on the same vessel in another state will be deducted from the tax collected in Washington, providing the registrant can show proof of payment.

Vessels purchased for use as a charter boat are not initially subject to sales or use tax; but tax will be collected each time the vessel is chartered. Tax is also due on the theoretical charter value whenever an owner reserves the boat for personal use.

Additional sales tax exemptions apply for vessels used in commercial fishing, interstate or foreign commerce, and certain other non-recreational situations.

## Cruising Permits

At the time of purchase, a non-resident may buy a permit that allows use in Washington waters for 12 months. Boats operated under a cruising permit must not return to Washington for 24 months after the permit expires, or use tax and registration will apply.

## Titling, Registration, and Excise Tax

All vessels registered with Washington State will be issued a state title, unless the vessel is registered with the US Coast Guard ("documented"). Boats with a Washington title must display official registration numbers on the hull, but documented vessels are exempt from the display of "WN numbers". All vessels, documented or titled, are subject to an annual vessel excise tax. The tax is calculated at 1/2 of 1% of the vessel value, and is collected each year when registration is renewed. All boats must display an annual registration sticker, on both the port and starboard side, to verify the payment of registration fees and excise taxes. The vessel licensing year begins July 1, and ends the following June 30. Vessel excise taxes and registration fees must be paid before expiration of the previous year's "tabs".

