

## Sales/Use/Indirect:

### Washington Appellate Court Affirms Use Tax and B&O Tax Due on Internal Sales Based on Comparable External Sales

*Case No. 847198-1*, Wash. Ct. App. (10/23/23). In an unpublished opinion involving an asphalt manufacturer with in-state production facilities that provides asphalt both to its own construction division via internal exchanges (*i.e.*, “internal sales”) and to other third-party entities that perform construction work (*i.e.*, “external sales”), a Washington Court of Appeals (Court) affirmed that the company owed Washington use tax and manufacturing business and occupation (B&O) tax on its internal sales even though a formal sales price was not charged. Furthermore, the Court held that the sales price on these internal sales must be calculated based on the manufacturer’s external sales rather than on its costs as the transactions were deemed “comparable” under the facts at hand. Please contact us with any questions.

**URL:** <https://www.courts.wa.gov/opinions/pdf/847198.pdf>

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