

Seattle Rule 5-030

Persons making sales through a direct seller's representative
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Persons making sales through a direct sellers representative

(1) Definitions.

(a) "Direct seller" is any person in respect to gross income derived from the business of making sales at wholesale or retail if such person:

(i) Does not own or lease real property within the city; and

(ii) Does not regularly maintain a stock of tangible personal property in the city for sale in the ordinary course of business; and

(iii) Is not a corporation incorporated under the laws of this state; and

(iv) Makes sales in the city exclusively to or through a direct sellers representative.

(b) "Direct sellers representative" means a person who buys consumer products on a buy-sell basis or a deposit-commission basis for resale, by the buyer or any other person, in the home or otherwise than in a permanent retail establishment, or who sells, or solicits the sale of, consumer products in the home or otherwise than in a permanent retail establishment; and

(i) Substantially all of the remuneration paid to such person, whether or not paid in cash, for the performance of services described in this subsection is directly related to sales or other output, including the performance of services, rather than the number of hours worked; and

(ii) The services performed by the person are performed pursuant to a written contract between such person and the person for whom the services are performed and such contract provides that the person will not be treated as an employee with respect to such purposes for federal tax purposes.

(2) Tax Treatment.

(a) The RCW provides an exemption under the States Business & Occupation tax for sales made by a direct seller to or through a direct sellers representative. However, the City of Seattle does not allow a similar exemption under the Citys business license tax. Therefore, a person making sales to or through a direct sellers representative is subject to the business license tax in the same manner as other manufacturers, retailers, distributors, or wholesalers.

(b) If the sale between the direct seller and the direct sellers representative is on a buy-sell basis then the business license tax is due by both the direct seller and the representative (wholesale sale and then a retail sale, respectively).

(c) If the sale by the direct sellers representative is made on a commission basis then the representative shall report such commissions under the service and other business license tax classification, and the direct seller shall report the total amount of the sale under the retailing classification.

(3) Special Agreement. A direct seller may enter into an agreement with the Director whereby the direct seller reports the business license tax for their own sales and also those of their representatives. In such case, the representatives will not be required to obtain business license tax certificates.

DIRECTOR'S CERTIFICATION

I, Glen M. Lee, Finance Director of the City of Seattle, do hereby certify under penalty of perjury of law, that the within and foregoing is a true and correct copy as adopted by the City of Seattle, Department of Finance and Administrative Services.

DATED this ____ day of July 2016.

CITY OF SEATTLE,

a Washington municipality

By: _____

Glen M. Lee, Finance Director

Department of Finance and Administrative Services

Effective date: July 14, 2016

Jul 14, 2016