Important information about government purchasing agreements
This notice has important information for tire retailers who signed a dealer agreement with any tire manufacturer agreeing to make sales to eligible state government entities honoring the pricing set through Western States Contracting Alliance (WSCA) contracts.

When are credits taxable?
If the contracted WSCA price is lower than your dealer cost, a credit is generally applied to your vendor account to reimburse you the difference between your cost and the contracted price. This is a nontaxable reduction in the cost of the tires to you.

If your vendor pays you an additional credit, the additional credit amount you receive in the transaction is generally taxable. Sometimes these credits are called a “service allowance” and the credit is paid as a set percentage of the total sales amount. These additional credit amounts must be included in the taxable sales reported on your sales tax return in the same period that the sale occurred.

How do I collect the tax from my customer?
You may collect sales tax reimbursement on the additional taxable credit amount by listing the taxable amount on your invoices. You are required to disclose to your customer the amount of any taxable discounts, rebates, or incentives offered or paid to you by third parties upon which sales or use tax is collected.

General information about WSCA
The WSCA offers cooperative purchasing benefits for states as well as cities, counties, public schools, institutions of higher education, and other eligible entities. All authorized governmental entities in any state are welcome to use WSCA cooperative contracts with the approval of that state’s Chief Procurement Official by signing a participating addendum. To find out more about WSCA, their programs, and their current contracts, you can visit www.aboutwsca.org.

For More Information
If you have any questions regarding this notice, please call our Customer Service Center at 1-800-400-7115 (TTY:711). Representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.