From:	CROUCHO@sao.wa.gov
To:	sbattulga@lynnwoodwa.gov
Cc:	Cowgill, Christie (SAO); Ard, Sherrie (SAO); Young, Joshua (SAO); Hylton, Scott (SAO); Strand, Ann (SAO); Adams, Haji (SAO); Tellers, Stacie (SAO); Crouch, Olivia (SAO); Ard, Sherrie (SAO); Wolf, Andrew (SAO); Cowgill, Christie (SAO); Pagio, Kayley (SAO); Vandenburg, Vivian (SAO); Fenton, Crystal (SAO)
Subject:	Response to Client Helpdesk Request 93373
Date:	Monday, March 6, 2023 2:06:26 PM

Your request # 93373 for Lynnwood, City of has been resolved.

Your question was:
Do we include sales tax in the amortization schedule for leases?

The background information you provided was:
In preparing the amortization schedule, a question popped up whether we include the sales tax for leases? These are copier leases. thank you.

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Our response is as follows:
Hello,

Sales tax are considered a non-lease component and should NOT be included in your calculation of the lease liability/lease asset. The sales tax would also then be excluded from the amortization schedule. The sales tax should be treated as an expense in the period they are incurred/due, separate from your lease accounting.

Please let me know if you have any additional questions!
Olivia

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If you have additional follow-up questions, please reference this request number when you contact us again. A copy of this response is provided to your audit team to ensure that we are consistent and efficient when working with you.

Sincerely,
OLIVIA Crouch

Disclaimer: Answers are informational only and are based on the specific circumstances presented. As laws and circumstances change, or additional facts are presented, the answer is subject to change. The information provided by the Washington State Auditor's client helpdesk is not a legal or a binding opinion.

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