

**SECTION 8: SPECIAL COMMODITY PROCEDURES**

**SUBJECT: MAINTENANCE AGREEMENTS PROCEDURE 8.2**

**POLICY:**

Maintenance agreements are contracts through which the University of Washington contracts with a vendor (either the equipment manufacturer or a third party service company) to complete maintenance on a piece of equipment purchased by the University. Equipment maintenance agreements may be paid up to 5 years (60 months) in advance. Maintenance agreements and warranties are considered taxable regardless of the tax exempt status of the equipment.

**PROCEDURE:**

Departments are responsible for the maintenance of all equipment within the department's custody. This includes providing necessary maintenance and service, keeping and maintaining required records, and establishing and performing periodic reviews.<sup>1</sup>

The University is authorized to pay for equipment maintenance up to (60) sixty months in advance.<sup>2</sup> This is one of a few exemptions to the general prohibition against payments in advance by Washington state agencies.

Maintenance agreements and extended warranties are taxable, regardless of the taxable status of the underlying equipment. The Washington State Department of Revenue has issued a [special notice](#) stating that extended warranties are taxable.

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<sup>1</sup> <http://f2.washington.edu/fm/eio/equipment-maintaining-equipment>

<sup>2</sup> RCW 43.88.160(5)