State of Washington
Study of the Taxation of Electronically Delivered Products

Proposed framework for the taxation of electronically delivered products:

1. Work within existing excise tax structure.
   - Update sales, use and business and occupation tax application or exemptions
   - Avoid creating alternative types of taxes or special sales/use tax rates

2. Determine the state’s tax position for electronically delivered products through legislative action.
   - Technology has broad application and rapid growth that impacts many industries
   - Avoid language addressing only a limited group of buyers or sellers
   - Provide certainty and transparency for sellers and consumers

3. Maintain conformity with the Streamlined Sales & Use Tax Agreement and coordinate application of Washington’s business and occupation tax structure.
   - Follow SSUTA provisions and definitions relating to specified digital products, digital audio-visual works, digital audio works and digital books and other terms
   - Other electronically delivered products must be defined if tax applies
   - Include existing electronically delivered standard financial information as needed in overall framework of electronically delivered products
   - Coordinate sales tax application decisions and B&O tax classifications as needed
   - As applicable, address any differences regarding usage rights and any alternative delivery methods to avoid uncertainty for sellers and consumers
   - Apply general sourcing rules; however address any issues as needed through the SSUTA process

4. Avoid tax pyramiding within the supply chain for any taxable digital products.
   - Determine state’s taxation intent and its impact throughout the supply chain
   - In the digital products supply chain, multiple intermediate sales occur
   - Content may be created or purchased
   - Delivery methods may be direct or through other parties
   - Products and delivery methods are quickly offered in many combinations