

Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

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Digital Products – General Analysis of Tax Liability

Overview

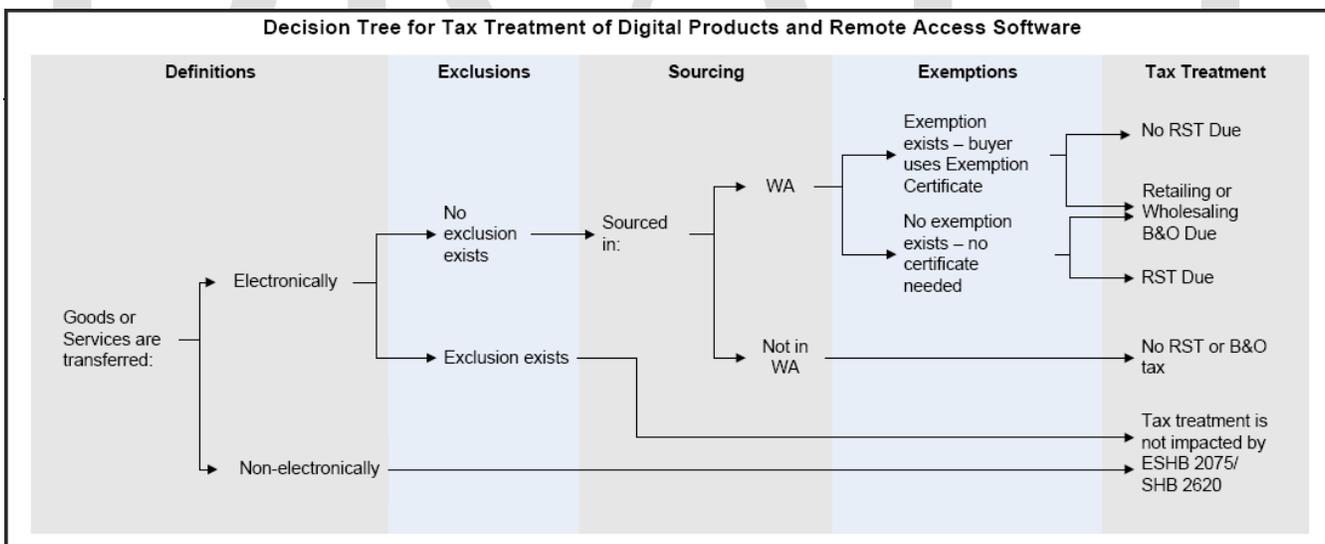
This excise tax advisory summarizes the overall process of digital products tax analysis, highlights key considerations in the analysis process, and directs taxpayers to other excise tax advisories and code sections for more information.

Decision tree

The graphic below demonstrates the analysis needed to determine if an electronically transferred product is taxable as a digital product (digital good or digitally automated service) or remote access software as of July 26, 2009 pursuant to Chapter 535, Laws of 2009 (ESHB 2075). This general analysis has not changed as a result of Chapter 111, Laws of 2010 (SHB 2620) effective July 1, 2010, and retroactive in part to July 26, 2009.

Presumptions

This decision tree presumes the seller is responsible for collecting Washington’s retail sales tax. If the seller does not collect the retail sales tax, the buyer would still determine if it is responsible for remitting retail sales or use tax to the Department.



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