

Marijuana

JULY 2015

FACT SHEET

Processors

Marijuana processors are licensed by the Washington State Liquor and Cannabis Board (LCB) (formerly called the Liquor Control Board) to process marijuana into useable marijuana, marijuana concentrates, and marijuana-infused products and sell these products at wholesale to marijuana retailers and other marijuana processors.

How Taxes Apply to the Processing and Sale of Marijuana

Marijuana processors are subject to Washington taxes administered by the Department of Revenue.

Business and Occupation (B&O) Tax:

Marijuana processors must report under both of the following B&O tax classifications:

Manufacturing B&O Tax

Marijuana processors must report manufacturing B&O tax on the value of the useable marijuana, marijuana concentrates, and marijuana-infused products they process (manufacture) in Washington. See our [Manufacturing Guide](#) and [WAC 458-20-136](#).

Wholesaling B&O Tax

Marijuana processors must report wholesaling B&O tax on all sales of useable marijuana, marijuana concentrates, and marijuana-infused products to marijuana retailers and other marijuana processors.

Multiple Activities Tax Credit (MATC)

The MATC may be claimed so that B&O tax is only paid under one classification for the same product. A business must complete the Multiple Activities Tax Credit (Schedule C) each time the credit is claimed. See [WAC 458-20-19301](#).

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Retail Sales Tax and Use Tax:

Marijuana processors must also pay retail sales tax or use tax on all machinery, equipment, and supplies used to process marijuana into useable marijuana, marijuana-infused products, and marijuana concentrates as marijuana processors are considered the consumer of these items.

Marijuana Processors Do Not Qualify for the Manufacturers' Machinery and Equipment Sales and Use Tax (M&E) Exemption:

Marijuana processors are not eligible to claim the M&E exemption on purchases of machinery and equipment used in the manufacturing, research and development or testing of marijuana, useable marijuana, or marijuana infused products.

For more information, see our [Special Notice: Recreational and Medical Marijuana – Repeal and Clarification of Excise Tax Deductions, Exemptions, and Preferential Rates](#).

Marijuana Excise Tax

Effective July 1, 2015, the 25% marijuana excise tax imposed on processors is repealed. Instead a new marijuana excise tax of 37% is imposed on consumers. Retailers must collect and remit this tax on each retail sale of useable marijuana, marijuana concentrates, and marijuana-infused products. The LCB is the only agency authorized to accept payments for the marijuana excise tax.

If you have questions regarding this tax, contact LCB's Customer Service Team at marijuanataxes@lcb.wa.gov or 360-664-1789.

Do You Also Have a Marijuana Producer License?

If you also have a Marijuana Producer license in order to grow marijuana, please see our Fact Sheet for marijuana producers at: <http://dor.wa.gov/marijuana>.

TELEPHONE INFORMATION CENTER
1-800-647-7706

[HTTP://DOR.WA.GOV/MARIJUANA](http://dor.wa.gov/marijuana)

For tax assistance or to request this document in an alternate format, visit <http://dor.wa.gov> or call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay Service by calling 711.