



Excise Tax Advisory

Excise Tax Advisories (ETAs) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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**This ETA is cancelled effective February 2, 2009 and reissued under the 3000 series.
See ETA 3001 for a cross-reference to the new series.**

Taxability of Yoga, Tai Chi, and Qi Gong

The purpose of this Excise Tax Advisory is to explain the tax reporting responsibilities of persons providing Yoga, Tai Chi, and Qi Gong classes.

“Physical fitness services” are included within the definition of “retail sale” under Washington’s excise tax laws. RCW 82.04.050. Income from physical fitness services is subject to business & occupation (B&O) tax under the retailing classification, and retail sales tax must be collected and remitted, unless an exemption applies. A personal service or activity that is not included within the definition of “retail sale” is generally subject to B&O tax under the service & other activities classification.

Physical fitness services are activities involving physical exertion for the purpose of improving or maintaining the general fitness, strength, flexibility, conditioning, and/or health of the participant.

Yoga originated as an Eastern philosophy and discipline approximately 5000 years ago. In addition to physical postures (“asana”), traditional Yoga classes typically emphasize significant breath regulation (“pranayama”) and meditation (“dhyana”) components as well as significant discussion of the historical and philosophical origins of Yoga. Participants will generally enjoy physical benefits from a traditional Yoga class, but those benefits are not the primary focus of the class. Similarly, Tai Chi and Qi Gong are Chinese martial arts in which physical fitness is not the primary focus of the traditional disciplines.

When physical fitness services were first included in the statutory definition of “retail sale,” Yoga had not been introduced into the mainstream fitness industry. It was largely practiced in Yoga studios and practitioners’ homes. Over the last several years, the traditional practices of Yoga, Tai Chi and Qi Gong have remained the focus of many facilities and practitioners; however, other facilities and practitioners have begun to make the physical benefits the primary focus of their classes.

The Department generally presumes that classes offering the traditional practices of Yoga, Tai Chi and Qi Gong do not constitute “physical fitness services” because physical fitness is a secondary or incidental benefit of these classes, but it is not typically the primary focus. This presumption may be overcome by showing that the primary purpose of the class is physical fitness.

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However, when these classes are conducted at a health or athletic club, fitness center, health spa, or similar facility (“fitness facility”), the presumption is that the primary focus of any such class is physical fitness, and that the class therefore does constitute a “physical fitness service.” Community centers, parks, school gymnasiums, universities, colleges, hospitals, medical facilities, and private residences are not considered “fitness facilities” for purposes of this advisory.

A person providing Yoga, Tai Chi and Qi Gong class(es) at a “fitness facility” may overcome these presumptions that the class is a physical fitness service with evidence demonstrating the primary purpose of the class. Such evidence may include, but is not limited to, lesson plans or other similar materials that identify the specific curriculum followed in the class indicating that physical fitness related activities are not the primary focus of the class. For example, in the case of a Yoga class this would include a class curriculum that places significant emphasis on breath regulation, meditation, and/or discussion of the historical and philosophical origins of Yoga with the incidental physical fitness related activities.
