

Selling Spirits in Washington State

JULY 2015

Determining Spirits Sales Tax and the Spirits License Fees

The sale of spirits in the original container is subject to spirits sales tax under Washington law. Businesses licensed by the Washington Liquor and Cannabis Board (LCB) to sell spirits as distributors and retailers are subject to a licensing fee. This document explains what may be included in:

- The selling price for tax purposes.
- Spirits sales revenue for licensing purposes.

On what amount does the spirits sales tax apply?

The spirits sales tax applies to the selling price ([RCW 82.08.010](#)) of spirits in the original container and is paid by the buyer. The rate of tax varies depending on whether the buyer is a member of the general public or an on-premises licensee. ([RCW 82.08.150\(1\) – \(7\)](#)). These taxes are remitted by the spirits licensee to the Department of Revenue (DOR).

For spirits sales to the general public, the selling price can include, but is not limited to:

- Cost of goods sold.
- Markup, which may include:
 - Federal, state and local taxes imposed on the seller.
Note: Taxes imposed on the buyer are not included in the markup and are required to be separately stated on a receipt, price list, or price tag.
 - License fee.
 - Business expenses.
 - Additional markup for desired profit.

On what amount does the LCB spirits licensing fee apply?

The 17% retail license fee applies to all spirits sales revenues ([RCW 66.24.630](#)) exclusive of the spirits sales and liter taxes collected by the retailer from the consumer. (Section 103(4) of Initiative-1183)

The spirits sales revenues can include, but is not limited to, the same items as listed above for the selling price.

Example: Following is an example of how selling price and spirits sales revenue would be determined for tax collection and license fee purposes on a typical spirits sale to a member of the general public.

Cost of goods sold	\$10.00
Markup, which may include: <ul style="list-style-type: none"> ▪ Costs for federal, state and local taxes ▪ License fee ▪ Business expenses ▪ Additional markup for desired profit 	\$5.00
Total selling price	\$15.00
Total price paid by the consumer <ul style="list-style-type: none"> ▪ Includes \$5.90 in consumer spirits taxes 	\$20.90
Spirits taxes remitted to DOR <ul style="list-style-type: none"> ▪ Includes: <ul style="list-style-type: none"> ▪ \$2.83 spirits liter tax on 750 ml ▪ \$3.08 spirits sales tax on the \$15 selling price 	\$5.90
License fees paid to LCB <ul style="list-style-type: none"> ▪ Spirits sales revenue ▪ The licensing fee is determined by multiplying the \$15 total selling price by the 17% licensing fee. 	\$15.00 \$2.55

In the above example, the license fee is applied to the same amount as the spirits sales tax.

Additional help calculating licensing fees

For additional help with the calculation and payment of licensing fees please see the LCB's fact sheets and license calculator page.

TELEPHONE INFORMATION CENTER
1-800-647-7706

[HTTP://DOR.WA.GOV/SPIRITS](http://dor.wa.gov/spirits)



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