

Selling Spirits in Washington State

MAY 2012

Documenting Spirits Sales

Providing Documentation for your Customers

The spirits sales tax and spirits liter tax, individually or combined, must be documented for the purchaser. In order to show that the taxes were calculated correctly, the volume and the selling price of the spirits should also be shown:

- On an invoice or receipt, or
- On a price list or similar documentation made available to your customers.

The spirits sales tax and the spirits liter tax can be combined into one "Spirits Taxes" amount on either the sales receipt or the price list. Using the term "Taxes Included" does not satisfy the requirement to itemize the spirits taxes. If the spirits taxes are not itemized, the spirits sales tax will be calculated on top of your listed selling prices. ([RCW 82.08.150](#))

The Department has created a Spirits Tax Calculator (<http://dor.wa.gov/spirits>) to assist you with calculating the spirits sales taxes and spirits liter taxes.

Getting Appropriate Documentation from Customers with Spirits Licenses

Sellers of spirits must keep adequate documentation to show that their spirits sales were either:

- Exempt from the spirits taxes (sales to distributors, off-premises licensees, or any other exempt purchasers), or
- Subject to the lower spirits tax rates as follows:
 - Spirits sales tax of **13.7 percent** of the selling price
 - Spirits liter tax at the rate of **\$2.4408** per liter (sales to on-premises licensees).

If you do not keep adequate documentation, the Department will presume all of your sales in the original container are subject to the spirits sales tax at the rate of **20.5 percent** of the selling price and the spirits liter tax at the rate of **\$3.7708** per liter.

Continued on next page.

To document that a sale is either exempt from the spirits taxes or subject to the lower spirits tax rates you must obtain from the purchaser, any of the following:

- A copy of their Business License which shows their liquor license(s)
- A copy of the "tear off" portion of their Business License
- Their data elements: Taxpayer name, address, type of qualifying liquor license(s) with license number(s), UBI, and expiration date
- A printed copy of the buyer's business information as listed in the "business license search" found online at licenselookup.wa.gov.
- A completed [Sales to Indians with Delivery in Indian Country](#) form.

The Department has a list of liquor licenses that identifies which licenses are exempt from spirits taxes and which licenses qualify for the lower spirits tax rate. The list can be found online at dor.wa.gov/spirits.

Keeping Documentation for Audit Purposes (WAC 458-20-254)

You are required to keep organized records regarding all excise taxes, including spirits taxes. This includes all federal, state, and local tax returns and reports, and all schedules or work papers used to prepare them. If you are selected for audit, you must be able to trace amounts, including any taxes collected, recorded in your records back to your original sales invoices (or other documentation) for four years plus the current year.

TELEPHONE INFORMATION CENTER
1-800-647-7706

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

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 call (360) 705-6718.