

Selling Spirits in Washington State

JULY 2015

Hotels Purchasing and Selling Spirits

This document discusses the tax obligations of hotels, licensed by the Washington State Liquor and Cannabis Board (LCB), when purchasing and selling spirits in Washington. Hotels should refer to the fact sheets for [On-Premises Licensees](#), [Off-Premises Licensees](#), and [Documenting Spirits Sales](#) for additional information.

Purchasing Spirits for On-Premises Consumption by the Drink

Hotels are taxed in the same manner as on-premises licensees when purchasing spirits in the original container for sale or no additional charge by the drink to their customers. When purchasing these spirits, hotels must pay the spirits taxes as follows:

- Spirits sales tax at the rate of **13.7** percent of the purchase price, and
- Spirits liter tax at the rate of **\$2.4408** per liter.

Hotels pay these taxes to the vendor selling the spirits.

Selling Spirits for On-Premises Consumption

Hotels selling spirits by the drink must collect and remit retail sales tax and pay retailing business and occupation (B&O) tax on those sales.

Purchasing Spirits for Sale in Retail Stores

Effective June 1, 2012, hotels with retail locations, such as a gift store, and the proper LCB license, are allowed to sell spirits in their original container for off-premises consumption. Hotels are treated as off-premises licensees when purchasing spirits in their original container for resale at their store. These spirits are purchased tax exempt.

To help the vendor apply spirits taxes appropriately, hotels need to inform the vendor whether the spirits are purchased for on-premises or off-premises sale.

Selling Spirits in Retail Stores

Hotel retail stores must collect and remit the spirits taxes on their sales of spirits in the original container to the general public as follows:

- Spirits sales tax at the rate of **20.5** percent of the selling price
- Spirits liter tax at the rate of **\$3.7708** per liter

The state retailing B&O tax applies to sales of spirits in their original container at retail store locations. However, the general retail sales tax does not apply on such sales.

Use Tax is Due on Drinks Provided Without Additional Charge

Hotels may provide overnight guests spirits by the drink without additional charge. LCB regulates the conditions under which this may be done. ([RCW 66.24.590](#))

Hotels providing spirits to overnight guests without additional charge owe use tax on those spirits based on the comparable retail selling price of the same spirits. ([RCW 82.12.020](#))

Documentation Required for Spirits Purchases and Sales

In case of audit, hotels must be able to document that the proper spirits taxes, if any, have been paid or collected. For more information on these documentation requirements, see our fact sheet on [Documenting Spirits Sales](#).

TELEPHONE INFORMATION CENTER
1-800-647-7706

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