

# Selling Spirits in Washington State

JULY 2015

## In-State Distillers

### Important Date

June 1, 2012

In-state non-craft distillers can begin selling spirits to the general public.

### How Taxes Apply to the Manufacture and/or Sale of Spirits

Spirits sales are subject to Washington taxes administered by the Department of Revenue.

### Spirits Taxes ([RCW 82.08.150](#))

#### Sales to the General Public

Distillers must collect and remit the spirits taxes on all sales of spirits in their 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

#### Sales to On-Premises Licensees

(Restaurants, bars, taverns, etc., selling spirits for on-premises consumption by the drink)

Distillers must collect and remit the spirits taxes on all sales of spirits in their original container to on-premises licensees as follows:

- Spirits sales tax at the rate of **13.7 percent** of the selling price
- Spirits liter tax at the rate of **\$2.4408** per liter

#### Sales to Off-Premises Licensees and Distributors

(Grocery stores and other retailers selling spirits in the original container for off-premises consumption)

Sales of spirits to off-premises licensees and other distributors are not subject to the spirits sales tax or spirits liter tax.

#### Delivery Charges

Amounts charged by a spirits seller for delivering spirits to a buyer's location are subject to the spirits sales tax. This includes charges designated as delivery, freight, mileage, shipping, fuel surcharge, etc. If the delivered goods include spirits and other goods that are not spirits, such as wine, beer and other tangible personal property, one of the following percentages must be used to determine the portion of the delivery charges subject to spirits sales tax:

- The total sales price of the spirits compared to the total sales price of the delivered goods.
- The total weight of the spirits compared to the total weight of the delivered goods.

If the sale of the delivered spirits was exempt from spirits sales taxes, then the delivery charges on those spirits are also exempt from spirits sales tax.

## Sales to Non-Residents

The nonresident exemption for the general sales tax **does not apply** to spirits taxes. Nonresidents must pay the spirits taxes.

## Sales in Indian Country

Sales of spirits delivered in Indian Country to tribal businesses or enrolled member/citizens are exempt from spirits taxes. See the fact sheet titled: [Sales Involving Tribes](#)

## Use Tax

Distillers owe use tax on samples of spirits given away by the drink ([RCW 82.12.020](#)).

## Business and Occupation (B&O) Tax

Distillers must report under each of the following B&O tax classifications manufacturing, wholesaling and retailing.

### Manufacturing B&O Tax

Distillers must report manufacturing B&O tax on the value of the spirits they manufacture (produce) in Washington. See our [Manufacturing Guide](#) and [WAC 458-20-136](#).

### Wholesaling B&O Tax

Distillers must report wholesaling B&O tax on all sales of spirits to on-premises licensees, off-premises licensees, and distributors.

### Retailing B&O Tax

Distillers must report retailing B&O tax on all sales of spirits to the general public.

### Multiple Activities Tax Credit (MATC)

A 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](#).

## Retail Sales Tax ([RCW 82.08.020](#))

The general retail sales tax does not apply on sales of spirits in their original containers. Distillers selling spirits to the general public will report these sales under the Retail Sales Tax classification (gross Retail Sales must match gross Retailing B&O) and then take a "Sales of Spirits" deduction.

## Licensing Fees

Distillers may also be liable for licensing fees based on gross revenues. These fees are administered and payable to the Washington State Liquor and Cannabis Board (LCB). For more information, see LCB's fact sheets posted at <http://www.liq.wa.gov/transition/fact-sheets>.

If you have questions regarding licensing or fees, please call LCB's Customer Service Team at 360-664-1600 and choose Option 1 at the prompt.

## Documentation Required for the Sale of Spirits

When making spirits sales, in-state distillers must be able to document that the proper spirits taxes, if any, have been 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)



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