

Marijuana

JULY 2015

FACT SHEET

Retailers

Marijuana retailers are licensed by the Washington State Liquor and Cannabis Board (LCB) (formerly called the Liquor Control Board) to sell useable marijuana, marijuana concentrates, and marijuana-infused products to consumers in Washington.

How Taxes Apply to the Sale of Marijuana

Marijuana retailers are subject to Washington taxes administered by the Department of Revenue.

Business and Occupation (B&O) Tax:

The gross income received from the sale of useable marijuana, marijuana concentrates, and marijuana-infused products to consumers is subject to the B&O tax under the Retailing classification.

Retail Sales Tax:

Marijuana retailers must also collect and remit retail sales tax on all sales of useable marijuana, marijuana concentrates, and marijuana-infused products to consumers. The retail sales tax rate would be the tax rate based on the retailer's business location where the customer takes delivery of the product.

- **Marijuana Products are not Prescription Drugs:** Whether sold for recreational or medical purposes, sales of marijuana do not qualify for the sales and use tax exemption for prescription drugs.
- **Marijuana Products are not Food or Food Ingredients:** Marijuana-infused products are not food or food ingredients. Therefore, these products do not qualify for the sales tax exemption for food and food ingredients.
- **Nonresidents Must Pay Retail Sales Tax on Purchases of Marijuana Products:** Marijuana sales to nonresidents are subject to retail sales tax. Sales of marijuana to nonresidents do not qualify for the limited nonresident sales tax exemption.

For more information, see our [Special Notice: Recreational and Medical Marijuana – Repeal and Clarification of Excise Tax Deductions, Exemptions, and Preferential Rates](#).

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Marijuana Excise Tax is Paid to Liquor and Cannabis Board

Effective July 1, 2015, the 25% marijuana excise tax imposed on retailers is repealed. Instead, a new marijuana excise tax of 37% is imposed on consumers that must be collected on each retail sale of useable marijuana, marijuana concentrates, and marijuana-infused products.

This new 37% marijuana excise tax is not included in the total selling price for purposes of the B&O tax and retail sales tax.

Marijuana retailers are liable for collecting and remitting the marijuana excise tax on sales of useable marijuana, marijuana concentrates, and marijuana-infused products. This tax is administered and payable to LCB.

For more information, see LCB's webpage on the marijuana excise tax at: <http://liq.wa.gov/marijuana/faqs-on-taxes>. If you have questions regarding this tax, contact LCB's Customer Service Team at marijuanataxes@lcb.wa.gov or 360-664-1789.

The LCB is the only agency authorized to accept payments for the marijuana excise tax.

TELEPHONE INFORMATION CENTER

1-800-647-7706

[HTTP://DOR.WA.GOV/MARIJUANA](http://dor.wa.gov/marijuana)

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 use the Washington Relay Service by calling 711.