

Special Notice

Intended audience: Manufacturers, distributors, and retailers of vapor products

Oct. 11, 2019

New vapor products tax due on existing inventory

Starting Oct. 1, 2019, a new tax is due on vapor products. If you have vapor product inventory located in Washington on Oct. 1, 2019, then you must pay the vapor products tax on that inventory. This tax is paid only once, by the first possessor of the vapor products in Washington; it is not due from subsequent possessors.

Starting at 12:01 a.m. on Oct. 10, 2019, sales of flavored vapor products are banned in Washington. If you have flavored vapor product inventory in Washington, please see additional information below.

This Special Notice addresses tax due on products already in Washington when the tax takes effect. For information about vapor products tax due on products brought into Washington after the tax takes effect, see our Special Notice titled [New vapor products tax](#).

What is the new vapor products tax?

There are two vapor products tax rates, and the rate that applies to your inventory depends on the volume of solution and type of the container:

- accessible containers of solution greater than 5 milliliters: \$0.09 per mL
- all other vapor products: \$0.27 per mL

All vapor products are subject to the tax, even if they do not contain nicotine.

What is an accessible container?

An accessible container is one that is intended to be opened. It does not mean a closed cartridge or a closed container that is not intended to be opened (such as a disposable e-cigarette).

What is a vapor product?

A vapor product is any noncombustible product containing a solution or other consumable substance, regardless of whether it contains nicotine, which employs a mechanical heating element, battery, or electronic circuit regardless of the shape or size that can be used to produce vapor from the solution or other substance. Vapor products include electronic cigarettes, electronic cigars, electronic cigarillos, electronic pipes, or similar products or devices.

Vapor products also include any cartridge or other container of liquid nicotine, solution, or other consumable substance, regardless of whether it contains nicotine, which is intended to be used with or in a device that can be used to deliver aerosolized or vaporized nicotine to a person inhaling from the device and is sold for such purpose.

Vapor products do not include:

- products approved by the United States Food and Drug Administration for sale as a tobacco cessation product, medical device, or for other therapeutic purposes when such product is marketed and sold solely for such an approved purpose;
- any product that will become an ingredient or component in a vapor product manufactured by a distributor
- marijuana, useable marijuana, marijuana concentrates, or marijuana-infused products
- cigarettes
- tobacco products

How do I report my existing inventory?

You must report your entire vapor product inventory as of 12:01 AM on Oct. 1, 2019 on the Vapor Floor Stock Tax Return, and file it with the department by Oct. 31, 2019. If the return is filed after this date, a late filing penalty will be due. The late filing penalty will be either \$250 or 10% of the tax due, whichever is greater.

The [Vapor Floor Stock Tax Return](#) is available on our website.

When do I pay the tax due?

The tax on existing inventory of vapor products may be paid with the return or after, but no later than Jan. 31, 2020. If the tax is not paid by this date, penalties and interest will be added to the tax amount due.

Do I need to report my inventory of flavored vapor products?

Yes, you must include your inventory of flavored vapor products, along with all other vapor product inventory, on your vapor floor stock return. This return must be filed by Oct. 31, 2019 to avoid a late filing penalty. However, you will have the opportunity to adjust the amounts reported before the tax is due on Jan. 31, 2020.

PO BOX 47478 | OLYMPIA, WASHINGTON 98504-7478 | 360-705-6705 | dor.wa.gov

For tax assistance or to request this document in an alternate format, visit dor.wa.gov or call 360-705-6705. Teletype (TTY) users may use the Washington Relay Service by calling 711.

If you do not send full payment with your vapor floor stock return, you will receive a bill for the tax due based on the inventory reported. This bill will be sent approximately two weeks after filing the vapor floor stock return.

How do I adjust my vapor floor stock return?

A vapor products credit claim form will be made available on our website at dor.wa.gov/vapor to make adjustments to the amounts reported on your vapor floor stock return. You may adjust (i.e., credit) the amounts reported for any vapor product you remove from your inventory in Washington by:

- shipping or transporting the products outside Washington to a person engaged in the business of selling vapor products and the products are to be sold by that person
- selling the products to the U.S. government or other entities authorized in [RCW 82.25.105\(1\)\(a\)](http://RCW.25.105(1)(a))
- returning the products to the manufacturer outside Washington
- destroying the products

You are encouraged to file the credit claim form as soon as possible so the Department can provide you with an updated tax amount due prior to the payment due date of Jan. 31, 2020.

If you filed your vapor floor stock return and paid the total tax due, you may claim a credit on your next excise tax return for the tax paid on vapor products that you have removed from your inventory in Washington.

If you filed your vapor floor stock return and paid a portion of the total tax due, you should file a vapor products credit claim form once it is available on our website. If you paid more vapor products tax than you owe, you will be issued a refund. If you paid less vapor products tax than you owe, you must pay the remaining amount of vapor products tax due by Jan. 31, 2020.

If you filed your vapor floor stock return but not yet paid any amount of tax due, you should file a vapor products credit claim form once it is available on our website. You must pay the net amount of vapor products tax due by Jan. 31, 2020.

If you have not filed your vapor floor stock return, you must do so by Oct. 31, 2019. You must report all vapor products in your inventory as of 12:01 AM on Oct. 1, 2019. You should file a vapor products credit claim form once it is available on our website. You must pay the net amount of vapor products tax due by Jan. 31, 2020.

Can I amend my Vapor Floor Stock Tax Return?

Yes, you may amend your vapor floor stock tax return if you make a data entry error on the return. For adjustments due to removal of flavored vapor products from inventory, see the instructions above. For any other reason, you should claim a credit on your excise tax return. Amending your return will not delay the payment date for taxes due. If you need to file an amended return, include documentation to substantiate the amendment and make payment of the net amount of the tax due by Jan. 31, 2020.

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Do I need to register my business?

If you are required to pay the vapor products tax, you must register with the Department of Revenue.

For more information

[Engrossed 2nd Substitute House Bill 1873](#)

[Liquor and Cannabis Board](#)

[State Board of Health Vapor products and flavors emergency rule](#)

Questions?

Call 360-705-6705 with tax questions.