

Special Notice

Intended audience: Restaurants; taverns; distilleries; snack bars; nonprofit arts licensees; and caterers.

July 2, 2021

New temporary spirits sales tax and spirits liter tax exemption

Effective April 14, 2021, mini-bottles of spirits (hard liquor) are temporarily exempt from spirits sales tax and spirits liter tax (SST and SLT) when they are sold by a person who possesses a spirits, beer, and wine restaurant license and a valid endorsement to sell mini-bottles as part of a cocktail kit for takeout, curbside service, or delivery.

This temporary tax exemption for sales of mini-bottles of spirits sold as part of a cocktail kit for consumption off premises will expire on July 1, 2023.

Are mini-bottles of spirits still taxed?

Yes. Mini-bottles of spirits sold as part of a cocktail kit by qualifying licensees are now subject to retail sales tax. In addition, licensees are responsible for reporting the mini-bottle of spirits income under the Retailing business and occupation (B&O) tax classification.

If mini-bottles of spirits are sold by businesses that don't have the appropriate license and special endorsement, the mini-bottles remain subject to SST and SLT.

What is a mini-bottle of spirits?

A mini-bottle of spirits is defined as an original factory-sealed container holding no more than 50 milliliters of spirits.

Can the qualifying licensee purchase the mini-bottles of spirits at wholesale?

Yes. Since mini-bottles of spirits sold in cocktail kits are now subject to retail sales tax, qualifying licensees can now purchase mini-bottles of spirits at wholesale (without sales tax). The qualifying licensees must present a valid resellers permit to the retailer and/or distributor at the time of

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purchase.

What if a qualifying licensee collects SST and SLT on the sale of mini-bottles of spirits after the bill was passed?

If you collect the SST and SLT from your customer, you are required to submit it to the Department of Revenue on your excise tax return.

Is there a fee to apply for the additional licensee endorsement?

No. This is a no-fee liquor license endorsement that allows certain licensees to continue to provide special COVID relief services.

For more information on this endorsement and how to apply, visit the [Liquor and Cannabis Board's response to COVID-19 webpage](#).

More information

- This exemption expires July 1, 2023 (RCW 82.08.150).
- [Engrossed Second Substitute House Bill \(E2SHB\)1480](#).
- [RCW 66.24.400](#).
- For guidance on the tax liability thru April 13, 2021, please refer to the [Curbside and Delivery sales of spirits tax topic](#).

Questions?

- For information on the licensee endorsement, see the [Liquor and Cannabis Board's response to COVID-19](#) or e-mail customerservicelicensing@lcb.wa.gov.
- For information about excise taxes, please visit dor.wa.gov or call 360-705-6705.

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