

Selling Spirits in Washington State

JULY 2015

Out-of-State Distillers and other Certificate of Approval Holders

Effective March 1, 2012, out of state distillers operating under a Certificate of Approval (COA) issued by the Washington State Liquor and Cannabis Board (LCB) may begin selling spirits in Washington to on-premises licensees, off-premises licensees, and to distributors.

How Taxes Apply to the Sale of Spirits

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

Spirits Taxes ([RCW 82.08.150](#))

Sales to On-Premises Licensees

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

COAs 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.

FACT SHEET

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](#)

Sales to Non-Residents

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

Business and Occupation (B&O) Tax

B&O tax applies to the gross income received from conducting business in Washington. The gross income received by COAs from the sale of spirits to on-premises licensees, off-premises licensees, and distributors is subject to the B&O tax under the Wholesaling classification.

Retail Sales Tax (RCW 82.08.020)

The general retail sales tax does not apply on sales of spirits in their original containers.

Licensing Fees

COAs 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, COAs 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)