

Services newly subject to retail sales tax

The 2025 Washington State Legislature passed Engrossed Substitute Senate Bill (ESSB) 5814, which added new business activities to the definition of retail sales. As a result, businesses will be required to begin collecting sales tax on the following services starting Oct. 1, 2025:

- Advertising services.
- Live presentations.
- Information technology services.
- Custom website development services.
- Investigation, security, and armored car services.
- Temporary staffing services.
- Sales of custom software and customization of prewritten software.

ESSB 5814 also removes the following exclusions from the definition of digital automated services (DAS):

- Services involving primarily human effort.
- Live presentations.
- Advertising services.
- Data processing services.

The bill also created a new exclusion to DAS for “telehealth” and “telemedicine services.”

Steps we're taking

The department is devoting significant resources to developing and publishing guidance prior to the effective date of Oct. 1, 2025 including:

- Listening sessions and feedback survey (now concluded). View the summary report (pdf).
- Multiple interim guidance statements (IGSs) planned for September.
 - We are using IGS because they are faster than administrative procedures act (APA) guidance. Our plan is to incorporate your feedback into the IGSs, which will later be converted to APA guidance.
- Special Notices.
- Direct messages to impacted businesses with links to the published guidance.
- Frequently asked questions
- Webinars: Intro to sales tax

Your voice matters

Listening sessions and feedback survey

Thank you to everyone who participated in our July listening sessions or completed the online feedback survey. Both the sessions and the survey are now concluded.

View the summary report (pdf).

This feedback will help inform our Interim Guidance Statements that will be published in September.

Stay informed

Sign up to receive updates and alerts. 

Other ways to provide feedback

The department welcomes your questions and feedback, including areas where you believe guidance may be needed. Your questions and feedback will help us update guidance on a timelier basis.

You can submit questions and comments to Rulings@dor.wa.gov. We will answer your questions as quickly as possible. However, since this is new legislation,

it may take us longer than our standard 10-days. You do not have to tell us who you are if you are merely providing comments or feedback and would like general information.

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^ Information technology services

Information technology training services, technical support, and other services include, but are not limited to:

- Assisting with network operations and support.
- Help desk services.
- In-person training related to hardware or software.
- Network system support services.
- Data entry services.
- Data processing services.

Issues we have identified

How broadly does data processing language apply?

Does the data processing language affect other exclusions from DAS such as travel agent services, payment processing, etc.?

More information

Special notice: Information technology, website, and software development services now subject to sales tax

^ Custom website development services

Website development service means the design, development, and support of a website provided by a website developer to a customer.

Issues we have identified

How should the location of the sale of custom website development services be determined?

More information

Special notice: Information technology, website, and software development services now subject to sales tax

^ Investigation, security, and armored car services

Investigation, security, security monitoring, and armored car services include, but are not limited to:

- Background checks.
- Security guard and patrol services.
- Personal and event security.
- Armored car transportation of cash and valuables.
- Security system services and monitoring.

Note: This does not include locksmith services.

Issues we have identified

How should the location of the sale of bodyguard and other investigative services be determined?

More information

Special Notice: Investigation, security, security monitoring, and armored car services now subject to sales tax

^ Temporary staffing services

Temporary staffing service means providing workers to other businesses for limited periods of time to supplement their workforce and fill employment vacancies on a contract or a fee basis.

Note: This does not include providing workers to hospitals licensed under chapter 70.41 or 71.12 RCW.

Issues we have identified

What is included in temporary staffing services?

- For example: Do temporary staffing services include 1099 contractors or temporary direct hires?

Can a staffing business deduct amounts paid to the employee?

How should the location of the sale of temporary staffing services be determined?

More information

Special Notice: Temporary staffing services now subject to sales tax

↗ Advertising services

Advertising services means all digital and nondigital services related to the creation, preparation, production, or dissemination of advertisements including, but not limited to:

- Layout, art direction, graphic design, mechanical preparation, production supervision, placement, referrals, acquisition of advertising space, and rendering advice concerning the best methods of advertising products or services.
- Online referrals, search engine marketing, and lead generation optimization, web campaign planning, the acquisition of advertising space in the internet media, and the monitoring and

evaluation of website traffic for purposes of determining the effectiveness of an advertising campaign.

Advertising services do **not** include:

- Web hosting services and domain name registration.
- Services rendered in respect to the following:
 - Newspapers as defined in RCW 82.04.214.
 - Printing or publishing under RCW 82.04.280.
 - Radio and television broadcasting" within this state as defined in RCW 82.04 (section 1, chapter 9, Laws of 2025).
- Services rendered in respect to out-of-home advertising, including:
 - Billboard advertising.
 - Street furniture advertising.
 - Transit advertising.
 - Place-based advertising, such as in-store display advertising or point-of-sale advertising.
 - Dynamic or static signage at live events.
 - Naming rights.
 - Fixed signage advertising.
 - **Note:** Does **not** include direct mail.

Issues we have identified

How should the location of the sale of advertising services be determined?

Is the multiple points of use (MPU) exemption available for electronically transferred advertising services?

Should the department consider allowing businesses to use a direct pay permit to pay sales tax on advertising services?

More information

Special notice: Advertising services

^ Live presentations

Live presentations include, but are not limited to, lectures, seminars, workshops, or courses where participants attend either in person or via the Internet or telecommunications equipment that allows audience members and the presenter or instructor to give, receive, and discuss information with each other in real time.

Issues we have identified

What is included in live presentations? For example:

- Does it apply to preschools, live entertainment, conventions, training, continuing legal or professional education, or political events?
- Does it apply to local government or nonprofit entities?

Can live presentations be purchased for resale?

- If yes, under what conditions? How should the department define the term "audience"?

More information

Interim Statement regarding live presentations for schools and institutions of higher education

Special Notice: Live presentations now subject to retail sales tax

^ Sales of custom software and customization of prewritten software

Retail sale now includes sales of custom software and customization of prewritten computer software to a consumer, regardless of the method of delivery to the end user. This includes:

- Charges to consumers for the right to access and use custom software, and customization of prewritten computer software, where possession of the software is maintained by the seller or a third party, regardless of whether the charge for the service is on a per use, per user, per license, subscription, or some other basis.
- The right to access and use custom software, and customization of prewritten computer software to perform data processing.

Issues we have identified

How should the location of the sale of custom software or customization of prewritten software be determined?

More information

Special notice: Information technology, website, and software development services now subject to sales tax

^ Modifications to digital automated service (DAS) exclusions

The following changes were made to DAS exclusions:

- Removed:
 - Services primarily involving human effort.
 - Live presentations.
 - Advertising services.
 - Data processing.
- Added:
 - Telehealth and telemedicine.

- Clarified that sales of the following DAS to affiliates are not considered retail sales:
 - Services involving primarily human effort.
 - Live presentations.
 - Advertising services.
 - Data processing.

Issues we have identified

Do traditional professional services such as legal, accounting, and lobbying become subject to retail sales tax as DAS if electronic tools are used in performing the services?

More information

Special Notice: Digital automated service (DAS) exclusion for telehealth services

RCW 82.04.299(1)(f) Workforce education investment surcharge (definition of affiliate)

Additional resources

Frequently asked questions about ESSB 5814

Retail sales tax

Introduction to sales tax webinars

Sales and use tax rates

Sales and use tax rates tools

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we doing?

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