

# Information technology, website, and software development services now subject to sales tax

## Issue Date

July 30, 2025

*Intended audience: Businesses that provide information technology (IT), custom website, or software development services.*

Beginning Oct. 1, 2025, businesses must collect retail sales tax on information technology, website, and software development services. Additionally, gross income from these activities is subject to business and occupation (B&O) tax under the Retailing classification.

## Which services do I collect tax on?

- IT related services, including:
  - Training.
  - Technical support.
  - Help desk services.
  - Network operation and support services.
  - Network system support.
  - Data entry services.
  - Data processing services.
  - Implementation services.
- Custom website development.
- Custom software sales and development.
- Customization of prewritten software.

## How do I report these services?

On your excise tax return, report gross income from these activities under the Retailing B&O, retail sales, and local sales tax classifications.

If you have not previously reported retail sales, you may need to add these classifications to your return. To add classifications:

1. Log in to My DOR.
2. On the My DOR Services page, click **Get Started**.
3. In the Excise Tax Return panel, click the **File Return** link.
4. Click the **Add/Delete Tax Classifications** button. Add the retailing, retail sales, and local sales tax classifications. Click **Next**.

The retail sales tax rate is based on the location where your customer receives your service or product. Use our tax rate look up tool to determine the correct rate.

## Definitions

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

## More information

Engrossed Substitute Senate Bill (ESSB) 5814, Chapter 422, Laws of 2025.

Our Services newly subject to sales tax webpage will be kept updated with additional resources, answers to frequently asked questions, and opportunities to engage with the department.

## Questions?

Please call 360-705-6705.



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