

Spirits sales

What are spirits?

Spirits are:

- Any beverage containing alcohol that is obtained by distillation, except flavored malt beverages as defined under RCW 66.04.010. These products have labels that indicate "proof."
- Wines exceeding 24% alcohol by volume as indicated on the label.

How do I get a license to sell spirits?

Visit our Liquor Endorsement page to learn more about the licensing requirements. The Washington Liquor and Cannabis Board (LCB) approves or denies license applications.

What taxes apply to spirits?

There are two types of spirits taxes: a spirits sales tax and a spirits liter tax.

Spirits sales tax (SST): This tax is based on the selling price of spirits in their original package.

- Spirits sales tax rate paid by the general public: 20.5%.
- Spirits sales tax rate paid by on-premises retailers such as restaurants, bars, etc., on their purchases from distributors, distillers, etc.: 13.7%.

Spirits liter tax (SLT): This tax is based on the volume of the spirits being sold in the original package.

- Spirits liter tax rate paid by the general public: \$3.7708 per liter.
- Spirits liter tax rate paid by on-premises retailers such as restaurants, bars, etc., on their purchases from distributors, distillers, etc.: \$2.4408 per liter.

Other taxes also apply.

- **Business & occupation (B&O) taxes:** B&O taxes apply to the manufacture and/or sale of spirits.
- **Retail sales tax:** This tax is collected on drinks containing spirits sold by restaurants, bars or other establishments that have an on-premises license.

To see when these taxes apply, see the Spirit sales information below.

How do I report and pay spirits taxes?

Businesses that owe spirits taxes to the department are required to report those taxes on their monthly tax returns using the department's online e-filing system. The spirits sales tax and spirits liter tax are reported on the *Other & Quantity* section of the return on My DOR. Your payment options include electronic funds transfer, e-check, and credit card. To file your return, go to the My DOR login page.

How to calculate spirits taxes

Use this Spirits Tax Calculator (.xls) to determine:

- Your final price including the SST and SLT.
- Your price before SST and SLT are calculated.

Documenting that the correct spirits tax rate was collected

On-premises licensees pay the lower SST and SLT rates when purchasing spirits. Purchases of spirits by licensees such as: off premises, distributors, spirits manufacturers, or importers are exempt from spirits taxes.

In both cases, the purchaser must provide the seller documentation to purchase at the lower rate or exempt of spirits taxes. Acceptable documentation means one of the following:

- A copy of the Business License which shows the type of liquor license(s) the purchaser holds.
- A copy of the "tear off" portion of the Business License.
- All of the following data elements:
 - Taxpayer name.
 - Address.
 - Type of liquor license(s) with license number.
 - UBI.

- Expiration date.
- A printed copy of the purchaser's business license as listed in the "business license search" found online at licenselookup.wa.gov.

The seller must keep a copy of the documentation for audit purposes.

The department has created a one page Spirits License Purchase List (pdf). This list provides spirits sellers with the tax rate at which each type of spirits license can purchase.

Itemizing the spirits taxes

For spirits sold in the original packaging to the general public and on-premises licensees, the seller must separately state the spirits taxes. This can be on a price list made available to customers or on a sales invoice provided to customers. Advertised prices or shelf prices will be considered not to include the spirits taxes unless they clearly identify the amount of spirits taxes included in the listed price. The spirits sales tax and the spirits liter tax can be combined into one "Spirits Taxes" amount. The use of the term "tax included" will not suffice for the requirement to itemize the spirits taxes.

In-state craft distillers can sell to the general public (up to 2 liters per person per day for off-premise consumption), subject to these taxes:

- Spirits sales tax (on selling price): 20.5%.
- Spirits liter tax: \$3.7708 per liter.
- Manufacturing/retailing business and occupation tax (B&O).

In-state craft and non-craft distillers can sell to:

- On-premises licensees* (restaurants, bars, etc.), subject to these taxes:
 - Spirits sales tax (on selling price): 13.7%.
 - Spirits liter tax: \$2.4408 per liter.
 - Manufacturing/wholesaling business and occupation tax (B&O). Multiple Activities Tax Credit (MATC) may apply.
- Off-premises licensees (grocery stores, warehouse clubs, etc.), subject to manufacturing/wholesaling business and occupation tax (B&O).
- Distributors, subject to manufacturing/wholesaling business and occupation tax (B&O). Multiple Activities Tax Credit (MATC) may apply.

Distributors can sell to:

- On-premises licensees* (restaurants, bars, etc.), subject to these taxes:
 - Spirits sales tax (on selling price): 13.7%.
 - Spirits liter tax: \$2.4408 per liter.
 - Wholesaling business and occupation tax (B&O).
- Off-premises licensees (grocery stores, warehouse clubs, etc.), are subject to wholesaling business and occupation tax (B&O).
- Other distributors, subject to wholesaling business and occupation tax (B&O).

Off-premises licensees (grocery stores, warehouse clubs, etc.) can sell to:

- The general public, subject to these taxes:
 - Spirits sales tax (on selling price): 20.5%.
 - Spirits liter tax: \$3.7708 per liter.
 - Retailing business and occupation tax (B&O).
- On-premises licensees (restaurants, bars, etc.), subject to these taxes:
 - Spirits sales tax (on selling price): 13.7%.
 - Spirits liter tax: \$2.4408 per liter.
 - Wholesaling Business and Occupation Tax (B&O).

In-state non-craft distillers can sell to the general public, subject to these taxes:

- Spirits sales tax (on selling price): 20.5%.
- Spirits liter tax: \$3.7708 per liter.
- Manufacturing/retailing business and occupation tax (B&O). Multiple Activities Tax Credit (MATC) may apply.

Questions?

Contact dor.wa.gov/Communications or call 360-705-6705.

References

Seller's Declaration for Refund of Spirits Taxes (pdf)

Fact sheets (pdf)

In-State Distillers

Out-of-State Distillers (COAs)

Distributors

Off-Premises (groceries, etc.)

On-Premises (restaurants, etc.)

Hotels

Motels

General Public (Consumers)

Sales Involving Tribes

Documenting Spirits Sales

Delinquency in Reporting and Remitting Spirits Taxes

Determining Spirits Sales Tax

Spirits Sales Privatization Implementation Chart (pdf)

Spirits Taxes Flow Chart (pdf)

Spirits Tax Calculator (.xls)

Business License Search

Spirits License Purchase List (pdf)

Tools

Spirits sales tax rate charts

13.7% (pdf)

20.5% (pdf)

Liquor and Cannabis Board website

LCB's list of Distributors and Retailers (off-premises licensees)