Digital entertainment

Retail sales tax applies to digital entertainment subscription fees. These subscriptions allow a user to download digital products such as movie streaming, videos, television programming, music, e-books, mobile apps, games, etc. It does not matter if the user pays for permanent or limited (i.e., 24-hour period) use rights.

These digital entertainment providers must collect and submit retail sales tax, **and** pay business and occupation (B&O) tax under the retailing classification if they both:

- Have a physical presence in Washington.
- Have subscribers located in this state.

Example

Company A is located outside of Washington but has a physical presence in Washington. Company A offers an online subscription for digital entertainment. This includes streamed access to hundreds of thousands of hours of:

- Current season TV programming.
- Premium original content.
- Films.
- Full seasons of hit series.
- A limited commercials option.

Company A's subscription sales represent the sale of digital goods (i.e., digital audiovisual works). Company A must collect and submit retail sales and pay retailing B&O taxes on their subscription income received from Washington customers.

Definitions

Digital goods are sounds, images, data, facts, or information, or any combination transferred electronically. This includes *digital audiovisual works*.

Digital audiovisual works are a series of related images which, when shown in succession, impart an impression of motion, together with accompanying sounds, if any.

References

82.04.050(8)

82.04.192

82.04.250

82.04.257

82.04.258

82.08.020

See WAC 458-20-15503 and our online article on Digital Products for more information.

More Information

Special Notice - Online Searchable Databases are Digital Automated Services (pdf)

Special Notice - Digital Products (pdf)

Photography Tax Guide

Forms

Digital Products and Remote Access Software Exemption Certificate

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