

Interim guidance statement regarding changes made by ESSB 5814 for Temporary Staffing Services

September 17, 2025

Purpose

Effective October 1, 2025, Engrossed Substitute Senate Bill 5814, Laws of 2025, Chapter 422 (ESSB 5814) makes “temporary staffing services” a retail sale subject to Washington’s retailing business and occupation (B&O) tax and retail sales tax if sold to a consumer. The purpose of this interim guidance statement is to provide guidance that taxpayers can rely on while the Department of Revenue (department) creates permanent guidance.

This interim guidance is divided into the following sections:

- Background and relevant law
- Tax treatment of temporary staffing services
- Services not considered temporary staffing services
- How do I determine where the sale of temporary staffing services takes place?
- Can temporary staffing services be resold?
- Does the multiple points of use (MPU) exemption apply to temporary staffing services?
- Temporary staffing services sold between members of an affiliated group
- Do non-profits have to pay retail sales tax on temporary staffing services?
- Do state and local governments have to pay retail sales tax on temporary staffing services?
- How do I determine my retailing B&O amount and the correct retail sales tax rate?
- Taxpayer instructions

Examples in this interim guidance statement identify facts and then state a conclusion. These examples should be used only as a general guide. The tax results of other situations must be determined after a review of all facts and circumstances.

Background and relevant law

Effective October 1, 2025, ESSB 5814 reclassifies certain services as a “retail sale.”^[1] Included in those services are “temporary staffing services,” which are now subject to retail sales tax and retailing business and occupation (B&O) tax unless an exclusion or exemption applies if sold to a consumer.^[2] Prior to October 1, 2025, the tax treatment of temporary staffing services was based on the underlying activity performed by the worker.

Under ESSB 5814, “Temporary staffing services” means “providing workers to other businesses, except for hospitals licensed under chapter 70.41 or 71.12 RCW, for limited periods of time to supplement their workforce and fill employment vacancies on a contract or for fee basis.”^[3]

To be taxable as “temporary staffing services,” the department will consider whether the taxpayer meets all of the following factors:

- The taxpayer recruits and hires their own employees;
- The taxpayer finds other organizations that need the services of those employees;
- The taxpayer assigns those employees on a temporary basis to perform work at or services for the other organizations to support or supplement the other organizations' workforces, or to provide assistance in special work situations such as, but not limited to, employee absences, skill shortages, seasonal workloads, or to perform special assignments or projects, all under the direction and supervision of the customer; and
- The taxpayer customarily attempts to reassign the employees to other organizations when they finish each assignment.^[4]

Taxpayers that meet all of the above factors will generally be subject to retailing B&O and retail sales tax (except for the placement of temporary workers to hospitals licensed under chapters 70.41 and 71.12 RCW) as they are considered to be providing temporary staffing services.

Tax treatment for temporary staffing services

Effective October 1, 2025, businesses that provide temporary staffing services are required to report gross income from their temporary staffing services under the retailing B&O tax classification, if not for resale, unless it is for the placement of temporary workers for hospitals licensed under chapters 70.41 and 71.12 RCW. These businesses are also required to collect and remit retail sales tax.

Temporary staffing services provided to a hospital

ESSB 5814 explicitly excludes placements of temporary staffing services to hospitals licensed under chapters 70.41 and 71.12 RCW from being taxed as a retail sale.^[5] As such, these placements will continue to be reported for B&O tax purposes based on the classification of the underlying services performed by the assigned worker. If workers placed in qualifying hospitals perform services that are otherwise taxable as retail sales, then those services would still be subject to the retailing B&O tax and retail sales tax. See WAC 458-20-274 for further clarification.

Example 1 — Hospital Staff Hired Through a Staffing Agency — Not Temporary Staffing Services but Still a Retail Sale

Facts: Thriving Kids, a chain of children's hospitals (licensed under chapter 70.41 RCW) in Snohomish County, use a staffing business, consistent with the factors outlined in this interim guidance, called Green Experts to hire landscapers when their regular landscapers call out sick or when they need extra assistance. Thriving Kids informs Green Experts when, where, and how many people they need, and Green Experts sends additional landscapers. Thriving Kids has hospitals in Edmonds, Everett, Marysville, and Arlington, Washington.

Result: While the services are of the type contemplated by temporary staffing services, these services qualify for the exception for hospitals licensed under chapter 70.41 or 71.12 RCW. This means that the amounts received are taxed based on the activity performed by the temporary worker. In this case, the work being performed by Green Experts' temporary workers is classified as a retail sale (landscaping is separately classified as a retail service under RCW 82.04.050(3)(d)). Therefore, Green Experts is subject to retailing B&O and must collect and remit retail sales tax.

Example 2 — Temporary Staff Hired by Assisted Living Providers — Temporary Staffing Services

Facts: Lily Pastures is a chain of assisted living facilities located in Skagit County. None of Lily Pastures' assisted living facilities meet the definition of hospital under chapters 70.41 or 71.12 RCW. Lily Pastures uses a staffing business, consistent with the factors outlined in this interim guidance, called Nifty Nurses to hire temporary nurses when their regular staff nurses call out sick or go on temporary leave. Lily Pastures informs Nifty Nurses when, where, and how many people they need, and Nifty Nurses sends licensed nurses to fill the vacant shifts. Lily Pastures has assisted living facilities in Anacortes, Mount Vernon, La Conner, and Sedro-Woolley, Washington. Nifty Nurses hire nurses from Skagit County and the surrounding area and sends them to all four of Lily Pastures' assisted living facilities. The temporary workers are employees of Nifty Nurses.

Result: Nifty Nurses is providing temporary staffing services that are subject to retailing B&O and retail sales tax. Nifty Nurses must pay retailing B&O tax and collect and remit retail sales tax on the gross amount received from Lily Pastures. Lily Pastures does not qualify as a hospital under chapters 70.41 or 71.12 RCW and, therefore, is not excluded from the definition of a retail sale for temporary staffing services.

Services not considered temporary staffing services

Direct Hires

Employers that hire workers directly are not recruiting and hiring employees, finding organizations that need the services of such employees, or assigning or reassigning employees on a temporary basis to supplement another organization's workforce. As such, the act of hiring workers directly does not meet the factors outlined in this interim guidance and, therefore, is not engaging in temporary staffing services.

Hiring a worker directly, whether it is on a temporary or permanent basis, requires the employer to retain ultimate direction and supervision of that worker. A business with an employment position that is only available for a short duration (i.e., employment occurs for a brief or short period because the position is finite, but the worker remains under the direct supervision of the employer)[6] will be considered to have "directly hired" that worker rather than purchased taxable "temporary staffing services." Direct hiring activities

by an organization, whether on temporary or permanent basis, are not “retail sales” or “temporary staffing services,” and are not subject to retailing B&O and retail sales tax.

Documentation for direct hires

The burden to establish the proper B&O tax classification rests with the taxpayer. For directly hired employees, the relationship can be substantiated through documents such as employment contracts, federal tax documentation (such as Forms I-9, W-2, or W-4), documentation showing receipt of employee benefits, and similar items. To substantiate independent contractor relationships, the direct hire relationship can be substantiated through documents such as independent contractor agreements, federal tax documentation (such as 1099s), and similar items. Taxpayers have an obligation to keep and maintain records properly that substantiate their B&O tax classification. See WAC 458-20-254.

Example 3 — Teacher Hired Directly — Not Temporary Staffing Services

Facts: Friday Harbor High School, located on San Juan Island, Washington, has an opening for a math teacher for only one school year starting September 2028 and ending June 2029. San Juan Island School District posts the job description on a local job board, where candidates can email the school district their resumes. In August 2028, San Juan Island School District hires Quentin directly to start that fall. As part of the onboarding process, San Juan Island School District requires Quentin to fill out a Form I-9 and Form W-4. San Juan Island School District pays Quentin directly and retains ultimate direction and supervision over Quentin’s activities.

Result: These are not temporary staffing services because San Juan Island hired Quentin directly. Employees are not temporary staff, even if hired for a limited duration.

Example 4 — Temporary Staff Hired Directly — Not Temporary Staffing Services

Facts: Same facts as Example 3, but Friday Harbor High School has a position that only lasts from October 1 through December 31, 2029. Starting in October 2029, San Juan Island School District hires Quentin directly. As part of the onboarding process, San Juan Island School District requires Quentin to fill out a Form I-9 and Form W-4. San Juan Island School District pays Quentin directly and retains ultimate direction and supervision over Quentin’s activities.

Result: These are not temporary staffing services because San Juan Island School District hired Quentin directly. Employees are not temporary staff, even if hired for a limited duration.

Example 5 — Direct Hire through Job Posting Platform — Not Temporary Staffing Services

Facts: Tumwater School District, located in Tumwater, Washington, has a front office receptionist going on parental leave from January through March 2026. Tumwater School District subscribes to an online platform that specializes in recruiting temporary employees for elementary schools called Easy Apples. Easy Apples does not hire the temporary staff. Rather, the Easy Apples platform allows school districts and potential temporary workers to connect through the platform. The Easy Apples platform allows Tumwater School District to post jobs, screen applicants, set up interview times, and message interviewees. The platform charges users a monthly subscription and billing is processed through the portal.

Tumwater School District posted its temporary position on Easy Apples, reviewed several candidates, and set up three interviews using the Easy Apples platform. Tumwater School District hired Rosie, one of the Easy Apples applicants, as its temporary front office receptionist for January through March 2026. As part of the onboarding process, Tumwater School District requires Rosie to fill out a Form I-9 and Form W-4. Tumwater School District pays Rosie directly and retains ultimate direction and supervision over Rosie's activities.

Result: Easy Apples is not providing temporary staffing services because the platform only allows for the connection of employers and employees with one another. Though it was facilitated by the platform, Rosie was directly hired by the school district. Easy Apples will be taxable according to the nature of the activities it is selling.

Independent Contractors

Example 6 — Independent Contractor — Not Temporary Staffing Services

Facts: Flying Dinosaur, a software company located in Bellevue, Washington, frequently hires independent contractors to help with larger projects. Flying Dinosaur posts a short-term contract position, for which they hire Franz, who lives in Seattle, Washington. Franz is contracted to work for 6 months, and Flying Dinosaur issues a 1099 to Franz.

Result: Flying Dinosaur is not a temporary staffing service because Flying Dinosaur is not recruiting and hiring employees, finding organizations that need the services of such employees, and then assigning or reassigning employees on a temporary basis to supplement another organization's workforce. Rather Flying Dinosaur hired Franz directly for a short-term contract. Independent contractors are not temporary staff, even if hired for a limited duration.

Paymaster Relationships

There are four requirements to be a qualified employer of record eligible for a B&O tax deduction from gross income for employee costs when providing paymaster services under RCW 82.04.43393:

1. Must be a qualified employer of record;
2. Must provide paymaster services;
3. The paymaster services must be provided to an affiliated business; and
4. The amounts paid must cover the costs of a qualified employee.

Paymasters that meet the statutory requirements under RCW 82.04.43393 and ETA 3181.2013 do not meet the factors for taxpayers providing temporary staffing services as outlined in this interim guidance.

Agricultural Workers

Example 7 — Agricultural work direct hire — Not temporary staffing services

Facts: In June 2026, Sunrise Fruit Farms, located in Rochester, Washington, employs 10 seasonal workers on H-2A visas from June through September every year. The H-2A workers are not being provided by a staffing business to Sunrise Fruit Farms. The seasonal workers are hired directly by Sunrise Fruit Farms to help harvest the berries and stone fruit that Sunrise Fruit Farms grows. Sunrise Fruit Farms pays Margaux directly and retains ultimate direction and supervision over Margaux's activities. In January 2027, Sunrise Fruit Farms issues Margaux a Form W-2.

Result: This is not a temporary staffing service because the seasonal workers are hired directly by Sunrise Fruit Farms.

Outsourcing to third-party independent contractors

Example 8 — Third-party outsourcing services— Not Temporary Staffing Services

Facts: Flying Dinosaur is a software company based out of Bellevue, Washington. To keep up with the demand of its support call center, it hires Friendly Focus, a Yakima, Washington-based company that specializes in outsourced support call centers. Friendly Focus employs, trains, and manages all aspects of the call center employees. Friendly Focus can increase or decrease the number of employees working in a particular company's call center based on demand, such as new products or a software update that may increase the need for more support. Under this arrangement, Friendly Focus can hire employees for any amount of time and may employ people temporarily.

Result: Friendly Focus is not providing a temporary staffing service. Flying Dinosaur is outsourcing its services to Friendly Focus. Friendly Focus is not a staffing business because they do not recruit and hire employees, then find organizations that need the work of such employees, and assign or reassign employees to those other organizations to meet work needs on a temporary basis. Rather, Friendly Focus is contracted to perform the outsourced services, which will be taxed according to the nature of the activities.

How do I determine where the sale of temporary staffing services takes place?

The sale of temporary staffing services is a retail sale. Retail sales must be sourced in accordance with RCW 82.32.730 for sales and use tax and retailing B&O tax purposes. The terms "**source**," "**sourced**," or "**sourcing**" refer to the location (as in a state, local taxing district, jurisdiction, or authority) where a sale is deemed to occur.

Temporary staffing services are subject to tax based on the location where the services are received by the purchaser and other default sourcing rules as follows:[7]

1. The seller's place of business if the purchaser receives the retail service at the seller's place of business.

2. If not received at the seller's place of business, the location where the purchaser receives the retail service if known to the seller.
3. If the location where the purchaser receives the retail service is not known, the purchaser's address available in the seller's business records.
4. If no address is available in the seller's business records, the purchaser's address obtained at the time of sale (e.g., purchaser's payment instrument).
5. If no address is obtained at the time of sale, the address where the retail service was provided by the seller.

"Receipt," in relevant part, generally means to make first use of the service.[8]

While not binding on the department, the department may be guided by the Streamlined Sales and Use Tax Agreement (SSUTA) when determining the location of receipt.[9] The SSUTA does not directly address the sourcing of temporary staffing services, but does address the sourcing of service generally, indicating "the location (or locations) where the purchaser (or the purchaser's donee) can potentially first make use of the result of the service is the location (or locations) of the 'receipt' of the service."[10]

In determining the location of receipt for temporary staffing services, the department provides the following guidance:

- **If the location of the services is known, such as with an in-person temporary workers:** If temporary workers are stationed in person at the physical location of the purchaser, the sales tax may be sourced to that location.[11]
- **Remote temporary workers:** If temporary workers provide service remotely, meaning not stationed in-person at the physical location of the purchaser, the services are received at the location where the purchaser's staff is being supplemented.
- **Temporary workers in multiple known locations:** If the purchaser receives the temporary staffing services at multiple known locations, the temporary staffing services must be sourced and allocated to those locations accordingly.[12] The seller may base this allocation on hours billed to at each known location or using other verifiable measures. Alternatively, the department will accept equal proportional allocation to each known location.
- **Agreed-upon allocation at time of invoice, reasonable and consistent method:** If receipt occurs in multiple locations, the staffing business and the purchaser may allocate the retail sale to multiple locations based on a reasonable and consistent method.[13] The locations and agreed-upon allocation in this instance must be provided

by the purchaser by the time of the invoice.[14] The reasonableness of the allocation will be subject to review by the department.

- **If the location of temporary workers is unknown:** If the location of receipt is unknown, the staffing business must source the service to the business address of their client based on their business records, or, if unavailable, based on the client's billing address as received in the ordinary course of business, when the use of either of these addresses does not constitute bad faith.[15]
- **Documentation:** Taxpayers that are providing temporary staffing services should document in their contracts, invoices, or service agreements where they will be sourcing the services.

Note: The department previously issued guidance in the form of a now-canceled interim guidance statement regarding the attribution of receipts from apportionable staff augmentation, which has since been incorporated into WAC 458-20-19402. As of October 1, 2025, unless provided to hospitals licensed under chapters 70.41 and 71.12 RCW, temporary staffing services are no longer apportionable activities. As such, unless provided to hospitals licensed under chapters 70.41 and 71.12 RCW, the apportionable staff augmentation methodology detailed in WAC 458-20-19402 is no longer applicable and is replaced by the allocation methods provided in this interim guidance statement.

Staffing businesses that provide temporary staffing services to hospitals licensed under chapters 70.41 and 71.12 RCW may still rely on prior apportionment guidance to the extent that the assigned temporary workers in these placements are performing non-retailing activities.

Example 9 — School Staff Hired Through Staffing Agency — One Location

Facts: Best Apple is a staffing business, consistent with the factors outlined in this interim guidance, that helps school districts fill vacancies with temporary staff. Best Apple hires staff that are assigned to other businesses for temporary periods. Tumwater School District, located in Tumwater, Washington, hires Best Apple to assist them in finding a temporary front office worker while their front office receptionist is on parental leave from January through March 2026. Best Apple sends Dave, a temporary office worker, to Tumwater School District from January through March 2026. Dave is employed by Best Apple.

Result: Best Apple is providing temporary staffing services subject to retailing B&O and retail sales tax. The sale should be sourced to the location in Tumwater, Washington where Dave will work.

Example 10 — Nonprofit Temporary Staff Hired Through a Staffing Agency — One Location

Facts: Happy Trees is a nonprofit organization dedicated to planting trees in green spaces throughout Washington state with the help of volunteers. Happy Trees provides the supplies and the volunteers help them plant trees in parks and other green spaces. Happy Trees has a large warehouse full of tools, saplings, and compost in Tacoma, Washington. Happy Trees reaches out to Green Experts, a Washington-based staffing business, consistent with the factors outlined in this interim guidance, that hires landscaping professionals and sends them to help other businesses with garden-related tasks. Green Experts sends five temporary workers to help Happy Trees organize their Tacoma warehouse before a large tree planting weekend. The five temporary workers are employees of Green Experts, and Green Experts charges Happy Trees for the temporary workers' time, along with a fee per assigned worker.

Result: Green Experts is providing temporary staffing services subject to retailing B&O and retail sales tax. The sale is sourced to the warehouse located in Tacoma, Washington as this is where the temporary staffing services are being received.

Example 11 — Temporary Staff Hired by Assisted Living Providers — Temporary Staffing Services

Facts: Lily Pastures is a chain of assisted living facilities located in Skagit County. None of Lily Pastures' assisted living facilities meet the definition of hospital under chapters 70.41 or 71.12 RCW. Lily Pastures uses a staffing business, consistent with the factors outlined in this interim guidance, called Nifty Nurses to hire temporary nurses when their regular staff nurses call out sick or go on temporary leave. Lily Pastures informs Nifty Nurses when, where, and how many people they need, and Nifty Nurses sends licensed nurses to fill the vacant shifts. Lily Pastures has assisted living facilities in Anacortes, Mount Vernon, La Conner, and Sedro-Woolley, Washington. Nifty Nurses hires nurses from Skagit County and the surrounding area and sends them to all four of Lily Pastures' assisted living facilities. The temporary workers are employees of Nifty Nurses.

Result: Nifty Nurses is providing temporary staffing services subject to retailing B&O and retail sales tax. The sale is sourced to the location where the service is received which, in this case, is the location of the Lily Pastures facility to which the temporary nurses are assigned.

Example 12 — Remote Temporary Workers — One Location in Washington

Facts: Minerva, an online real estate firm, has its headquarters and main place of business in Vancouver, Washington. It uses Paisley Dot, an IT staffing services company that meets the factors outlined in this interim guidance, to hire temporary IT staff as needed. Paisley Dot has an all-remote workforce with staff located all over the country. Staff provided by Paisley Dot perform work for Minerva's employees who are located at Minerva's headquarters in Vancouver, Washington.

Result: The services provided by Paisley Dot are temporary staffing services subject to retailing B&O and retail sales tax. The services provided by the remote temporary workers are sourced to the address of Minerva's business location in Vancouver, Washington, as this is where the services are received. [16]

Example 13 — Remote Workers — Multiple Locations in Washington

Facts: Same facts as Example 18, but Minerva also has offices in Tacoma and Seattle, Washington. Staff provided by Paisley Dot perform work for Minerva's employees based out of all of Minerva's Washington office locations.

Result: The services provided by Paisley Dot are temporary staffing services subject to retailing B&O and retail sales tax. The services provided by the remote temporary workers are sourced to the location where the services are received.[17] In this case, the services are received in the Vancouver, Seattle, and Tacoma offices. The sale may be allocated based on the time each temporary worker spent on the work designated to each office location to which they provided services.

Example 14 — Remote Workers — Multiple Locations in Washington

Facts: Same as the above Example 19, but the temporary staff do not track their time by location or through a verifiable method.

Result: If the locations where the services are received are known, the services provided by the temporary staff can be sourced proportionally and allocated equally between the three locations. Otherwise, if the locations

where the services are received are not known, Paisley Dot should source the temporary staffing services to the address available for Minerva based on their business records or billing address, as indicated in RCW 82.32.730(c) and (d), so long as the use of the address is not used in bad faith.

Example 15 — Remote Workers — Locations inside and outside of Washington

Facts: Same facts as Example 18, but Minerva also has office locations in Vancouver, Tacoma, Seattle, Washington and also in Sandpoint, Idaho. Staff provided by Paisley Dot perform work for Minerva's employees based out of all of Minerva's office locations.

Result: The services provided by Paisley Dot are temporary staffing services subject to retailing B&O and retail sales tax. The services provided by the remote temporary workers should be sourced to the address of Minerva's business location, where the services are received.[18] This is a combination of the Vancouver, Seattle, Tacoma, and Sandpoint offices. If temporary IT staff should track their time based on the office location they provide services for, they may allocate the sales accordingly, because that is the location where their services are received. If the temporary staff do not track their time by location or through other verifiable methods, these services can be proportionally sourced and allocated between the four locations.[19]

Otherwise, if the locations where the temporary staffing services are received are unknown, Paisley Dot should source the temporary staffing services to the address available for Minerva based on their business records or billing address. Notably, in this case, if all of the services were to be sourced to the Idaho location on a consistent basis, despite the fact that the services are also received at the Washington location, the department may consider use of the Idaho address to constitute bad faith and assess the purchaser for deferred sales tax.

Example 16 — All Remote Workers — Location of Receipt Unknown

Facts: Minerva, an online real estate firm, is a Washington-based business with a billing address in Vancouver, Washington, where it has a P.O. Box, but no actual office. Minerva employs an all-remote workforce that sells real estate in Washington. Minerva uses Paisley Dot, an IT staffing services company that meets the factors outlined in this interim guidance, to hire

temporary IT staff as needed. Paisley Dot also has an all-remote workforce, with staff located all over the country. Staff provided by Paisley Dot perform work for all of Minerva's remote employees.

Result: The services provided by Paisley Dot are temporary staffing services subject to retailing B&O and retail sales tax. The services provided by the remote temporary workers are sourced to the address of Minerva's business location, where the services are deemed received.[20] In this case, this is Vancouver, Washington, the address Minerva included as its billing address. [21]

Can temporary staffing services be resold?

Yes, in certain circumstances. Sellers of these services may use a reseller permit when subcontracting with a third-party service subcontractor in certain situations. However, providers must maintain documentation to substantiate that the services qualify for resale.

The seller of temporary staffing services may provide a reseller permit to a third-party subcontractor to document that the seller is purchasing the third-party subcontractor's services for resale purposes when both of the following factors are met:

1. The seller of the temporary staffing services is contractually responsible for providing the services to a third-party buyer; and
2. The seller of temporary staffing services has no intervening use of the services provided by the third-party subcontractor. [22]

Businesses providing temporary staffing services may also accept other approved exemption certificates from their customers. See WAC 458-20-102. To be valid, paper certificates must be fully completed and signed by the customer.

If a seller of temporary staffing services provides a subcontractor with a reseller permit or other approved exemption certificate, the seller does not need to pay retail sales tax. However, the subcontractor would still need to report the sale under the wholesaling B&O tax classification.

Example 17 — Manufacturing & Temporary Staffing — Reseller Permits

Facts: Breakneck Snowboards has a snowboard factory in Sequim, Washington, where they manufacture the parts for and assemble snowboards that they sell to retailers. Mountain Manufactured is a staffing company, consistent with the factors outlined in this interim guidance, that specializes in providing temporary workers to fill press helper, machine operator, and assembler positions. Mountain Manufactured hires staff and sends them to assist in manufacturing operations that need short-term assistance. Breakneck Snowboards reaches out to Mountain Manufactured for temporary staff to help manufacture snowboards during their busy season. Breakneck Snowboards has a reseller permit, which they present to Mountain Manufactured, for the temporary staff.

Result: Breakneck Snowboards can use its reseller permit to purchase temporary staffing services from Mountain Manufactured without paying sales tax. Mountain Manufactured will pay wholesaling B&O tax on the income it receives from Breakneck Snowboards. For more information, see our Manufacturing Guide.

Example 18 — Construction Reselling Temporary Staffers

Facts: Great Heights Construction Company, located in Bremerton, Washington, is hired by a property owner to build a restaurant. Great Heights uses Sublime Subs, a staffing business that specializes in construction labor, to provide temporary staff to install drywall in the new building. Sublime Subs is located in Silverdale, Washington. Great Heights Construction Company provides a valid reseller permit to Sublime Subs for the temporary staff.

Result: Sublime Subs will not charge Great Heights Construction Company retail sales tax for the temporary staff that it sends to install the drywall. Sublime Subs will pay wholesaling B&O tax on the income it receives from Great Heights Construction Company for the temporary staff. Great Heights will collect retail sales tax from the property owner on the total contract price which includes all of the subcontractors, Sublime Subs, charges. For more information, see our Construction Guide.

Does the multiple points of use (MPU) exemption apply to temporary staffing services?

RCW 82.08.0208(4) provides the multiple points of use (MPU) retail sales exemption for certain eligible products, including digital products such as digital automated services (DAS), used by the purchaser concurrently inside and outside of Washington. RCW 82.12.0208(7) works in conjunction with the MPU sales tax exemption to apportion use tax based on the use of these products in Washington. This means that instead of paying retail sales tax at the time of purchase, buyers claiming the MPU exemption are exempt from paying sales tax at the time of sale and must apportion and report use tax directly to the department.

If a service that is defined as a retail sale under RCW 82.04.050 also meets the definition of a DAS, the department will treat these services as digital products that are eligible for all applicable retail sale and use tax exemptions, including the MPU exemption. A DAS is "any service transferred electronically that uses one or more software applications." See WAC 458-20-15503(601). The question of whether a service meets the definition of a DAS generally depends on the facts and circumstances of that service. At the time of this IGS, the department has received no feedback concerning whether any temporary staffing services may meet the definition of a DAS. Sellers and their customers will need to make this determination as to whether their service is a DAS.

In order to qualify for the MPU exemption, the DAS must also be concurrently available for use inside of Washington and outside of Washington. To be "concurrently available for use within and outside this state" means that employees or other agents of the taxpayer may use the digital automated services simultaneously at one or more locations within Washington and one or more locations outside of Washington. At the time of this interim guidance, the department has received no feedback concerning whether any temporary staffing services may be available of use inside and outside of Washington and it is not known if this is possible where humans are performing the services. Sellers and their customers will need to make this determination as to whether their service is a DAS.

If a service meets the statutory requirements described above, purchaser may generally use the MPU sales tax exemption and pay use tax on the amount apportioned to Washington under RCW 82.12.0208.

However, if the DAS is sold as part of a bundled transaction, then the MPU exemption and related apportionment is not available.[23] A bundled transaction is the sale of two or more distinct and identifiable products sold for one nonitemized price.[24] Pursuant to this interim guidance, the department will accept there is not a bundled transaction and the packaged products can each be taxed according to their appropriate classification if:

- The price of the DAS is separately identified by product on a binding sales invoice or other supporting sales-related documentation made available to the customer in paper or electronic form that may include, but is not limited to: an invoice, bill of sale, receipt, contract, service agreement, lease agreement, periodic notice of rates and services, rate card, price list or the sale of any products in which the sales price varies; or
- The sale of any of the products that are negotiable based on the selection made by the purchaser of the products included in the transaction.

Temporary staffing services sold between members of an affiliated group

The sale of temporary staffing services, when sold between members of an affiliated group are not excluded from the definition of "retail sale" under ESSB 5814. Therefore, these services would be subject to the retailing B&O tax classification.

Do non-profits have to pay retail sales tax on temporary staffing services?

In Washington, nonprofit organizations are generally taxed like any other business. They must pay B&O tax and collect and remit sales tax on gross revenues generated from the regular business activities they conduct.[25] This means that nonprofit organizations must pay retail sales tax when purchasing temporary staffing services. For more information, see our Nonprofit organizations industry guide.

Do state and local governments have to pay retail sales tax on temporary staffing services?

In Washington, state and local governments are generally subject to retail sales tax on their purchases just like any other businesses.[26] Sellers must collect and remit retail sales tax on sales of temporary staffing services sold to state or local governments.

How do I determine my retailing B&O amount and the correct retail sales tax rate?

Washington's B&O tax, including the retailing B&O tax, is calculated on the gross income from activities. This means that there are no deductions for labor, materials, taxes, or other costs of doing business. The B&O tax rate varies by classification, which you can find on the department's business & occupation tax classifications webpage. For more information regarding B&O tax generally, please see the department's business & occupation tax webpage.

Retail sales tax collection is based on the location where the customer receives the service (destination-based sales tax). The department has dedicated tools that help businesses track and determine the location code and sales tax rate to use. This includes a sales tax rate lookup URL Interface that provides direct access to the department's address-based rate lookup technology platform. Please see the department's Sales & use tax rates and Sales and use tax tools webpages for more information.

The taxable amount for temporary staffing services includes all fees, temporary staff wages, and other employee costs paid as part of a temporary worker's assignment. Taxpayers must collect retail sales tax and pay retailing B&O tax on their gross income from all payments received from their customers.[27] The amounts are not deductible as advancements and reimbursements because businesses that provide temporary staffing services generally do not act as the agent of their customers to the temporary staff. [28]

Example 19 — Office Worker Hired Through Temporary Staffing Agency — Temporary Staffing Services

Facts: The CEO of Jupiter Moon Marketing, an online marketing firm, needs an administrative assistant for two weeks in August 2026 while her assistant is on their honeymoon. Jupiter Moon Marketing uses Virgo Rising Receptionists, a staffing agency that specializes in administrative assistants, consistent with the factors outlined in this interim guidance, to hire a temporary receptionist for the two weeks needed in August 2026. Virgo Rising Receptionists places Josh, one of their seasoned administrative assistants at Jupiter Moon Marketing. Although Jupiter Moon Marketing will manage Josh directly, Virgo Rising Receptionists will maintain the employee relationship with them.

Result: Jupiter Moon Marketing is using temporary staffing services to fill a vacancy and, therefore, must pay retail sales tax on the wages, fees, and any other charges that they pay Virgo Rising Receptionists. Virgo Rising Receptionists will pay retailing B&O tax on their gross income from placing Josh, the temporary administrative assistant, at Jupiter Moon Marketing and must collect and remit retail sales tax from the placement.

Example 20 — School Staff Hired Through Staffing Agency — Temporary Staffing Services

Facts: Same facts as Example 19. Best Apple is a staffing business, consistent with the factors outlined in this interim guidance, that helps school districts fill vacancies with temporary staff. Best Apple hires staff that are assigned to other businesses for temporary periods. Tumwater School District, located in Tumwater, Washington, hires Best Apple in December 2025 to assist them in finding a temporary front office worker while their front office receptionist is on parental leave from January through March 2026. Best Apple sends Dave, a temporary office worker, to Tumwater School District from January through March 2026. Best Apple maintains the employee relationship with the temporary worker.

Result: This is a temporary staffing service subject to retailing B&O and retail sales tax. Tumwater School District owes retail sales tax on the salary, fees, and any other charges made by Best Apple to Tumwater School District for assigning Dave, the temporary office worker, to fill in as their front office receptionist from January to March 2026. Best Apple must pay retailing B&O tax and collect and remit retail sales tax from the placement.

Taxpayer instructions

The department will continue to review these issues for the purpose of developing final guidance. This interim guidance statement will remain in effect until the department issues final guidance, cancels this interim statement, or new legislation is enacted.

Please see our Services newly subject to sales tax webpage for updates, guidance, and opportunities to engage with the department.

If you have questions about this guidance, please contact the department at rulings@dor.wa.gov.

[1] RCW 82.04.050.

[2] RCW 82.04.050, RCW 82.08.020, RCW 82.04.250.

[3] ESSB 5814 §101(3)(j).

[4] See WAC 458-20-274.

[5] chapter 422 (Engrossed Substitute Senate Bill 5814), Laws of 2025 (ESSB 5814).

[6] E.g., A campaign staff is hired for the remainder of the election cycle, a teacher is hired for one school year.

[7] RCW 82.32.730(1); see also RCW 82.32.730(9)(f) ("Receive' and 'receipt' mean taking possession of tangible personal property, making first use of digital automated services or other services, or taking possession or making first use of digital goods or digital codes, whichever comes first. . .")

[8] RCW 82.32.730(9)(f).

[9] RCW 82.02.210.

[10] SSUTA Rule 311.1 

[11] RCW 82.32.730(1)(b).

[12] RCW 82.32.730(1)(b), RCW 82.02.210; See generally, SSUTA Rule 309.3 , SSUTA Rule 311.1.

[13] See generally, SSUTA Rule 309.3 , SSUTA Rule 311.1.

[14] SSUTA Rule 309.3 

[15] RCW 82.32.730(1)(c).

[16] See RCW 82.32.730(1)(b).

[17] RCW 82.32.730(1)(b).

[18] RCW 82.32.730(1)(b).

[19] RCW 82.32.730(1)(c) and (d).

[20] RCW 82.32.730(1)(b).

[21] RCW 82.32.730(1)(d).

[22] RCW 82.08.130(2) and WAC 458-20-10201(205).

[23] ETA 3242.2025 does not extend to apply the MPU to other types of bundled transactions as it is only applicable for sales of software maintenance agreements.

[24] RCW 82.08.190 and RCW 82.08.195.

[25] See WAC 458-20-169(4).

[26] See WAC 458-20-189(5).

[27] RCW 82.04.080.

[28] See WAC 458-20-111, ETA 3100. Also see the department's FAQ guidance regarding the measure of tax for temporary staffing services.



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