

# Advertising services now subject to retail sales tax

## Issue Date

July 23, 2025

*Intended audience: Businesses that provide advertising services.*

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

## What are 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:** This does **not** include direct mail.

## Are there any exceptions?

Yes, advertising services are not considered a retail sale when sold to members of an affiliated group, as defined in RCW 82.04.299(1)(f).

## How should I report advertising services income?

Gross income from these services must be reported on the excise tax return, under the Retailing B&O, retail sales, and local sales tax classifications.

Businesses that have not previously reported these tax classifications may follow the steps below to add them to their excise tax return:

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 the advertising services. The department offers various Sales and use tax tools to help businesses determine the correct tax rates and location codes to use.

## More Information

ESSB 5814 Chapter 422, Laws of 2025

Our Services newly subject to sales tax webpage will be regularly updated with additional guidance and opportunities to engage with the department.

## Questions?

Please contact us online or call 360-705-6705.



Subscribe to receive notifications | Taxpayer Rights and Responsibilities

Your Privacy | Accessibility | DOR Staff only | © 2025 Washington State Department of Revenue and its licensors. All rights reserved.