

Temporary staffing services now subject to sales tax

Issue Date

July 28, 2025

Intended audience: Businesses that provide temporary staffing services.

Beginning October 1, 2025, businesses must collect retail sales tax on temporary staffing services. Additionally, gross income from these activities is subject to business and occupation (B&O) tax under the Retailing classification. The taxability of temporary staffing services is no longer based on the activities performed by the temporary staff.

What are temporary staffing services?

Temporary staffing service means providing workers to other businesses for limited periods of time to supplement their workforce and fill employment vacancies on a contract or fee basis.

Are there any exceptions?

Yes. Temporary staffing services are not considered a retail sale when provided to hospitals licensed under chapter 70.41 or 71.12 RCW.

Income received from providing temporary staffing services to a hospital continues to be taxable based on the activity engaged in by the assigned worker(s).

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

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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