

# Self-publishing

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Many self-publishing authors use a marketplace facilitator to market, sell and distribute their books. Here are two common methods marketplaces use to distribute self-published books:

- Facilitators sell the author's book under a distribution arrangement.
- Authors grant facilitators a right to print and sell the book.

Self-publishing authors required to register in Washington must report using one of the methods described here.

## **Method 1: Distribution arrangement**

A marketplace facilitator sells the author's books on a consignment basis. The author does not receive an advance and must prepare the book for sale, including:

- Formatting.
- Pricing.
- Public relations.
- Cover design.
- Obtaining a unique International Standard Book Number (ISBN).

The marketplace facilitator typically charges a fee for each book sale.

## **Author must report business and occupation (B&O) tax**

The author must report retailing B&O tax on the full selling price of book sales made to Washington consumers. The author cannot deduct fees they paid to the marketplace facilitator. For example, if an author sells a book for \$10, and the marketplace facilitator keeps a \$3 service fee, the author must report the \$10 selling price.

**Note:** Some marketplace facilitators call the amount paid to the authors a "royalty payment." This payment is the author's portion of the book sales. These payments do not qualify for the royalties B&O tax classification.

## **Reporting retail sales tax for in-state customers**

The author does not need to collect sales tax on sales they made through a marketplace facilitator *if they received confirmation* from the marketplace facilitator that the facilitator will collect sales tax. The author may claim a "Gross Sales Tax Collected by Facilitator" deduction under the retail sales tax classification.

If the author *does not get confirmation* from the facilitator, the author needs to collect and submit retail sales tax on book sales to Washington consumers.

## **Method 2: Author grants facilitators a right to print and sell**

This method is like a traditional publishing arrangement. The author grants the marketplace facilitator (or a third party) a license to use their copyrighted manuscript and the right to print and sell the book. In this case, the marketplace facilitator or publisher pays the author advances and helps in the preparation process. Under this arrangement, the author must pay royalties B&O tax on the gross income received.)

## **Resources**

Marketplace sellers

Marketplace facilitators

RCW 82.04.2907 - Tax on royalties



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