

# Upcoming sales tax changes may impact service costs in your industry

We want to inform you about recent legislation that may affect the cost of contracted services for organizations in your industry.

Engrossed Substitute Senate Bill (ESSB) 5814, effective **Oct. 1, 2025**, expands the definition of **retail sales** under Washington law. As a result, several business services that were previously not subject to sales tax will become taxable.

## Key changes

Beginning Oct. 1, 2025, sales tax will apply to the following services:

- Information technology services.
- Custom website development.
- Investigation, security, and armored car services.
- Temporary staffing services.
- Advertising services.
- Live presentations.
- Sales of custom software and customization of prewritten software.

ESSB 5814 also removes the following exclusions from the definition of digital automated services (DAS):

- Services involving primarily human effort.
- Live presentations.
- Advertising services.
- Data processing services.

## Why this matters

### *Purchasing*

If your organization contracts with vendors to provide services in any of these categories, you may see increased costs due to the vendors' obligation to collect and remit sales tax starting Oct. 1, 2025.

### *Selling*

If your organization sells any of the newly taxable services listed above, you will be responsible for collecting and remitting retail sales tax on those transactions beginning Oct. 1, 2025.

**Specific details about how sales tax will and will not apply to the services above, including for live presentations, are forthcoming in September 2025. They will be posted to our [ESSB 5814 webpage](#). We recommend waiting for that guidance to be published before taking any action.**

## Available resources

Find additional educational resources on our [webpage](#), including:

- Special notices for each category of service.
- Frequently asked questions.
- Webinars: Intro to sales tax.
- Interim guidance statements (coming Sept. 2025).

If you have specific questions regarding these changes or how they may affect your organization, please submit a [ruling request](#). Until guidance is published in September, DOR may be limited in what it can advise.