

Navigating SB 5814

New Sales Tax Changes for the Creative Sector



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Department of
Revenue
Washington State



ESSB 5814: What It Is & What It Does

- **ESSB (Engrossed Substitute Senate Bill) 5814** was passed by the Washington Legislature to modernize our state's retail sales tax laws
- Goes into effect **October 1, 2025**
- **Expands sales tax** to more types of services
- **Repeals** some tax exclusions
- **Clarifies rules** around affiliate transactions

The Big Change: "Live Presentations"

- **Creates new category** of "live presentations" now subject to retail sales tax
- **Defined** as activity where people give, receive, and discuss information in real time
- **Examples:**
 - Art classes, like a pottery workshop
 - Music, cooking, or choir lessons
 - Seminars, courses, or training programs

What is NOT a "Live Presentation"?

- Live presentations DO NOT include performances
- Examples of exceptions:
 - Concerts
 - Plays, musicals, and operas
 - Comedy shows
 - Movies or sports events

New Taxes on Services You Purchase

- **Retail sales tax now applies to:**
 - Information Technology (IT) Services
 - Custom Website Development
 - Security and Monitoring Services

Advertising Services – Now Taxable

- **Includes** services related to:
 - Creating and placing ads (digital or print)
 - Graphic design and ad campaign planning
 - Online marketing, lead generation, search engine optimization
- **What's not included?**
 - Web hosting or domain name registration
 - Newspaper ads, TV/radio ads, or billboards and transit ads

Temporary Staffing Services – Now Taxable

- If you hire **temporary workers through a staffing agency**, you'll now pay retail sales tax on those contracts
- What's **not included**?
 - Direct hires
 - Independent contractors
 - Outsourced service providers (like hiring a full event management company)

Additional Notes

– Resale, MPU, Affiliated Groups

- **Reselling Services**
 - You can buy a service to resell to someone else
 - Use a reseller permit and don't use the service yourself
- **Used in multiple states concurrently**
 - Some digital services used in and out of Washington may qualify for partial tax
 - You'll need good records to split the use
- **Sales between related orgs**
 - **Advertising:** Not taxed if sold between related organizations
 - **Staffing:** Still taxed, even between related organizations

B&O Deduction & Digital Services

- Many nonprofits are considered **Artistic and Cultural Organizations**
- **Check with a tax professional** to see if you qualify
- Changes the rules for digital automated services (DAS)
 - Your purchases or sales of online digital content might now be subject to tax

What's Next?

- Be aware of the October 1, 2025, effective date
- Talk to your accountant or bookkeeper
- Review existing contracts
- Plan for increased service costs
- **Key takeaway:** performance ticket sales are safe, classes and workshops are not

Resources

- Department of Revenue's ESSB 5814 page:

- <https://dor.wa.gov/taxes-rates/retail-sales-tax/services-newly-subject-retail-sales-tax>

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



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