

Understanding ESSB 5814: Frequently Asked Questions



Please be advised that these answers should be used only as a general guide. The tax results of individual situations may need to be determined after a review of your specific facts and circumstances.

You can direct specific questions to rulings@dor.wa.gov.

Taxable Classes and Live Presentations

What's the difference between a taxable class and an exempt performance like a concert or play?

The primary difference is the purpose. Taxable classes are things like seminars, lectures, workshops, or courses where the primary purpose is to educate or inform. The primary purpose of concerts or plays is generally to entertain.



Are group classes or rehearsals that prepare for a performance, like youth choir or theater, taxed?

Tuition that includes classes and rehearsals to teach individuals would generally be considered live presentations.

Some guidance says dance classes aren't taxed, but others say any class with more than one student is. Which is correct?

Generally, dance classes are considered [recreational and fitness activities](#) subject to service and other activities B&O tax, rather than live presentations. It does not matter whether the classes are one-on-one or group. However, dance classes offered by an athletic or fitness facility are retail sales.

Are private one-on-one lessons still exempt? Does tax only apply if there are two or more students?

Private one-on-one lessons are not considered live presentations and are not subject to sales tax. However, if the class is available to more than one person, it is considered a live presentation. It does not matter if only one student shows up.

Are lectures, author talks, or speeches with Q&A taxed as live presentations?

The answer to this question might depend on the individual facts and circumstances. The Dept. of Revenue encourages taxpayers to contact the department with their specific details and request a ruling.

Do camps for kids like theater, STEM, or museum tours count as taxable presentations?

Dept. of Revenue is actively discussing this topic and plans to issue further guidance in the near future.

Are live virtual talks or recorded online presentations taxed? What about courses that are only text and images?

Pre-recorded presentations are currently considered [digital goods](#) and are subject to retail sales tax. Presentations that allow for real-time interaction between presenter and attendees are considered live presentations whether in person or virtual.

If a performer is paid a flat fee by the venue instead of selling tickets, does that count as a taxable service?

Generally, if the event is considered a live presentation and the venue will be collecting sales tax on the tickets, the venue may give the presenter a [reseller permit](#). In this case, the presenter would report their income under the Wholesaling B&O tax classification. If the event is considered a live presentation and the venue is not charging for admission, the venue would likely be the consumer of the presenter's service and should pay sales tax.

If the event is a performance, retail sales tax does not apply to either the ticket sales or the presenter's fee.

Do donation-only or pay-what-you-can classes or workshops trigger sales tax?

Generally, if any amount is required to attend the class or workshop, that amount would be considered a retail sale and sales tax applies. However, if a person can attend even if they do not make a donation, then the amount received is considered a true donation and sales tax does not apply.

Advertising, Digital Media, and Creative Work

Are digital and social media ads taxed, while print ads in newspapers stay tax-free?

Generally, that is correct. Newspapers do not have to collect sales tax on charges for ad placement.



Are podcast ads taxed like other digital media? What about ads on public transit or in transit stations?

Generally, podcast ads would be considered advertising services subject to sales tax. However, there is an exclusion for out-of-home advertising that may apply to ads on public transit or in transit stations.

Are services like logo design, branding, illustration, and layout subject to sales tax?

Generally, yes. If these services are provided with respect to promotional materials or marketing campaigns they would be considered advertising services and subject to sales tax.

Is video production taxable, especially if the final product is licensed and not a work-for-hire?

Generally, charges for creating an edited one-of-a-kind master copy video for a specific customer, where the customer owns all rights to the video, are subject to B&O tax under the Service and Other Activities classification. Retail sales tax does not apply. Charges for merely granting the right to use a video are subject to B&O tax under the Royalties classification and retail sales tax does not apply.

If an ad agency plans both taxable (online) and exempt (TV, print) ads, how is the taxed portion calculated?

Generally, the seller may use a reasonable proportional method to allocate the service between retail and non-retail services. They must keep records to support their calculation and the taxable and the excluded amounts must be separately stated on the customer's invoice.

Are ads in printed programs for concerts or plays taxable?

Advertisements in printed programs would be considered out-of-home advertising and not subject to retail sales tax.

Do printed materials like tickets, flyers, and programs remain exempt?

Purchases of printed materials like tickets, flyers, and programs have been and continue to be considered purchases of tangible personal property and are not generally exempt from sales tax.

If a production company is hired by an agency to create content for a client, is that a resale? What if the company hires vendors?

Generally, if a production company is hired by an agency to create content that will be incorporated into a larger campaign, they do not have to collect sales tax if the agency provides a valid reseller permit. In this case, the production company would report their income under the Wholesaling B&O tax classification. Similarly, if the production company hires vendors to provide some of the content they are creating, they may give their vendors a reseller permit.

Timing, Location, and Tax Responsibility***If someone paid before October 1, 2025, for a class or event happening after that date, is that sale taxed?***

No, you do not have to collect sales tax retroactively. This is true even if the event occurs after the October 1 effective date.



Do you collect tax based on when the ticket is sold or when the event was contracted? How can you prove the contract date?

Generally, you will collect sales tax based on when the sale occurs. However, if the event was contracted and ticket sales began before October 1, 2025, you do not have to collect sales tax. You must keep documentation showing when the contract was executed and ticket sales began.

If a WA business buys services from out of state, do they owe use tax? Do out-of-state providers have to charge WA sales tax?

Out of state vendors that have nexus in Washington must collect Washington's sales tax. The bill did not contemplate use tax. However, if the out of state vendor has nexus and failed to collect sales tax at the time of purchase, deferred sales tax could apply.

If a WA business serves clients in Oregon or hosts a conference in Canada, is sales tax still required?

Generally, no. Washington's sales tax is based on the location where the goods or services are received. Washington's sales tax does not apply to goods or services received outside of Washington.

Are digital ads that target people outside Washington still taxed in WA?

Generally, no. However, the seller must have records documenting that the advertising was disseminated outside of Washington.

When using ticketing platforms like Eventbrite, who's responsible for collecting and remitting the tax?

It depends. If the platform meets the definition of a marketplace facilitator then they are generally responsible for collecting/remitting the sales tax. We suggest you check with the platform regarding the terms of your contract.

For services at events like security, whose location sets the tax rate—the vendor, the event, or the company?

For event security, sales tax would generally be based on the location of the event.

If a small business does remote presentations across WA, how can they manage the tax for different locations?

The department offers various sales and use tax tools to help businesses determine the correct tax rate and location code to use. The Dept. of Revenue also offers online workshops and tutorials and have created an introduction to sales tax webinar.

Events, Fundraisers, and Sponsorships

If an event sponsor gets ad placement or other perks, is the sponsorship taxed?

Generally, sponsorship revenue is not subject to sales tax.

When donations come with gifts like tickets or hotel stays, is the donation taxable? Is it based on the gift's value?

Generally, when the donor is entitled to significant goods or services in exchange for their donation it is not considered a true donation. The organization providing the gift in exchange for a donation must pay retail sales tax at the time of purchase. If the gift itself is donated to the organization, no sales tax is due.



Are fundraising events or galas for non-profits taxed? Does it matter if the event is free or ticketed?

No, fundraising events are not considered live presentations. It does not matter whether the event is free or ticketed.

If an artist donates art for a charity auction, is that item taxed?

No, retail sales and use tax do not apply to goods or services donated to nonprofit charitable organizations. Retail sales tax does not apply because there is no sale, and a use tax exemption is provided under [RCW 82.12.02595](#).

Are entry fees for parades or booth rentals for festivals taxable?

Generally, no. Fees to participate in a parade or operate a booth at a festival are not subject to retail sales tax.

Are registration and exhibitor fees at professional conferences taxable?

Registration fees for professional conferences are likely subject to sales tax as live presentations. However, there is a limited B&O tax deduction for charges made by a nonprofit trade or professional organization for attending or occupying space at a trade show, convention, or educational seminar sponsored by the nonprofit trade or professional organization, that is not open to the general public ([RCW 82.04.4282\(6\)](#)).

Is sales tax required on venue rentals for weddings, fundraisers, and conferences?

It depends on the venue. Lodging businesses must charge sales tax on charges for indoor or outdoor meeting spaces or venues. However, charges for such spaces by businesses that do not provide transient lodging are not generally subject to sales tax.

Paying Contractors, Artists, and Speakers

***When hiring a speaker, does the speaker collect sales tax?
What if it's an honorarium?***

If the event is a live presentation, the speaker must generally charge sales tax. However, if the entity hiring the speaker will be collecting sales tax and provides a valid reseller permit, the speaker does not have to collect sales tax.

If a performer is paid to appear at an exempt event, is that payment taxed?

Performances (entertainment) are not generally subject to sales tax.

If a contractor teaches a class or provides a service, who collects the tax—the contractor or the organization?

Generally, the person making the sale to the end consumer is responsible for collecting the sales tax.

If a school pays an independent teacher, and the school also charges students, could that result in double taxation?

Generally, retail sales tax is paid once by the end consumer. However, if the school is charging tuition and is not considered to be providing live presentations, they are likely considered the consumer of the independent teacher's service and must pay sales tax.

Are out-of-state contractors or staffing firms hired for creative work subject to tax?

Out-of-state contractors with substantial nexus in Washington are required to collect and remit sales tax. They must also pay B&O tax.

Are services like AV production or team-building workshops taxed, depending on the client or event?

Team building and AV production workshops would likely be considered live presentations. It does not matter who the client is.

Exemptions and Guidance



Are accredited schools or grant-funded classes for kids in public schools exempt from tax?

Generally, elementary and secondary schools are not considered to be providing live presentations with respect to classes encompassed within their accreditation.



If an organization qualifies for a B&O deduction, does that mean they don't have to collect sales tax?

Not always. Some B&O tax exemptions have a corresponding sales/use tax exemption. Some sales/use tax exemptions do not have a corresponding B&O tax exemption.

Can you clarify what counts as a tax-exempt youth nonprofit?

Nonprofit youth organization means a nonprofit organization engaged in character building of youth which is exempt from property tax under RCW [84.36.030](#).

Are churches taxed for things like guest sermons, optional donations, or group classes?

Generally, nonprofit organizations (including churches) are taxed like any other business. There is no blanket exemption for purchases or sales by churches.

If a program is labeled recreational or fitness-based, does that affect whether it's taxed?

Taxability is generally based on the activity rather than the label.

Are there tax exemptions for small businesses or sole proprietors based on size or income?

There is no exemption from collecting sales tax based on the type of entity or size of the business. However, there is a small business B&O tax credit that may provide some relief.

Has the Department of Revenue published full guidance yet? Where can you find current resources?

Yes, the interim guidance statements have been posted to the Dept. of Revenue website and will likely remain in effect until permanent guidance has been issued. The Dept. of Revenue may also publish additional guidance in the form of FAQs or articles.

What's the purpose of SB 5814? Are there efforts to reduce its impact on small and mid-size organizations?

The legislature passed ESSB 5814 to provide funding for public schools, healthcare and social services and other programs and services to benefit Washingtonians.

How can organizations request written rulings from the DOR for specific situations?

You can request a ruling online or by sending an email to rulings@dor.wa.gov.

What does "related organizations" mean when one group provides ads or staffing to another?

Affiliated entities are defined in [RCW 82.04.299](#).

Stay updated at:

dor.wa.gov/taxes-rates/retail-sales-tax/services-newly-subject-retail-sales-tax

