

Sales & Use Tax

Washington State Fact Sheet

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Recent Changes Affecting Dental Practices

Effective October 1, 2025, Washington's ESSB 5814 extended retail sales tax to several new categories relevant to dental practices:

New Sales Tax Categories:

- **Advertising services** – Including “all digital and nondigital services related to the creation, preparation, production, or dissemination of advertisements.” This is a rather broad definition that captures everything, including (but not limited to) website development, logo design, SEO, acquisition of advertising space, and advice on advertising methods.
- **Live presentations** – Seminars, workshops, and continuing education events where participants attend in-person or via real-time telecommunication
 - Dentists who get paid for speaking engagements need to now collect and remit sales tax to the Department of Revenue.



Exceptions

There are a few exceptions that will remain exempt from sales tax. This includes radio and television ads, newspapers, fixed signage such as billboards, and in-store displays. Outside of these exceptions, the State is likely to start with the assumption that anything related to advertising is subject to sales tax.

What to Look For

The vendor is the one who is supposed to collect sales tax. However, many might not be aware of the new rules, particularly if you are using vendors from out of state. You should review any advertising invoices to see if sales tax is being charged. If not, reach out to the vendor to see if they have a reason for not charging sales tax. They may have a reason (such as having such a minimal presence in Washington to not be subject to its jurisdiction), or they may have inadvertently left it off. If so, you are then required to pay use tax and report it on your combined excise tax return.

If you work with our bookkeeping team, let them know of any invoices for which use tax needs to be accounted for. We will record it in a sub-account for your advertising expense and add the use tax to your next excise tax return.

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What is Sales & Use Tax?

Sales Tax is a tax imposed on retail sales of most goods and certain services in Washington State. When a business sells taxable items or services to customers, it must collect the applicable sales tax at the point of sale and remit it to the Washington Department of Revenue (DOR). The combined state and local sales tax rates vary by location, ranging from 6.5% (the state base rate) to over 10.5% in some areas, such as parts of King County.

Use Tax is the counterpart to sales tax. It applies when a business or individual purchases taxable goods or services from out-of-state vendors (or in-state vendors who fail to charge sales tax) and uses those items in Washington. The use tax rate equals the sales tax rate that would have applied if the purchase had been made locally. Business owners are responsible for self-reporting and remitting use tax on their Combined Excise Tax Return.

Who Is Subject to Sales & Use Tax?

Washington businesses are generally subject to sales and use tax obligations if they:

- Have a physical presence in Washington (office, employees, inventory, or business location)
- Meet the economic nexus threshold of \$100,000 or more in gross receipts sourced to Washington in the current or prior year
- Sell taxable goods or services to Washington customers
- Purchase items or services for use in Washington without paying sales tax

For dental practices specifically: While professional dental services are generally not subject to sales tax, practices must still collect sales tax on certain retail items sold to patients (such as oral care products sold over the counter) and pay use tax on business purchases where applicable, like on acquired assets when buying a practice. Service businesses (like dental practices) are also subject to a state (and sometimes city) B&O tax on gross receipts (revenue). This ranges from 1.5% to 2%, depending on the location of the business and whether there is an applicable city tax rate.

More information can be found here:

[Department of Revenue B&O Tax Website](#)

[Cities in Washington that have a B&O Tax](#)

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The Combined Excise Tax Return

Washington does not have a state income tax. Instead, businesses file a Combined Excise Tax Return that includes:

- Business & Occupation (B&O) Tax – A gross receipts tax on business activities
- Retail Sales Tax – Tax collected from customers on taxable sales
- Use Tax – Self-reported tax on out-of-state or untaxed purchases
- Other applicable state and local taxes

All registered Washington businesses must file this return, even if they had no business activity during the reporting period (a "no business activity" return).

Filing Frequencies and Due Dates

The DOR assigns filing frequencies based on your estimated annual tax liability:

Filing Frequencies & Due Dates

Frequency	Threshold	Due Date
Monthly	Higher volume	25th of following month
Quarterly	Mid-range	Last day of month after quarter
Annual	Smaller businesses	April 15 / January 31

* Due dates falling on weekends/holidays extend to next business day

Late Filing & Payment Penalties

Timing	Penalty
After due date	9%
After last day of following month	19%
After 2nd month following due date	29%
Interest (2025 rate)	7% annually