



This Week in State Tax (TWIST)

September 22, 2025



Washington: DoR issues interim guidance on services subject to sales tax October 1R

The Washington Department of Revenue recently published several new [Interim Guidance Statements](#) to assist taxpayers in implementing Engrossed Substitute Senate Bill 5814 enacted earlier this year. ESSB 5814 expands the definition of “retail sale” to include certain business activities and services not previously subject to sales tax, effective October 1, 2025. The Department indicates the purpose of the interim statements is to provide guidance and direction on which taxpayers can rely in complying with the new provisions until permanent guidance is issued.

The Interim Guidance Statements released to date address the following topics:

- [Advertising Services](#)
- [Custom Website Development](#)
- [DAS Exclusions](#)
- [Existing Contracts](#)
- [IT Services](#)
- [Live Presentations](#)
- [Security Services](#)
- [Temporary Staffing](#)

For each topic, the Department outlines the new provisions of law and provides examples and explanations designed to clarify common questions, such as sourcing rules, multiple points of use exemptions, stated exclusions, transactions between affiliated entities, “resale” transactions, the appropriate sales tax rate, and the business and occupation (B&O) tax base for the taxable sales.

As of this writing, the Department is still finalizing interim guidance for “Custom Software”. KPMG will continue to monitor developments and provide updates when released. Stay tuned for a KPMG SALT Alert! which will address each Interim Guidance Statement more fully. For additional information regarding the changes in ESSB 5814 and related legislation, please see our [TWIST of May 25, 2025](#) or contact [Michel Baisler](#) or [Alex Low](#).

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