

Sales/Use:

Washington DOR Explains Retail Sales and B&O Taxation of Online Instructional Classes

Online instructional classes, Wash. Dept. of Rev. (8/21). The Washington Department of Revenue (Department) issued guidance on the taxation of online instructional classes, concluding that live online classes allowing for real-time participation and interaction between the presenter and the participants generally are *not* subject to Washington's retail sales tax; however, revenue generated from this type of business activity is subject to state business and occupation (B&O) tax under the "service and other activities" classification. Providing some examples to illustrate the Washington tax treatment, the Department explains that the interaction between the presenter and the participants must be a part of the live class and not just a separate ability to ask questions (such as a chat room or a digital help desk for prerecorded videos) because classes, including prerecorded videos, that do *not* allow for real-time interaction between the presenter and participants *are* subject to Washington's retail sales tax and B&O tax under the "retailing classification." Please contact us with any questions.

URL: <https://dor.wa.gov/get-form-or-publication/publications-subject/tax-topics/online-instructional-classes-0>

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