

Sales/Use/Indirect:

Washington: US District Court Holds Sales of Gift Cards for Video Game Digital Currency are Not Exempt

Case No. 2:21-cv-01213-TL, W.D. Wash. (5/8/23). In a civil class action lawsuit alleging a breach of contract and violations of Massachusetts, New York, and Washington consumer protection laws by an online marketplace for improperly charging and collecting state-based sales tax on the plaintiffs' purchases of gift cards for digital currency used in a video game, the US District Court for the Western District of Washington (Court) held that such items were *not* exempt from taxation under the states' respective laws and the plaintiffs failed to show otherwise. As such, the Court dismissed the matter with prejudice and without leave to amend. Please contact us with any questions.

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