

# Digital entertainment

The state taxes digital entertainment subscription fees. These subscriptions allow a user to download digital products such as movie streaming, videos, television programming, music, e-books, mobile apps, games, etc. It does not matter if the user pays for permanent or limited (i.e., 24-hour period) use rights.

These digital entertainment providers must collect and submit retail sales tax, **and** pay business and occupation (B&O) tax under the retailing classification if they both:

- Have a physical presence in Washington.
- Have subscribers located in this state.

## Example

Company A is located outside of Washington but has a physical presence in Washington. Company A offers an online subscription for digital entertainment. This includes streamed access to hundreds of thousands of hours of:

- Current season TV programming.
- Premium original content.
- Films.
- Full seasons of hit series.
- A limited commercials option.

Company A's subscription sales represent the sale of digital goods (i.e., digital audiovisual works). Company A must collect and submit retail sales and pay retailing B&O taxes on their subscription income received from Washington customers.

## Definitions

Digital goods are sounds, images, data, facts, or information, or any combination transferred electronically. This includes *digital audiovisual works*.

- *Digital audiovisual works* are a series of related images which, when shown in succession, impart an impression of motion, together with accompanying sounds, if any.

## References

[82.04.050\(8\)](#)

[82.04.192](#)

[82.04.250](#)

[82.04.257](#)

[82.04.258](#)

[82.08.020](#)

See WAC [458-20-15503](#) and our online article on [Digital Products](#) for more information.

## More Information

[Special Notice - Online Searchable Databases are Digital Automated Services \(pdf\)](#)

[Special Notice - Digital Products \(pdf\)](#)

[Photography Tax Guide](#)

## **Forms**

[Digital Products and Remote Access Software Exemption Certificate](#)

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