

December 10, 2010

Address

**SUBJECT: SALES TAX ON MEDICAL MARIJUANA**

The Department of Revenue has recently published a *Tax Topics* article to clarify the tax treatment on sales of medical marijuana.

**Sales tax must be collected and remitted**

Medical marijuana sales to consumers in Washington State are retail sales and **all medical marijuana dispensaries are required to collect and remit retail sales tax** on such sales. *In addition*, the dispensaries are subject to the business and occupation (B&O) tax under the retailing classification on these sales.

**Medical marijuana is not exempt from sales tax**

Sales of medical marijuana **are not** eligible for the retail sales tax exemption provided for prescription drugs. To be exempt from retail sales tax, drugs must be prescribed as authorized by the laws of this state. Marijuana is a Schedule I controlled substance and cannot be prescribed under either federal or state law in Washington.

**How to begin collecting and remitting sales tax**

Any dispensaries that are not currently collecting and remitting sales tax must contact our Telephone Information Center at 1-800-647-7706 to register or, if they are in active non-reporting status, be assigned a tax reporting frequency.

For more information, please call 1-800-647-7706 or see our *Tax Topics* article on our website at **dor.wa.gov** (search “medical marijuana”).

Department of Revenue