



## Sales Tax at Farmers Markets

March 2022

Not intended for legal advice or tax planning. Please consult your tax professionals for guidance.

### Which goods are subject to sales tax in Washington State?

In general, any non-consumable item is subject to sales tax in Washington State. At a farmers market, these items include:

- Nursery starts
- Seeds
- Soil mixes
- Cut flowers not intended for consumption
- Wreaths & swags
- Craft & Artisan items
- Body Lotions, soaps, oils, salves, balms, etc.
- Candles
- Reusable bags
- Clothing & apparel items
- Alcohol
- Prepared food, both ready to eat and take home
- Sugary beverages

### Which goods are NOT subject to sales tax in Washington State?

Any item that falls under the “grocery” category is **not** subject to sales tax in Washington State. At farmers markets common items include:

- Fresh fruit & vegetables
- Nuts
- Herbs
- Meat
- Eggs
- Dairy
- Baked goods
- Fruit juices
- Frozen/dehydrated fruits, vegetables and herbs
- Edible flowers
- Jams, jellies, marmalades, syrups
- Canned fruit & vegetables
- Vinegars, salad dressings
- Pickles, sauerkrauts, chutneys, salsas
- Processed meat items (smoked, etc.)

**All SNAP-eligible products are exempt from sales tax when being purchased with SNAP.** In addition to the above, this includes seeds and plants that produce food. See <https://www.fns.usda.gov/snap/retailer/training> for more information.

### **How do I collect sales tax and how must my signs reflect that?**

Sales tax is collected at the time of the sale at the point of purchase. Tax must appear as a separate line on your customer's receipt.

You can include tax in the posted price provided the sign makes it clear that tax is included.

Regardless of how you collect sales tax, you are still responsible for reporting and paying the sales tax to the state on your business tax return.



### **What if I sell at different locations that have a different tax rate at each location?**

Washington State tax law states that you are to collect sales tax for each location that you sell at and report those sales on your tax statements accordingly. Keep track of how much sales tax you collect at each location! Vendors who use a credit card processing service should have the ability to create different locations for their sales with separate sales tax amounts.

You can find the sales tax rate for any location by entering the location's address at Washington's Sales Tax Rate Locator (<https://webgis.dor.wa.gov/taxratelookup/SalesTax.aspx>). For more information on sales tax rates, visit Washington Department of Revenue's sales and use tax rate page (<https://dor.wa.gov/taxes-rates/sales-and-use-tax-rates>).

### **Do I include sales tax in my sales amount that I report to my market on my count out sheet?**

No. Sales tax is not considered income and should be deducted from your daily sales amount that you report to your farmers market.

### **What about the new sales tax required on reusable paper or plastic bags?**

The 2021 Plastic Bag Ban requires vendors to charge 8 cents for large carry out paper bags and thick reusable plastic carry out bags *unless* the shopper is paying with SNAP or FMNP. Bag fees are to be counted as taxable income. More information here: <https://ecology.wa.gov/Waste-Toxics/Reducing-recycling-waste/Waste-reduction-programs/Plastics/Plastic-bag-ban>

### **Resources and links:**

<https://dor.wa.gov/education/industry-guides/agriculture-tax-guide/sales-and-use-tax-exemptions>

<https://dor.wa.gov/education/industry-guides/restaurants-and-retailers-prepared-food>

<https://dor.wa.gov/taxes-rates/sales-and-use-tax-rates>

<https://webgis.dor.wa.gov/taxratelookup/SalesTax.aspx>