



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

MAY 6, 2016

Sales and use tax exemptions for certain low-THC products from health care professionals

Starting July 1, 2016, sales and donations of topical, nondigestible low-THC products by certain health care professionals to qualifying patients are exempt from sales tax and use tax.

All sales and donations must be in compliance with Revised Code of Washington ([RCW 69.51A.280](#), [82.08.9998\(1\)\(d\)](#), and [82.12.9998\(2\)\(e\)&\(f\)](#).)

Who qualifies?

- health care professionals (See [RCW 69.51A.010\(5\)](#))
- qualifying patients (See [RCW 69.51A.010\(19\)](#))

What low-THC products qualify?

This exemption limits “low -THC products” to topical, nondigestible products containing THC with a THC concentration of 0.3 percent or less.

No business and occupation (B&O) tax exemption

Health care professionals must still pay retailing B&O tax on all retail sales of low-THC products to qualifying patients.

How do I complete my tax return?

- **E-filers** – Report these sales under the ‘*Retailing B&O tax*’ and ‘*Retail Sales tax*’ lines of the return. Under the ‘*Retail Sales tax*’ line, report a deduction under ‘*Sales of low-THC products by health care professionals.*’
- **Paper filers** – Report these sales under the ‘*Retailing B&O tax*’ and ‘*Retail Sales tax*’ lines of the return. Under the ‘*Retail Sales tax*’ line, report a deduction under ‘*Other*’ and then write ‘*Sales of low-THC products by health care professionals.*’

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For tax assistance or to request this document in an alternate format, visit [dor.wa.gov](#) or call 360-705-6705. Teletype (TTY) users may use the Washington Relay Service by calling 711.

How do I document this exemption?

Health care professionals must keep the following documents for 5 years:

- Copies of qualifying patient authorizations; and
- Information and documents that show the products sold or donated were topical, nondigestible low-THC products. This can include packaging and labeling that lists the THC content of the product and how the product is to be used.

For more information on general recordkeeping requirements, see Washington Administrative Code ([WAC 458-20-254](#)).

Do health care professionals pay retail sales tax on purchases of low-THC products administered to patients?

Yes. Health care professionals must pay retail sales or use tax on purchases of these products when they are used to provide or administer medical services to a qualifying patient. When a health care professional administers these products as part of medical services provided to a patient, the health care professional is not selling these products. Instead, the health care professional is consuming these products to provide medical services and must pay retail sales or use tax on its purchase of these products. There are no sales or use tax exemptions for purchases of these products by health care professionals ([WAC 458-20-168\(7\)\(a\)](#)).

Do health care professionals pay retail sales tax on purchases of low-THC products that are resold or donated to patients?

When health care professionals sell or donate low-THC products to a qualifying patient for patients to self-administer, these are sales or donations by health care professionals. They can use a reseller permit to purchase these products exempt of tax. Also, health care professionals can resell these products exempt of sales tax to qualifying patients.

If a health care professional does not have a reseller permit, the health care professional must pay retail sales tax on these purchases and would need to request a refund from the Department of Revenue for the sales tax paid on the products actually resold.

For more information

- Department of Health's website on medical marijuana: doh.wa.gov/medicalmarijuana
- Department of Revenue's website on marijuana: dor.wa.gov/medicalmarijuana
- LCB on marijuana licensing: liq.wa.gov/mjlicense/marijuana-licensing