

Special Notice

Intended audience: Senior living communities.

July 13, 2023

Senior living communities – tenant meals – sales and use tax exemption

Beginning July 23, 2023, the value of meals furnished to independent living tenants of senior living communities as part of their rental agreement is not subject to sales or use tax when there is no separate charge for the meals. However, the value of such meals is subject to business and occupation (B&O) tax under the Service and Other Activities classification.

Note 1: Senior living communities that separately state their charge for food, drinks, or meals remain subject to B&O tax under the Retailing classification and must collect retail sales tax on such separately stated charges.

Note 2: This change does not affect the taxability of meals provided to residents when the facility provides healthcare services, such as nursing homes, hospitals, and assisted living facilities.

Background

Prior to July 23, 2023, senior living communities that furnished food, drinks, or meals to independent living tenants as part of a rental or residency agreement were required to collect sales tax on the value of the meals, whether a separate charge was made or not. Additionally, such amounts were subject to B&O tax under the Retailing classification.

What qualifies for this exemption?

Senior living communities that furnish food, drinks, or meals to tenants as part of a rental or residency agreement are no longer required to collect retail sales tax from their tenants on the value of the food, drinks, or meals when there is no separate charge.

Additionally, food, drinks, or meals furnished by a senior living community to tenants as part of a rental or residency agreement for which no separate charge is made, are exempt from use tax.

PO BOX 47478 | OLYMPIA, WASHINGTON 98504-7478 | 360-705-6705 | dor.wa.gov

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 report?

Because this law change is effective in the middle of a reporting period, the department has developed special reporting instructions for the month of July 2023 (monthly filers) and Q3/2023 (quarterly filers). [How to calculate tax due on meals provided by senior living communities.](#)

After these reporting periods, senior living communities will report the value of qualifying meals under the Service and Other Activities B&O tax classification. Qualifying meals are no longer reported under the retailing B&O tax or retail sales tax classifications.

Definitions

Senior living community means any facility or campus operated by a person licensed or registered under chapter [18.20](#) or [18.390 RCW](#).

More information

For more information, see [SHB 1431, Chapter 416, Laws of 2023](#).

Questions?

For assistance with filing your excise tax returns, please contact us at 360-705-6705.