FREE REFERENCE

Washington business taxes, explained for 2026

Small businesses in Washington register with the state revenue agency for sales tax, and with the Washington Employment Security Department for unemployment tax. Washington has no state income tax on wages, a 6.5% state sales tax and a $78,200 unemployment wage base for 2026.

QUICK FACTS

- **Income tax.** No state income tax on wages for 2026
- **Sales tax.** 6.5% state rate, about 9.57% combined with local
- **Unemployment.** Employers pay Washington unemployment tax on the first $78,200 of each worker's 2026 wages

What taxes does a small business pay in Washington?

Most Washington businesses deal with four: federal and state payroll taxes once they hire, sales tax if they sell taxable items, income tax on profit, and the state's annual report or franchise filing for an LLC or corporation, filed with the Secretary of State.

How do I register for payroll taxes in Washington?

Before your first payroll in Washington:

1. Get a federal EIN and enroll in EFTPS for federal deposits.
2. Register for unemployment insurance with the Washington Employment Security Department. For 2026, the tax applies to the first $78,200 of each employee's wages, at a rate the state sets for new employers and then adjusts to your history.
3. Report each new hire to Washington's new hire registry, usually within 20 days.

Employees in Washington also pay paid family and medical leave at 0.81% of wages up to $184,500; wA Cares long-term care at 0.58% of wages.

Our state payroll registration guide explains each step, and our payroll service handles it for you.

General information, not tax advice for your situation.

Do I need a Washington sales tax permit?

If you sell taxable goods or services in Washington, yes. Register with the Washington revenue agency before your first taxable sale. Out-of-state sellers need one once they pass Washington's economic nexus threshold.

SALES TAX IN WASHINGTON, MIDYEAR 2026	RATE
State rate	6.5%
Average local rate	3.07%
Average combined rate	9.57%
Highest local rate	4.2%

The state sets how often you file. Our sales tax permit guide covers what to have ready, and the sales tax calculator adds tax to a price.

How does Washington tax business owners?

Washington doesn't tax wages or pass-through business income. It does tax long-term capital gains over $278,000. Owners still pay federal income and self-employment tax.

Where are Washington's tax forms and refund status?

- Washington tax forms
- Washington revenue agency
- Washington Employment Security Department

Every state's links are on our state tax forms page.

Which calculators work for Washington?

- Washington paycheck calculator: take-home pay after every deduction
- Washington income tax calculator: your 2026 state income tax
- Payroll cost calculator: what a hire costs you, with Washington unemployment

Common questions

Do I need a sales tax permit in Washington?
Yes, if you sell taxable goods or services there. Register with the Washington revenue agency before your first taxable sale.

What is the Washington unemployment wage base for 2026?
$78,200. Employers pay Washington unemployment tax on that much of each employee's wages, at a rate the state assigns.

Does Washington have a state income tax?
No, not on wages.

Who runs payroll taxes in Washington?

The Washington Employment Security Department handles unemployment tax.

Want payroll handled?

We set it up, run it and file the returns. Book a free 30-minute call at eminenttax.com/contact or call (972) 347-4590.

eminenttax.com

General information, not tax advice for your situation.