Reduced B&O Tax Rate for Aerospace Businesses
This reduced B&O tax rate is available to manufacturers and processors for hire of commercial airplanes or component parts of commercial airplanes, non-manufacturers engaged in the business of aerospace product development for others, certificated FAR repair stations making retail sales, and aerospace tooling manufacturers. The B&O rate is 0.9 percent for those performing aerospace product development, or 0.2904 percent for the other activities listed above.

B&O Credit for Preproduction Development Expenditures
This B&O tax credit is available to manufacturers and processors for hire of commercial airplanes or component parts of commercial airplanes, non-manufacturers engaged in the business of aerospace product development, certificated FAR repair stations making retail sales, and aerospace tooling manufacturers. Note: The Aerospace Credit Affidavit for Preproduction Spending must be filed each reporting period the credit is taken.

B&O Credit for Property/Leasehold Taxes Paid on Aerospace Business Facilities
This B&O tax credit is available to manufacturers and processors for hire of commercial airplanes or component parts of commercial airplanes, non-manufacturers engaged in the business of aerospace product development, certificated FAR repair stations making retail sales, and aerospace tooling manufacturers.

Sales and Use Tax Exemption for Aerospace Businesses for Computer Hardware, Software and Peripherals
This sales and use tax exemption is available to manufacturers and processors for hire of commercial airplanes or component parts of commercial airplanes, non-manufacturers engaged in the business of aerospace product development, certificated FAR repair stations making retail sales, and aerospace tooling manufacturers. The computer hardware, software and peripherals must be used primarily in the development, design, and engineering of aerospace products or in providing aerospace services to qualify.

Retail Sales and Use Tax Exemption for the Construction of New Facilities Used to Manufacture Commercial Airplanes, Fuselages or Wings of Commercial Airplanes.
This sales and use tax exemption is available to manufacturers who construct new buildings and/or new parts of buildings that will be used primarily to manufacture commercial airplanes, commercial airplane fuselages, and commercial airplane wings. Also available to port districts, political subdivisions, or municipal corporations when they construct new facilities to lease to these manufacturers. The buildings must be used primarily to manufacture commercial airplanes, commercial airplane fuselages and commercial airplane wings as defined in RCW 82.32.550 and RCW 82.32.850.

General Reporting Requirements for Aerospace Businesses Using These Incentives
▪ A business must complete the annual tax incentive report no later than April 30 following any calendar year in which the business uses the incentive. The report is available when logging into your E-File account.
▪ The business must file both the annual tax incentive report and their excise tax returns electronically.

For More Information
For more information on these tax incentives, including specific requirements that must be met to qualify for each incentive, please use the following resources:
▪ Go to dor.wa.gov and search for “tax incentive programs”
▪ Call Aaron Deggs, Tax Information Specialist in Taxpayer Information & Education, at (360) 705-6643
▪ Send your questions to rulings@dor.wa.gov

This is a general overview of the tax incentives available to aerospace businesses. Please refer to “For More Information” at the end of this document if you need more detailed information.