Blood and Tissue Bank Definitions Expanded

A B&O tax exemption is available for amounts received by qualifying blood banks, qualifying tissue banks, and qualifying blood and tissue banks, to the extent the amounts are exempt from federal income tax. (See Revised Code of Washington [RCW] 82.04.324.)

Sales and use tax exemptions are available for sales of medical supplies, chemicals, and materials, to qualifying blood banks, qualifying tissue banks and qualifying blood and tissue banks. (See RCW 82.08.02805 and RCW 82.12.02747.)

New Legislation

Effective October 1, 2013, the definitions of “qualifying blood bank” and “qualifying blood and tissue banks” expand to include certain exempt organizations whose primary business purpose is the collection, preparation, testing, or processing of blood, on behalf of itself or another qualifying blood bank or qualifying blood and tissue bank. (See Engrossed Substitute Senate Bill 5882, Part XII.)

Exemption Capped for Certain Businesses

Qualifying blood banks and qualifying blood and tissue banks whose primary business purpose is testing blood may not claim a B&O tax exemption for more than one hundred fifty thousand dollars in tax per calendar year.

Reporting Instructions for Sellers

Exempt sales are reported on the Excise Tax Return under the Retailing B&O tax or Retail Sales tax classifications and must be identified on the deduction detail page. For these exemptions, the B&O tax deduction is “Qualifying blood bank” and the retail sales tax is “Sales of Medical Supplies/Chemicals to Qualifying Blood and/or Tissue Banks.”

Documentation for Sellers

Sellers may accept a Sales Tax Exemption Certificate for Health Care Providers from qualifying blood banks and qualifying blood and tissue banks.

Continued
New Reporting Requirements for Buyers

The sales and use tax exemptions for blood and/or tissue banks are considered new tax preferences subject to additional reporting requirements. (See ESSB 5882 Part XII (Chapter 13, Laws of 2013, 2nd Special Session).)

Buyers must report the amount of tax preference received under the “Tax Preference” section of the Department’s E-file tax return. When completing this section, buyers should select “Medical Supplies/Chemicals to Qualifying Blood and/or Tissue Banks” from the drop down list of exemptions and enter the purchase price paid on sales for which an exemption was claimed for that tax reporting period. This addendum must be completed in addition to a buyer’s regular reporting responsibilities.

Buyers are not required to report the amount of preference received if:

- The tax benefit to a buyer is less than $1,000 per year; or
- A business files an annual tax return with the Department.

For More Information

If you have additional questions, please call the Department of Revenue at 1-800-647-7706.