



# Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

December 3, 2013

## **Reduced B&O tax rate for manufacturers of solar energy systems and certain components of those systems extended; Sales/use tax exemption for processing semiconductor materials amended**

During the 2013 legislative session, the reduced B&O tax rate provided by [RCW 82.04.294](#) was extended to June 30, 2017. The rate was due to expire June 30, 2014. The preferential rate applies to manufacturers of solar energy systems using PV modules or stirling converters or manufacturers of solar grade silicon, silicon solar wafers, silicon solar cells, thin film solar devices, or compound semiconductor solar wafers to be used exclusively in components of such systems.

The B&O tax statute was also amended to include “solar grade silicon” in the definition of “semiconductor materials” that qualify for the sales and use tax exemptions provided by [RCW 82.08.9651](#) and [82.12.9651](#) on the purchase of certain gases and chemicals used in the production of semiconductor materials. This change is effective October 1, 2013.

## **Annual Tax Incentive Survey and Report Required**

Previously all businesses claiming the B&O tax preferential rate were required to file electronically the Annual Tax Incentive Report by April 30th of the year, following the year the preferential rate was claimed. The law was amended to change the Report to the Annual Tax Incentive Survey.

Please note that the laws providing the sales and use tax exemptions on the purchases of chemicals and gases were not changed. [RCW 82.08.9651](#) and [82.12.9651](#) still require all business claiming the sales and use tax exemptions to file electronically an Annual Tax Incentive Report with the Department and the requirement is cross referenced in [RCW 82.32.534](#), the Annual Report statute. Therefore, persons claiming the preferential rate and the exemption must file both documents.

To file your survey and report, go to our website at [dor.wa.gov](http://dor.wa.gov) and login to My Account or E-file. If you don't have an online account with Revenue, click on *Join Now* and follow the prompts. Once you're logged in, click on *Credits & Tax Incentives*, then *File Tax Incentive Report/Survey* and complete the survey or report. First time filers of the Survey who filed a Report the previous year will not be required to file a Survey for the previous year.

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## **Sales tax exemption on purchases of certain gases and chemicals – Buyer’s New Reporting Requirement**

Revised Code of Washington (RCW) [82.32.808](#) enacted during the 2013 2nd Special Session provides additional requirements for businesses that claim “new tax preferences” taking effect after August 1, 2013. The sales and use tax exemption for purchases of certain gases and chemicals used in the processing of semiconductor materials is considered a new tax preference subject to the additional reporting requirements under this section of the law.

The new law requires buyers to report the amount of tax preference received. Taxpayers report this under the “Tax Preference” section of the Department’s E-file tax return. When completing this section of the return, buyers should select “Gases and Chemicals used in the Production of Semiconductor Materials” from the drop down list of exemptions and enter the total 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 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.

### **Further information**

For more information see [ESSB 5882, section 9](#), (Chapter 13, Laws of 2013).