



# Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

ISSUED AUGUST 2014

## **Semiconductor Materials Manufacturers Filing Requirements Amended for Annual Tax Incentive Survey and Report**

### **Summary**

During the 2014 legislative session, the statute requiring the filing of both an Annual Tax Incentive Survey and the Annual Tax Incentive Report by semiconductor material manufacturers was amended. Originally, semiconductor manufacturers claiming both the preferential B&O tax rate and the sales and use tax exemptions on purchases of gases and chemicals used in that manufacturing process were required to file both a survey and a report.

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

A semiconductor material manufacturer that claims the preferential B&O tax rate under RCW 82.04.2404 is required to file the Annual Tax Incentive Report under RCW 82.32.534.

A semiconductor material manufacturer that claims the sales and use tax exemptions on the purchase of gases and chemicals provided by RCW 82.08.9651 and 82.12.9651 is required to file an Annual Tax Incentive Survey under RCW 82.32.585.

Surveys and reports must be filed by by May 31 of the year after the year when the incentive was claimed.

However, effective June 12, 2014, if the same manufacturer claims both the B&O tax preferential rate and the sales tax exemption on the purchase of gases and chemicals, the manufacturer is only required to file the Annual Tax Incentive Report. This change begins with the 2014 Annual Tax Incentive Report due by April 30, 2015.

To file your survey or report, go to our website at [dor.wa.gov](http://dor.wa.gov) and login to *My Account*. 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 Survey/Report* and complete the survey or report.

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

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 and is subject to the additional reporting requirements beginning 2013 under RCW 82.32.808.

Buyers must report the amount of tax preference received using 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.

### **Need assistance**

- Need help logging in to My Account: 1-877-345-3353.
- General tax questions: 1-800-647-7706.
- Questions about the Annual Tax Incentive Survey or Annual Tax Incentive Report: (360) 902-7167.