



Excise Tax Advisory

Excise Tax Advisories (ETAs) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

Number: 2012.08.12.13601 (Second Revision)

Issue Date: March 28, 2008

**This ETA is cancelled effective February 2, 2009 and reissued under the 3000 series.
See ETA 3001 for a cross-reference to the new series.**

Manufacturers' Machinery and Equipment Exemption

The 1995 Legislature provided a retail sales and use tax exemption in RCW 82.08.02565 and 82.12.02565, commonly referred to as the manufacturers' machinery and equipment exemption (M&E exemption). A number of changes have been made to the M&E exemption statute since it was originally enacted. The Department of Revenue also adopted a rule on the subject, WAC 458-20-13601 Manufacturers and processors for hire—Sales and use tax exemption for machinery and equipment (Rule 13601).

The Department has issued a series of Excise Tax Advisories (ETAs) to address areas for which taxpayers have requested additional guidance. This advisory, ETA 2012, provides a current list of the issues covered by this ETA series.

In addition to the issues discussed in this ETA series, machinery and equipment must also meet the other requirements of the statutes to be eligible for the exemption. For example, some of the requirements include:

- Purchaser/User must be a manufacturer, processor for hire, or a tester for a manufacturer or processor for hire,
- Must purchase machinery or equipment (devices, industrial fixtures, support facilities, pollution control equipment),
- The machinery or equipment must be used directly in a manufacturing, research and development, or testing operation,
- The machinery or equipment must have a useful life of one year or more, and
- The machinery or equipment must be used more than 50% of the time on an eligible activity.

Therefore, readers are advised that RCW 82.08.02565, RCW 82.12.02565, and WAC 458-20-13601 should also be referenced when making determinations about taxability.

Advisories numbered as 2 plus three digits (e.g. 2002.16.179) are advisories issued on or after July 2, 1998.

To inquire about the availability of receiving this document in an alternate format for the visually impaired or assistance in language other than English, please call (360) 705-6715. Teletype (TTY) users please call 1-800-451-7985.

Please direct comments to:
Department of Revenue
Legislation & Policy Division
P O Box 47467
Olympia, WA 98504-7467
eta@DOR.wa.gov

Document	Subject matter
ETA 2012-1S	Rental of tangible personal property and rental of equipment with an operator
ETA 2012-2S	Pollution control equipment
ETA 2012-3S	Electrical apparatus and utility systems
ETA 2012-4S	Devices
ETA 2012-5S	Design and Product Development
ETA 2012-6S	Manufacturing site
ETA 2012-7S	Buildings, fixtures, and support facilities
ETA 2012-8S	Computers
ETA 2012-9S	Prototypes
ETA 2012-10S	Research and Development