



# Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

NUMBER: 3117.20089

ISSUE DATE: February 2, 2009

## 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 A number of changes have been made to the M&E exemption statute since it was originally enacted.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 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 ETA 3017 provides a current list of the issues covered by this ETA series. The current list is:

ETA Number	ETA Title
3118.2009	Manufacturers' Machinery and Equipment Exemption – Rental of tangible personal property and providing tangible personal property along with an operator
3119.2009	Manufacturers' Machinery and Equipment Exemption – Pollution control equipment
3120.2009	Manufacturers' Machinery and Equipment Exemption – Electrical apparatus and utility systems
3121.2009	Manufacturers' Machinery and Equipment Exemption - Devices
3122.2009	Manufacturers' Machinery and Equipment Exemption – Design and product development
3123.2009	Manufacturers' Machinery and Equipment Exemption – Manufacturing site
3124.2009	Manufacturers' Machinery and Equipment Exemption – Buildings, fixtures, and support facilities
3125.2009	Manufacturers' Machinery and Equipment Exemption - Computers
3126.2009	Manufacturers' Machinery and Equipment Exemption – Prototypes
3127.2009	Manufacturers' Machinery and Equipment Exemption--Research and Development

**All ETAs were cancelled on February 2, 2009 and those which had a continued use were rewritten and reissued using a new numbering system. The new ETAs are numbered using the following format 3nnn.yyyy. The Department of Revenue issued ETA 3001.2009 which includes a cross reference table showing the old and new ETA numbers for those ETAs that were rewritten.**

Please direct comments to:  
Department of Revenue  
Interpretation and Technical Advice  
Division  
P O Box 47453  
Olympia, Washington 98504-7453  
(360) 570.6124 eta@DOR.wa.gov

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

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.