



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

ISSUED JUNE 2014

High Technology B&O Tax Credit for Qualified R&D Expenditures and the High Technology Sales and Use Tax Deferral Set to Expire

The High Technology B&O Tax Credit for qualified research and development (R&D) expenditures and the High Technology Sales and Use Tax Deferral on construction of eligible facilities and purchases of qualified machinery and equipment expire on January 1, 2015.

Both programs are limited to businesses conducting qualified R&D and/or pilot scale manufacturing in the fields of:

- Advanced computing
- Advanced materials
- Biotechnology
- Electronic device technology
- Environmental technology

See [RCW 82.63.010](#) for descriptions of each of these five fields.

High Technology B&O Tax Credit for Qualified R&D Expenditures

The High Technology B&O Tax Credit for qualified research and development expenditures is available to businesses conducting research and development in Washington in one of the five fields listed above. The credit expires January 1, 2015.

Any credit accrued in 2014 from qualified expenditures in 2014 must be claimed against taxes due for 2014. Thus, the credit may be claimed on the following 2014 returns, even if the return is filed in calendar year 2015.

- For monthly filers, the December 2014 return;
- For quarterly filers, the Quarter 4, 2014 return;
- For Annual filers, the Annual 2014 return.

R&D expenditures incurred beginning January 1, 2015, are not eligible for a credit.

High Technology Sales and Use Tax Deferral

The High Technology Sales and Use Tax Deferral provides a sales and use tax deferral and ultimate waiver, if all requirements are met, on the construction or expansion of an eligible research and development facility or pilot scale manufacturing facility and certain machinery and equipment purchases. Businesses must apply for a deferral certificate prior to being issued a building permit for the project(s) or before taking possession of machinery and equipment.

This program also expires January 1, 2015.

What if a business already has a current High Technology Sales and Use Tax Deferral Certificate?

Businesses with current deferral certificates for approved projects are not affected by the expiration of the program. They may continue to use their valid deferral certificates based on the program's requirements.

What if a business wants to apply?

Businesses wishing to take advantage of this program are advised to apply to the Department by November 1, 2014. While the Department will make every effort to process applications in a timely manner, the Department is allowed sixty days to review applications and issue deferral certificates. Applications received after this date may not be processed in time to receive a deferral certificate and would not be eligible for the program. In addition, incomplete applications may be denied or not processed in time to be issued a deferral certificate before January 1, 2015.

How do I locate the applications?

The applications are available on our website under Get a Form or Publication>Forms by Subject>Applications:

- High Technology Application for Tax Deferral, or
- High Technology Application for Tax Deferral for Lessor

Additional information

- For general information regarding both programs, visit our [Tax Incentives page](#).
- See [WAC 458-20-24003](#), Tax Incentives for High Technology Businesses.
- For questions regarding completing the application for the deferral, please call our Special Programs Division at 360-534-1503, option 6 or you can email us at DORdeferrals@dor.wa.gov