

Manufacturing Projects in Targeted Counties Application for Sales and Use Tax Deferral for Lessor - RCW 82.94

Effective July 1, 2022

See complete instructions on page 6.



1 Business applying for manufacturing in targeted counties deferral

Name:

Mailing address:

City:

State:

Zip:

Phone:

Tax reporting number (WA):

2 Contact person information (All correspondence will be directed to this person)

Name:

Mailing address:

City:

State:

Zip:

Phone:

Email:

Please check one:

Lessee's business is new to Washington

Lessee's business is expanding within Washington

3 Location and site description of investment project

Important: This is the address and parcel number of the deferral project you are applying for on this form. If the address is unknown at the time of application, please provide as soon as the address is known. Your application will not be approved until you can provide a valid address for the deferral investment project.

All taxes will be due if your deferral project is at another location/address. Contact us if you have any questions.

County:

Address:

City:

State:

Zip:

Parcel number:

Detailed project description (for example, new structure, expanding 1st floor, etc.):

4 Lessee information

Name of lessee:

Mailing address:

City: _____ State: _____ Zip: _____

Phone: _____ Email: _____

Tax reporting number:

1. Do the lessee and lessor have 100% same ownership? Yes No
 If yes, please provide documentation to substantiate the relationship.
2. If the answer to question 1 is no, has the lessor agreed by written contract to pass the economic benefit of the deferral to the lessee? Yes No

(Please attach a completed Lessee’s Application, if applicable, and a copy of the lease agreement reflecting the economic benefit of the deferred tax is passed onto the lessee by any type of payment, credit, or other financial arrangement between the lessor and qualified lessee.)

Please have the lessee sign the following statement. Failure to do so will prevent approval of the application.

I agree to file an annual tax performance report with the Department of Revenue by May 31st for eight years, beginning with the first calendar year after the calendar year in which the investment project is certified by the department as operationally complete.

Printed name: _____ Date: _____

Signature: _____ Title: _____

5 Apportionment of structure

If the facility is used partly for manufacturing and partly for other purposes, the applicable tax deferral will be determined by apportioning the costs of construction. (Not all of these categories qualify for the deferral.)

3. Percentage of facility devoted to (use whole numbers):

Area	Percentage
Accounting/payroll	%
Administration	%
Cafeteria	%
Common areas	%
Conference & training rooms	%
Customer service	%
Manufacturing	%
Plant offices used by direct line supervisors or other managers who oversee the manufacturing process	%
Reception area	%

Area	Percentage
Research & development	%
Sales & marketing	%
Warehouse	%
Other (please describe)	%

Total: %

6 Estimated investment project costs

Please include only those costs that will be paid for by the applicant.

4. Structure:

Date building permit will be issued:
 Construction of new structure(s): \$
 Leasehold improvements paid for by applicant: \$
 Expansion or renovation to expand floor space or production capacity: \$
 Construction of cogeneration facility: \$
 Total structure costs: \$

5. Machinery & equipment:

Date equipment is to be installed:
 Purchase price: \$
 Lease contract price: \$
 Fair market value of previously owned machinery and equipment that is new to the state of Washington: \$
 Total machinery & equipment costs: \$

6. Total costs (structure, machinery equipment): \$

7. Estimated completion date:

7 Business activity to be conducted at this facility

If additional space is needed to answer question 8 and 9, please attach additional pages.

8. Describe the lessee's manufacturing activity at this facility:

9. Describe the lessee's research and development activities at this facility, if applicable:

8 Employment information

10. Average number of full time equivalents (FTEs) for previous calendar year.

(1,820 annualized hours worked = 1 FTE)

Lessee's entire business:

At this facility:

11. Estimated number of new FTEs as a result of this project:

12. Estimated wages of new FTEs as a result of this project:

13. Estimated net change in Washington employment attributable to the deferral:

9 Use of facility

All businesses must maintain a qualified activity at the site of the investment project for the year in which the investment project is certified as operationally complete by Department Revenue, plus seven additional years.

If the manufacturing activity is not maintained, all or a portion of the deferred taxes outstanding for this investment will be immediately due. The Department of Revenue will assess interest at the rate provided for delinquent excise taxes, but not penalties, retroactively to the date of the deferral.

14. Does the lessee plan to operate this investment project in a qualified manner for 8 years from the time the project is complete?

Yes No

15. If the answer to question 14 is "No", how long does the lessee plan to operate this investment project with qualified use?

10 Audit records location

If your application is approved, a deferral certificate will be issued using the estimates from your application. Upon completion of the project, an auditor will verify that you are performing qualified activities at this facility. They will also verify that the approved percentage of your structure and 100% of the machinery and equipment are eligible for the deferral. The auditor may adjust the allowable deferral based on his or her findings. You will be billed for any purchases that do not qualify for the deferral and you did not pay tax at the time of purchase, plus applicable interest.

To minimize inconvenience and the time it takes to complete an audit, please have the following records for the audit period available for your meetings with the auditor:

- Purchase invoices (for example, accounts payable, receipts).
- Supporting documentation for the construction, such as building permit issued for the deferral project.
- Original Sales and Use Tax Deferral Certificate.

Although most audits can be completed with the above records, additional documents may be required during the audit.

Please complete the following information about the contact person and audit records location if this information is currently available:

16. Contact person:

17. Phone:

18. Location of audit records:

11 Statute of limitations

The schedule for the deferral/waiver/repayment of taxes deferred under this program on the purchase of goods or services is governed under the repayment provisions of RCW 82.94. With respect to any taxes you defer under this program, the statute of limitations period under RCW 82.32.050(4) does not commence until the close of the tax year in which you incur a tax liability to repay any of the taxes deferred. Thus, the statute of limitations period under RCW 82.32.050(4) will not begin to run until the Department of Revenue is aware of a failure to meet the requirements of the deferral.

Check here to acknowledge that you have read and understand the legal requirements described above.

12 Closing questions

How did you hear about deferrals?

13 Confidential Tax Information Authorization

Both the applicant and lessee listed on this application need to complete, sign and return a [Confidential Tax Information Authorization form](#) as part of the application process.

The form can be submitted as part of the application or emailed separately to DORdeferrals@dor.wa.gov.

14 Signatures

I certify under penalty of perjury under the laws of the State of Washington that the forgoing is true and correct.

Applicant's signature:

Title:

Printed name:

Date:

What to do next:

Mail or email to:

Department of Revenue Audit Division
Refund & Deferral Unit
PO Box 47474
Olympia, WA 98504-7474
Email: DORdeferrals@dor.wa.gov

Questions?

For questions about deferrals, please email DORDeferrals@dor.wa.gov or call our Deferral Program Lead at 360-534-1443.

Applications and any other information received by the Department of Revenue under this deferral program are not confidential and are subject to disclosure.

General instructions

Filing: This application must be submitted to the Washington State Department of Revenue prior to the date a building permit is issued and/or prior to the acquisition of machinery and/or equipment within Washington state. The deferral application is located at dor.wa.gov. Applications cannot be accepted after June 30, 2032.

Eligible investment project means an investment in qualified buildings or qualified machinery and equipment, including labor and services rendered in the planning, installation, and construction of the project. The investment project must be in an *eligible area*.

Eligible area means a qualifying county. A qualifying county is a county that has a population less than 650,000 at the time an application is submitted. The department will establish a list of qualifying counties, effective July 1, 2022. This list is updated every two years.

Qualified Activities includes manufacturing, the conditioning of vegetable seeds, and activities performed by research and development and commercial testing laboratories.

Qualified buildings means construction of new buildings, and expansion or renovation of existing structures for the purpose of increasing floor space or production capacity used for manufacturing or research and development.

Qualified machinery and equipment means all new industrial fixtures, equipment, and support facilities that are an integral and necessary part of a manufacturing or research and development operation.

Construction requirements: Meaningful construction must begin within two years of receiving a deferral certificate unless construction was delayed due to circumstances beyond the recipient's control. Lack of funding is not beyond the recipient's control. "Meaningful construction" means an active construction site, where excavation of a building site, laying of a building foundation, or other tangible signs of construction are taking place and that clearly show a progression in the construction process at the location designated by the taxpayer in the application for deferral. Planning, permitting, or land clearing before excavation of the building site, without more, does not constitute "meaningful construction."

Use/report requirements: All businesses must maintain qualified activity at the site of the investment project for the year in which the investment project is certified operationally complete by the Department of Revenue, plus seven additional years. An annual tax performance report due May 31 is also required every tax year for this eight-year period.

Buyer's Sales and Use Tax Preference Addendum: Taxpayers using this deferral program are required to complete the Buyer's Sales and Use Tax Preference Addendum in My DOR when filing their Excise Tax Returns. The addendum is found by selecting "Yes" under "Do you need to file a Buyer's Sales and Use Preference Addendum?" on the Summary page of the return. (RCW 82.32.808).

Cap on deferred taxes: The amount of sales and use taxes eligible for deferral is limited to **\$400,000 per person**.

Waiver of taxes: If all program requirements have been met, the deferred sales/use tax is waived by the Department of Revenue after the eighth year. If requirements are not met, deferred taxes are due.

If the investment project is not operationally complete within five calendar years from the issuance of the tax deferral certificate, all deferred taxes are immediately due.

If the department finds that an investment project is used for purposes other than a qualified manufacturing or research and development operation at any time during the 8-year use period, all or a portion of deferred taxes are immediately due.

Certificate use: The deferral certificate is valid only for qualifying purchases by the Certificate Holder at the investment project. The Certificate Holder and approved address are both stated on the certificate. Other purchases may not qualify for the deferral.

Manufacturer's equipment exemption: Sales and use taxes often do not apply to machinery and equipment used in manufacturing operations. See the publication at dor.wa.gov titled [Manufacturer's Sales and Use Tax Exemption](#) for details. Machinery and equipment that qualifies under the exemption should not be included on the deferral application.