

Multifamily Housing From Existing Buildings Application for Sales and Use Tax Deferral - E2SSB 6175

Effective June 6, 2024

See complete instructions on page 5.

1 Owner applying for 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:

3 Location 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(s):

4 Detailed description of the property

If additional space is needed to answer this question, please attach additional pages.

Describe in detail the property, including the building that will be remodeled and any other structures and parking areas, currently on the proposed project location. (You may be asked to provide a schematic of the site including square footage of all structures and parking areas, etc.):

5 Detailed description of affordable housing project

If additional space is needed to answer this question, please attach additional pages.

List and **describe in detail** the included buildings, facilities, and parking areas that will be part of the deferral project once the deferral project is complete:

1. Do you have a conditional certificate of approval from a qualifying city? Yes No
If yes, please provide a copy with your deferral application.

Your deferral application will be denied if you do not have a conditional certificate of approval.

6 Estimated investment project costs

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

2. Multifamily housing project:

Date building permit will be issued:

3. Total multifamily housing costs:

\$

4. Estimated completion date:

7 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 82.92. With respect to any taxes you defer under this program, the statute of limitations period under RCW 82.32.050(4) and RCW 82.32.100(3) 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.

I have read and understand the legal requirements described above.

8 Use of deferral project

The investment project requires occupancy of 10 percent or more of the project by qualified households starting in the year the certificate of occupancy is issued, plus the next nine years. If program requirements are not maintained, the deferred taxes outstanding for this investment will be immediately due. The department will assess interest at the rate provided for delinquent taxes, but not penalties, retroactively to the date of deferral.

5. Do you plan on operating this investment project in a qualified use for 10 years from the time the project is issued the certificate of occupancy?

Yes No

6. If the answer to question 5 is "No", how long do you plan to operate this investment project with qualified use?

9 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 certify the project and determine the qualifying deferred taxes. **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 and construction contracts.
- 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:

7. Contact person:
8. Phone:
9. Location of audit records:

10 Closing questions

How did you hear about deferrals?

11 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:

General instructions

Filing: This application must be submitted to the Washington State Department of Revenue prior to the date the building permit is issued. A conditional certificate of program approval must be obtained from the qualifying city prior to applying for the tax deferral. The deferral application is located at dor.wa.gov. Applications cannot be accepted after June 30, 2034.

Applicant means an owner of commercial property.

Owner means the property owner of record.

City means any city or town, including a code city.

Eligible investment project means an investment project that is located in a city and receiving a conditional certificate of program approval from the city.

Investment project means an investment in multifamily housing, including labor, services, and materials incorporated in the planning, installation, and construction of the project. "Investment project" includes investment in related facilities such as playgrounds and sidewalks as well as facilities used for business use for mixed-use development.

Construction rules: Applicant must provide a statement to the city in the application process that the project will be complete within 3 calendar years of approval of the city application or all deferred taxes are due. The city may extend for up to 24 consecutive months.

Underutilized commercial property means an entire property, or portion thereof, currently used or intended to be used by a business for retailing or office-related or administrative activities. If the property is used partly for a qualifying use and partly for other purposes, the applicable tax deferral must be determined by apportionment of the costs of construction under rules adopted by the department. For the purposes of this subsection, "qualifying use" means used or intended to be used by a business for retailing or office-related or administrative activities.

Use/report requirements: The eligible investment project must maintain qualified use for the year in which the certificate of occupancy is issued plus the next nine years. If, after the department has issued a sales and use tax deferral certificate and the conditional recipient

has received a certificate of occupancy, a portion of an investment project is changed or will be changed to disqualify the recipient for deferral eligibility, all deferred sales and use taxes are immediately due and payable, plus applicable interest.

An annual tax performance report is due May 31 for the year in which the certificate of occupancy is issued, plus the next nine years.

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 Buyers Sales and Use Preference Addendum?" on the Summary page of the return. (RCW 82.32.808). **Annual filers of the Excise Tax Return are not required to complete the Buyer's Addendum.**

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

Multifamily housing means a building or a group of buildings having four or more dwelling units not designed or used as transient accommodations and not including hotels and motels. Multifamily units may result from rehabilitation or conversion of vacant, underutilized, or substandard buildings to multifamily housing. Other purchases may not qualify for the deferral.

Questions: Call 360-534-1443

Mail or Email to:

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