

Special Notice

Intended audience: Covered entities, opt-in entities and entities that receive no-cost allowances.

July 2, 2024

CCA credits and allowances B&O and PUT exemption

Engrossed House Bill 2199 (EHB 2199) creates a business and occupation (B&O) tax and public utility tax (PUT) exemption for carbon credits and allowances received under the cap and invest program for greenhouse gas emissions, also known as the Washington Climate Commitment Act (CCA).

Who qualifies for the exemption?

Covered entities, opt-in entities, and entities that receive no-cost allowances under the CCA.

What qualifies for the exemption?

Amounts received from the receipt, generation, purchase, sale, transfer, or retirement of CCA allowances, offset credits, or price ceiling units under chapter 70A.65 RCW.

How do I claim the exemption?

To claim the exemption, you should report amounts received under the appropriate B&O or PUT tax classifications and then claim an “Other” deduction with the description “Climate Commitment Act credits and allowances received under chapter 70A.65 RCW.”

Note: The department cannot issue refunds for CCA credits or allowances that were reported and paid before the effective date of April 1, 2024.

More information

[Engrossed House Bill 2199](#)

[Chapter 70A.65 RCW](#) Greenhouse gas emissions - Cap and invest program

Questions?

For questions about the carbon cap and invest programs, credits, or allowances please contact the [Department of Ecology](#). For questions about the taxability of the credits, please call 360-705-6705.

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For tax assistance or to request this document in an alternate format, visit dor.wa.gov or call 360-705-6705. Teletype (TTY) users may use the Washington Relay Service by calling 711.