

Special Notice

Dec. 16, 2013

Sales/use tax exemption on purchases of hog fuel extended; Annual Tax Performance Report required

Recent legislation extended the retail sales and use tax exemptions on hog fuel purchased to produce electricity, steam, heat, or biofuel. These exemptions were due to expire June 30, 2013. They have been extended until June 30, 2024.

Requirements for buyers

- Annual Tax Performance Report required:
The law was amended to require any person claiming this sales or use tax exemption to electronically file an Annual Tax Performance Report with the department each year, effective July 1, 2013.
- The business must file a separate Annual Tax Performance Report for each facility owned or operated in Washington. The Annual Tax Performance Report is due May 31, following the year in which the exemption was claimed.
- Buyer must provide the seller with a completed [Buyer's Retail Sales Tax Exemption Certificate](#) to document the sale. The form is available on our website under **Get a form or publication**.
- Assessment of taxes for lost jobs:
If a business claiming this exemption closes a facility, resulting in a loss of Washington jobs (as reported in the Annual Tax Performance Report), that business will immediately be assessed tax due equal to the exempted amount for the previous two calendar years.

Requirements for sellers

- Obtain a completed Buyer's Retail Sales Tax Exemption Certificate from the buyer.
- Report the total gross sales on your return in E-file under both the Retailing B&O tax and Retail Sales Tax. Just under Retail Sales Tax, click on the **deduction** button and enter the amount of exempt sales under **Sales of Hog Fuel to Produce Electricity** on the deduction page.

For further information

See RCW [82.08.956](#), [82.12.956](#), and [82.32.605](#).

Definitions

"Biofuel" includes, but is not limited to, biodiesel, ethanol, and ethanol blend fuels and renewable liquid

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natural gas or liquid compressed natural gas made from biogas (RCW 43.325.010).

“Forest-derived biomass” includes tree limbs, tops, needles, leaves, and other woody debris that result from timber harvesting, forest thinning, fire suppression, or forest health activities. (See WAC 458-40-660.) Forest-derived biomass does not include scalable timber products or firewood (defined in WAC 458-40-650).

“Hog fuel” is defined as wood waste and other wood residuals including forest-derived biomass. Hog fuel does not include firewood or wood pellets.