

Special Notice

Intended audience: semiconductor material manufacturers.

August 2014

Changes to how a semiconductor materials manufacturer files and reports taxes

Manufacturers need to file an Annual Tax Performance Report

According to recent law change, if you are a semiconductor material manufacturer who claims the preferential B&O tax rate then you need to file an annual Tax Performance Report (RCW 82.32.534).

A semiconductor material manufacturer who claims the sales and use tax exemptions on gas and chemical purchases (described in RCW 82.08.9651 and 82.12.9651) is also required to file an Annual Tax Performance Report (RCW 82.04.024, 82.32.534, and 82.32.585).

You must electronically file an Annual Tax Performance Report every year you claim a tax preference. The report is due by May 31 of the year following the calendar year in which you claim the preference. To file your survey or report, go to our website at dor.wa.gov and login to My DOR.

How a buyer needs to report a sales tax exemption on certain gas and chemical purchases

The sales and use tax exemption for certain gas and chemical purchases used in the processing of semiconductor materials is considered a new tax preference. That means it is subject to the additional reporting requirements beginning 2013 under RCW 82.32.808.

Buyers must report the amount of tax preference they receive using the "Tax Preference" section of the e-file tax return. When completing this section of the return, buyers should select "Gases and Chemicals used in the Production of Semiconductor Materials" from the drop down list of exemptions. Then, enter the total purchase price they paid on sales where they claimed an exemption for that tax reporting period. The buyer must complete this addendum in addition to their regular reporting responsibilities.

Buyers are not required to report if:

- The tax benefit to a buyer is less than \$1,000 per year; or
- A business files an annual tax return with our department.

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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.

Need help?

- For general tax questions, call 360-705-6705.
- For Annual Tax Performance Report, call our Taxpayer Account Administration at 360-902-7167.