



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

October 2017
Updated June 2022

Manufacturers of solar energy systems and their components

Recent changes extended the following tax preferences for manufacturers of solar energy systems and their components.

Sales and use tax exemptions extended

Sales and use tax exemptions on the purchase of gases and chemicals that you use in processing certain specified components of solar energy systems *expire Dec. 1, 2028*. (See RCW 82.08.9651, 82.12.8651 and our Special Notice titled Semiconductor Materials Manufacturers Tax Incentives).

Preferential B&O tax rate extended

The preferential business and occupation tax rate for:

- Manufacturers.
- Manufacturers who sell their product at wholesale.
- Processor for hire of solar energy systems and specified components of solar energy systems.

This preferential B&O tax rate, discussed below, now expires July 1, 2032 ([RCW 82.04.294](#)).

The law applies the B&O tax rate of 0.275 to:

- Manufacturing solar energy systems using photovoltaic modules or stirling converters.
- Manufacturing solar grade silicon, silicon solar wafers, silicon solar cells, thin film solar devices, or compound semiconductor solar wafers to be used exclusively in components of solar energy systems using photovoltaic modules.
- Wholesale sales of solar energy systems using photovoltaic modules or stirling converters manufactured by the seller.

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- Wholesale sales of solar grade silicon, silicon solar wafers, and silicon solar cells, thin film solar devices, or compound semiconductor solar wafers, manufactured by the seller, to be used exclusively in components of solar energy systems using photovoltaic modules.

Do I have to file an annual survey or report?

Yes. You must electronically file an *Annual Tax Incentive Survey* to qualify for the tax rate or exemptions. You need to file by May 31 of the year following each calendar year when you claimed these items.

You must file electronically the *Annual Tax Performance Report* starting with tax preferences you claimed on your 2018 tax returns. The report replaces the survey. The report is still due by May 31 of the year following the year when you claimed these items.

Questions?

- For general information, call 360-705-6705.
- For information on this bill, see [SB 5849 Chapter 172, Laws of 2022](#).
- See our special notice titled, [Semiconductor materials manufacturers tax incentives extended](#).