

Special Notice

June 2018

Exemption extended for sales of automotive adaptive equipment to disabled veterans

If you sell add-on automotive adaptive equipment to a disabled veteran or a disabled member of the armed forces, the eligible buyer may qualify for a retail sales and/or use tax exemption. The legislature extended this exemption until July 1, 2028 (Second Substitute House Bill 2269, Chapter 130, Laws of 2018).

The buyer can use a retail sales tax exemption for the purchase of:

- adaptive automotive equipment
- labor and services charges for installing and repairing the equipment (RCW 82.08.875)

Who is eligible for a tax exemption?

To be eligible for this tax exemption a person must be both:

- a veteran or a member of the armed forces serving on active duty, **and**
- disabled (regardless of whether the disability is service connected).

This exemption only applies if the following criteria are met:

- The equipment is prescribed by a physician.
- The equipment qualifies as add-on automotive adaptive equipment as defined below.
- The United States Department of Veterans Affairs (or other federal agency), reimburses the eligible buyer in whole or in part for the purchase, and the federal agency pays the reimbursement directly to the seller.

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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.

Your requirements as the seller:

If you make tax exempt sales, under this law, you must:

- Obtain a completed Buyer's Retail Sales Tax Exemption Certificate from the eligible buyer.
- File your excise tax return electronically.
- Report your total gross sales on your return and deduct your exempt sales from your reported gross sales.
- Keep the copy of the exemption certificate with your business records for five years after the date of the exempt sale.

How to report a tax exemption:

1. Report the exemption on your excise tax return under the retail sales tax classification.
2. On the deduction detail page, report the exemption under "sales of automotive adaptive equipment to disabled veterans."
3. You must pay retailing B&O tax on the gross proceeds of sales that qualify for this sales tax exemption because there is no comparable retailing B&O deduction.

Add-on automotive adaptive equipment definition:

The term add-on automotive adaptive equipment is any equipment or modification that helps physically challenged people enter, exit, or safely operate a motor vehicle. The term includes, but is not limited to:

- Wheelchair lifts
- Wheelchair restraints
- Ramps
- Under vehicle lifts
- Power door openers
- Power seats
- Lowered floors
- Raised roofs
- Raised doors
- Hand controls
- Left foot gas pedals
- Chest and shoulder harnesses
- Parking brake extensions
- Dual battery systems
- Steering devices
- Reduced and zero effort steering and breaking
- Voice-activated controls
- Digital driving

This does not include motor vehicles and equipment that the manufacturer installs.