



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

AUGUST 29, 2011

Manufacturers of Solar Systems using Stirling Converters Receive Reduced B&O Tax Rate

Summary

The manufacture of solar systems using stirling converters has been added to the solar energy systems that qualify for the 0.275 percent business and occupation (B&O) tax rate. Previously, only manufacturers of solar systems that used photovoltaic modules qualified for the reduced B&O tax rate. The change was effective July 22, 2011. (RCW 82.04.294 as amended by Senate Bill 5526 (Chapter 179, Laws of 2011))

“Stirling converter” means a device that produces electricity by converting heat from a solar source utilizing a stirling engine.

Activities that qualify for reduced B&O tax rate

The following activities qualify for the B&O tax rate for solar system manufacturers:

- 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 or stirling converters;
- Wholesale sales of solar energy systems using photovoltaic modules or stirling converters manufactured by the seller; and
- 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 or stirling converters.

Both manufacturers and processors for hire may qualify for the preferential rate.

The lower B&O tax rate expires June 30, 2014.

Annual reporting and electronic filing requirements

In order to qualify for the lower B&O tax rate, the taxpayer must file an Annual Report with the Department by April 30 following the year in which the lower rate may be claimed. In addition, the taxpayer must electronically file all reports, returns, and any other form required by the Department.

For more information about the annual reporting and electronic filing requirements see RCW 82.32.534 and 82.32.600

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Definitions

“Compound semiconductor solar wafers” means a semiconductor solar wafer composed of elements from two or more different groups of the periodic table.

“Module” means the smallest nondivisible self-contained physical structure housing interconnected photovoltaic cells and providing a single direct current electrical output.

“Photovoltaic cell” means a device that converts light directly into electricity without moving parts.

“Silicon solar cells” means a photovoltaic cell manufactured from a silicon solar wafer.

“Silicon solar wafers” means a silicon wafer manufactured for solar conversion purposes.

“Solar energy system” means any device or combination of devices or elements that rely upon direct sunlight as an energy source for use in the generation of electricity.

“Solar grade silicon” means high-purity silicon used exclusively in components of solar energy systems using photovoltaic modules to capture direct sunlight. “Solar grade silicon” does not include silicon used in semiconductors.

“Stirling converter” means a device that produces electricity by converting heat from a solar source utilizing a stirling engine.

“Thin film solar devices” means a nonparticipating substrate on which various semiconducting materials are deposited to produce a photovoltaic cell that is used to generate electricity.

For more information

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