



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

ISSUED MAY 1, 2014

Vessel Deconstruction – Sales & Use Tax Exemption

A retail sales and use tax exemption for vessel deconstruction services becomes effective October 1, 2014. (See Chapter 195, Laws of 2014, Second Substitute House Bill (SSHB) 2457)

Qualifying deconstruction services

To qualify for the exemption, the deconstruction services must be performed at:

- A qualified vessel deconstruction facility; or
- An area over water which has a National Pollutant Discharge Elimination System (NPDES) permit for vessel deconstruction.

Also, the buyer must give the seller a *Buyer's Retail Sales Tax Exemption Certificate*. The seller must keep a copy of the completed exemption certificate for five years.

Buyer reporting requirements

Taxpayers who use this exemption must submit a *Buyer's Sales and Use Tax Preference Addendum* when they file their next excise tax return.

Definitions

Vessel deconstruction: permanently dismantling a vessel, including:

- Abatement and removal of hazardous materials
- Removal of mechanical, hydraulic, or electronic components or other vessel machinery and equipment;
- Cutting apart or disposal, or both, of vessel infrastructure.

Vessel deconstruction does not include vessel modification or repair.

Hazardous materials: includes fuel, lead, asbestos, polychlorinated biphenyls, and oils.

Qualified vessel deconstruction facility; structures, including floating structures, which have a National Pollutant Discharge Elimination System (NPDES) permit for vessel deconstruction.

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