

Special Notice

Intended audience: Purchasers of hog fuel.

July 13, 2023

Sales/use tax exemption on purchases of hog fuel extended – updated requirements effective July 23, 2023

What's New?

The retail sales and use tax exemptions for hog fuel purchased to produce electricity, steam, heat, or biofuel have been extended until June 30, 2034. These exemptions were previously due to expire June 30, 2024.

Starting July 23, 2023, businesses who purchase hog fuel must complete the Buyers Sales and Use Tax Preference Addendum when they file their tax return.

Requirements for buyers

- Buyers must provide sellers with a completed <u>Buyer's Retail Sales Tax Exemption Certificate</u> to document the sale.
- Buyers claiming the sales or use tax exemption must electronically file an Annual Tax Performance Report with the department each year. The Annual Tax Performance Report is due May 31, following the year in which the exemption was claimed.
- A separate Annual Tax Performance Report must be filed for each facility owned or operated in Washington.
- If a business claiming this exemption closes a facility that results in a loss of Washington jobs (as reported in the Annual Tax Performance Report), that business will immediately be assessed tax due or equal to the exempted amount for the previous two calendar years.
- Businesses who purchase hog fuel must complete the Buyers Sales and Use Tax Preference Addendum in My DOR when filing their return.

Requirements for sellers

Sellers must obtain a completed <u>Buyer's Retail Sales Tax Exemption Certificate</u> from the buyer.

More informatoin

See HB 1018, RCW 82.08.956, 82.12.956, and 82.32.605.

Definitions

Biofuel includes, but is not limited to, biodiesel, ethanol, and ethanol blend fuels and renewable liquid natural gas or liquid compressed natural gas made from biogas (RCW 43.325.010).

Forest-derived biomass includes tree limbs, tops, needles, leaves, and other woody debris that result from timber harvesting, forest thinning, fire suppression, or forest health activities. (See WAC 458-40-660.) Forest-derived biomass does not include scalable timber products or firewood (defined in WAC 458-40-650).

Hog fuel is defined as wood waste and other wood residuals including forest-derived biomass. Hog fuel does not include firewood or wood pellets.