

# Special Notice

*Intended audience: Manufacturers and processors for hire with research and development operations*

**Nov. 9, 2022**

## Notice regarding manufacturers' retail sales and use tax exemption for purchases of machinery and equipment used in a research and development operation

On July 25, 2022, the Board of Tax Appeals (BTA), a separate agency from the Department of Revenue, issued a decision in *Terrapower LLC v. Dep't of Revenue*, BTA Docket No.19-065 (2022) that concluded a manufacturer does not need to manufacture items for sale to qualify for the retail sales tax exemption on purchases of qualifying machinery and equipment used in its research and development operation if all other requirements are met.

The department does not plan to appeal this decision.

Further clarification or guidance is being developed and will be published at a later date.

### More information

[RCW 82.08.02565](#)

[WAC 458-20-13601](#)

[ETA 3127.2009 Manufacturers' Machinery and Equipment Exemption – Research and Development](#)

### Questions?

For questions about whether your business qualifies for the exemption, you can [request a tax ruling](#).