

High Unemployment County Application for Sales and Use Tax Deferral 82.60 RCW

Use this application if:

- You are the business that is paying for the investment project, or
- there is a lessor and lessee with 100% same ownership **and** the lessor is paying for the investment project, or
- you are the lessee and will be paying for the building improvements and/or machinery and equipment.

General Instructions

Filing: This application must be mailed or faxed to the Washington State Department of Revenue prior to the date the building permit is issued and/or prior to the acquisition of machinery and equipment within Washington State.

Eligible Investment Project means an investment in qualified buildings or qualified machinery and equipment, including labor and services rendered in the planning, installation, and construction of the project. The investment project must be located in an Eligible Area.

Eligible Area means a qualifying county or a community empowerment zone. A qualifying county means a county that has an unemployment rate which is at least 20 percent above the state average for three calendar years immediately preceding the year in which the list of qualifying counties is updated. This list is updated every two years.

Qualified Buildings means the construction of new buildings, and expansion or renovation of existing buildings for the purpose of increasing floor space or production capacity used for manufacturing or research and development.

Qualified Machinery and Equipment means all new industrial and research fixtures, equipment, and support facilities that are an integral and necessary part of a manufacturing or research and development operation.

Qualified Activities includes manufacturing, the conditioning of vegetable seeds, and activities performed by research and development and commercial testing laboratories.

Use/Report Requirements: All businesses must maintain qualified activity at the site of the investment project for the year in which the investment project is certified operationally complete by the Department of Revenue, plus seven additional years. An Annual Tax Performance Report due May 31st is also required every year during this eight-year period.

Employment Requirements: For investment projects located in community empowerment zones, there are additional hiring requirements. See RCW 82.60.049 for the specific requirements.

Waiver of Taxes: If all program requirements have been met, the deferred sales/use tax is waived by the Department of Revenue after the eighth year.

| Business Name, Address, and Phone Number |
|--|
| Phone (_____) _____ |

| Contact Person <i>(All correspondence will be directed to this person)</i> |
|--|
| Name _____ |
| Address _____ |
| Phone _____ |
| Fax _____ |
| Email _____ |

| Department of Revenue Tax Reporting Number |
|--|
| <input style="width: 30px; height: 30px; border: 1px solid black;" type="text"/> <input style="width: 30px; height: 30px; border: 1px solid black;" type="text"/> <input style="width: 30px; height: 30px; border: 1px solid black;" type="text"/> - <input style="width: 30px; height: 30px; border: 1px solid black;" type="text"/> <input style="width: 30px; height: 30px; border: 1px solid black;" type="text"/> <input style="width: 30px; height: 30px; border: 1px solid black;" type="text"/> - <input style="width: 30px; height: 30px; border: 1px solid black;" type="text"/> <input style="width: 30px; height: 30px; border: 1px solid black;" type="text"/> <input style="width: 30px; height: 30px; border: 1px solid black;" type="text"/> |

| |
|--|
| The business is: (check one) |
| New to Washington State <input type="checkbox"/> |
| Expanding <input type="checkbox"/> |

| Location of Investment Project |
|--------------------------------|
| County _____ |
| Address _____ |
| Street Address |
| _____ |
| City, State and Zip Code |

For tax assistance or to inquire about the availability of this document in an alternate format, please call 1-800-647-7706. Teletype (TTY) users may use the Washington State Relay Service by calling 711.

Business Activity to be Conducted at this Facility

If additional space is needed to answer questions 1 and 2, please attach additional pages.

1. Describe your manufacturing activity at this facility:

2. Describe your research and development activities at this facility, if applicable:

3. Are you currently paying manufacturing or processor for hire business & occupation tax on the above described activity? Yes No

4. If the answer to question 3 is "No", is this a new manufacturing activity for your business?

Estimated Investment Project Costs

Please only include costs that will be paid for by the applicant.

5. Structure:

Date building permit will be issued _____

Construction of new structure(s) \$ _____

Leasehold improvements paid for by applicant \$ _____

Expansion or renovation to expand floor space or production capacity \$ _____

Total Structure Costs \$ _____

6. Machinery & Equipment:

Date equipment is to be acquired _____

Purchase Price \$ _____

Less contract price \$ _____

Fair market value of previously owned machinery and equipment that is new to the State of Washington \$ _____

Total Machinery & Equipment Costs \$ _____

Total Costs

7. **Total Costs (Structure, Machinery, & Equipment)** \$ _____

8. Estimated completion date _____

Apportionment of Structure

If the facility is used partly for manufacturing and research and development and partly for other purposes, the applicable tax deferral shall be determined by apportioning the costs of construction. (Not all of these categories qualify for the deferral.)

9. Percentage of facility devoted to:

Accounting/Payroll _____%

Administration _____%

Cafeteria _____%

Common Areas _____%

Conference & Training Rooms _____%

Customer Service _____%

Manufacturing _____%

Plant offices used by direct line supervisors or other managers who oversee the manufacturing process _____%

Reception Area _____%

Research & Development _____%

Sales & Marketing _____%

Warehouse _____%

Other (please describe) _____%

Total **100 %**

10. Percentage of cogeneration energy produced and devoted to internal use, if applicable:

Manufacturing _____%

Research and Development _____%

Other (please describe) _____%

Total **100%**

Employment Information

11. Average number of Full Time Equivalents (FTEs) for previous calendar year.
(1820 annualized hours worked = 1 FTE):

Entire business: _____

At this facility: _____

12. Estimated number of new FTEs as a result of this project: _____

If your investment project is located in a qualifying county, please skip question 13.

13. If your investment project is located in a community empowerment zone (CEZ), you must hire at least one qualified employment position for each \$750,000 of investment on which a deferral is approved. The persons must be hired after the date the application is filed with the department. Each qualified employment position must be filled by persons who at the time of hire are residents of the CEZ, or the county that contains the CEZ. If, by the end of the second calendar year following the year in which the project is certified as operationally complete, you have not hired and retained for twelve calendar months the required number of qualified employment positions, all deferred taxes are immediately due.

Estimated number of qualified fulltime positions that will be filled by residents of the CEZ or the county that contains the CEZ: _____

Name of CEZ: _____

Lessee/Lessor Information

14. Will the facility housing the operation be leased by the applicant to a qualified lessee? Yes No

15. Name of the business or entity that is paying for the construction of the building or improvements.

16. Name of the business or entity that will be manufacturing at this location:

17. Department of Revenue Tax reporting Number of business in question 15.

18. Do the lessee and lessor have 100% same ownership? Yes No

If "Yes", please provide official documentation to substantiate the relationship. (For example: Articles of Incorporation.)

19. If the answer to question 18 is "No", complete a High Unemployment Application for Sales and Use Tax Deferral for Lessor and attach a copy of the lease agreement reflecting the economic benefit of the deferred tax is passed onto the lessee by any type of payment, credit, or other financial arrangement between the lessor and qualified lessee.

(The lessee that receives the economic benefit must agree in writing to complete the annual tax performance report.)

Use of Facility

All businesses must maintain a qualified activity at the site of the investment project for the year in which the investment project is certified as operationally complete by Revenue, plus seven additional years.

20. Do you plan to operate this investment project in a qualified manner for 8 years from the time the project is certified as complete? Yes No

21. If the answer to question 20 is "No", how long does the lessee plan to operate this investment project in a qualified manner? _____

If the manufacturing or research and development activity is not maintained, all or a portion of the deferred taxes outstanding for this investment will be immediately due. The department will assess interest at the rate provided for delinquent excise taxes, but not penalties, retroactively to the date of the deferral.

Audit Records Location

If your application is approved, a deferral certificate will be issued using the estimates from your application. **Upon completion of the project, an auditor will verify qualified activities at this facility. They will also verify that the approved percentage of your structure and 100% of the machinery and equipment are eligible for the deferral. The auditor may adjust the allowable deferral based on the audit findings and you will be billed for all non-qualifying purchases.**

To minimize inconvenience and the time it takes to complete an audit, please have the following records for the audit period available for your meeting with the auditor:

- Purchase invoices (i.e., accounts payable, receipts)
- Supporting documentation for the construction, such as construction contracts
- Original Sales and Use Tax Deferral Certificate

Although most audits can be completed with the above records, additional documents may be required during the audit.

Print Name _____

Title _____ Date _____

Applicant's Signature _____

Mail, Fax or Email To:

**Department of Revenue
Audit Division, Refund & Deferral Unit
PO Box 47474
Olympia, WA 98504-7474**

Fax: (360) 704 – 5648

Email: DORdeferrals@dor.wa.gov

Questions? Call (360) 534 – 1503 option 6.