

WASHINGTON STATE DEPARTMENT OF REVENUE

SPECIAL NOTICE

For further information contact:
Telephone Information Center
1-800-647-7706 or (360) 486-2345

Alternate Formats (360) 486-2342
Teletype 1-800-451-7985

Originally Published July 1, 1996—Reissued April 2002

Special Manufacturing Rate Extended to Wholesale Fruit and Vegetable Processors

Effective July 1, 1996, the special manufacturing business and occupation (B&O) tax rate of .345% for manufacturers of fruits and vegetables is extended to wholesale sales of processed fruits and vegetables that will be transported outside the state by the purchaser in the regular course of business. Chapter 115, Laws of 1996 (SHB 2119).

Currently, persons who are in the business of manufacturing by canning, preserving, freezing, or dehydrating fresh fruits and vegetables are subject to B&O tax at the rate of .345% of the value of the manufactured products when the goods are shipped outside the state. However, when customers pick up the products in Washington, the manufacturer is considered to be making an in-state wholesale sale. Under current law, income derived from such sales is subject to the wholesaling classification of the B&O tax at the higher rate of .509%. (Both rates include the temporary 4.5% surtax.)

The new law adds the wholesale sale of fresh fruits and vegetables which have been canned, preserved, frozen, processed, or dehydrated by the seller to activities subject to the lower rate provided the purchaser transports the goods out-of-state in the ordinary course of business. The result of the change in the law is that all wholesale sales of processed fruits and vegetables by fruit and vegetable manufacturers to out-of-state customers will be subject to tax at the lower rate regardless of where the out-of-state purchaser receives the goods.

The law also requires the seller to report the amount of such sales on an annual basis on a form prescribed by the Department of Revenue. The Department will provide further information to fruit and vegetable manufacturers about this form in the future.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users please call 1-800-451-7985.

