



State of Washington  
Department of Revenue

# Excise Tax Advisory

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Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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NUMBER: 58.04.214

CONVERSION DATE: July 1, 1998

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**This ETA is cancelled effective December 29, 2006**

MARKETING ASSOCIATION: SELLER OR AGENT

Issued July 15, 1966

Does the Wholesaling Business Tax apply to the activities of a marketing association in selling fresh fruit for out-of-state fruit grower cooperatives?

Taxpayer was a nonprofit agricultural cooperative marketing association. Its membership was comprised of local associations, and their district exchanges all located outside of Washington. The bylaws of taxpayer described the relationship between taxpayer and its members as that of agent and principal. Taxpayer maintained a sales office in Washington which received orders for fresh fruit from local purchasers and relayed the orders to the out-of-state district exchanges. Taxpayer collected the receipts from the sales for distribution to its members who were assessed for the cost of operations of the marketing association. Taxpayer did not receive or deliver fruit, accept orders, make shipments, receive documents of title, pass title or have the power to pass title.

The activities and circumstances involved demonstrated that taxpayer was actually operating as an agent and along with the wording in the bylaws established the status of taxpayer as an agent for its members rather than as a seller of fresh fruit. Therefore the Service classification of Rule 214 applied rather than the Wholesaling classification. Thus the tax was levied on the gross receipts from services rendered by the marketing association and not on the gross receipts from the sale of fresh fruit.

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***ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.***

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