



State of Washington
Department of Revenue

Excise Tax Advisory

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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

NUMBER: 240.12.134

CONVERSION DATE: July 1, 1998

This ETA is cancelled effective March 28, 2008.

USE AND MANUFACTURING TAX ON PRODUCTION OF MOLDS USED TO PRODUCE FINISHED PRODUCT

Issued September 16, 1966

Are plaster molds, used as a step in the production of a finished product, "consumed" in the production process or "sold" to the customers?

Taxpayer manufactured plaster molds which were subsequently used in the production of plastic ducts for its customers. The molds were covered with fiber glass cloth which, after hardening, represented the finished product. The plaster mold was then removed by breaking the plaster with a rubber mallet. Taxpayer objected to assessment of Manufacturing and Use Taxes on the cost of the plaster molds because the customer paid for the mold when he purchased the finished product and hence the taxpayer felt that the molds were fabricated for resale.

The Manufacturing Tax includes articles manufactured for industrial use. RCW 82.04.120. The Use Tax is levied on the privilege of using as a "consumer" any article of tangible personal property, including articles manufactured by the person so using. RCW 82.12.020.

The Commission held that the taxpayer was manufacturing the plaster molds for commercial or industrial use and the Manufacturing and Use Taxes were applicable. All tools and supplies which are entirely consumed in manufacturing and repair activities are taxable as they are not sold to customers. Further, the plaster molds did not become "ingredients or components" of the finished product within the "consumer" exception to RCW 82.04.190 as they were worthless once used in the production process. (Letter.)

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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