



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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.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: 411.04.111

CONVERSION DATE: July 1, 1998

This ETA is cancelled effective June 29, 2007

ACTIVITIES PERFORMED BY NONPROFIT ASSOCIATIONS

Issued July 24, 1970

Are amounts received for negotiating prices and trade promotions subject to the business and occupation tax?

The taxpayer, an incorporated association of farmers, negotiated prices for members and promoted the industry through advertising media. The taxpayer objected to a business tax assessment under the Service classification upon gross income received from such activities.

The department found that such nonprofit associations are a corporate "person" engaging in "business" under RCW 82.04.290. Thus, they are clearly liable for the business and occupation tax upon receipts from such activities. (Other cases holding co-operatives liable for the business tax as "persons" include Sumner Rhubarb Growers Association v. State, 155 W.D. 857; Yakima Fruit Growers Association v. Henneford, 187 Wn. 252; and Fishermen's Co-op Association v. State, 198 Wn. 413.)

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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