



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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

NUMBER: 075.04.136: *Repealed 6/17/2000*

CONVERSION DATE: July 1, 1998

MIXING OF INGREDIENTS AS "MANUFACTURING"

Issued July 22, 1966

Do the activities of grinding, crushing, and mixing of ingredients to make pot linings qualify as a manufacturing activity?

The taxpayer bought ingredients with which to make pot linings (coal, graphite and pitch). The taxpayer ground, crushed and mixed those ingredients. They were then tamped in place in the pots and were baked. As so prepared, the pot liners had a life approximately of 1,000 days. The grinding, crushing and mixing were done on the floor above the pot room where the baking was done. The taxpayer conceded that a tax was due upon its cost for the materials but took exception to inclusion of the subsequent processing costs.

The Tax Commission held that under Rule 136 the term "to manufacture" includes activities such as processing, refining and mixing. It is the Commission's view that the activities of grinding, crushing and mixing of ingredients to make pot linings does qualify as a manufacturing activity. Therefore, the measure of the tax is the value of the products, including the processing costs.

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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