



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 They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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CONVERSION DATE: July 1, 1998

## AGRICULTURAL ORGANIZATIONS WORKING WITH GOVERNMENTAL UNITS SUBJECT TO TAX

*Repealed June 30, 2000*

Issued August 26, 1966

Are nonprofit agricultural organizations working closely with the state and federal governments subject to the Business and Occupation Tax?

The taxpayers were nonprofit agricultural organizations composed of farmers. Employees of the taxpayers kept records concerning the farming activities of the members. A state university and the United States Department of Agriculture took an active part in the compilation and use of information derived from the taxpayer's records. The taxpayers contended that, as governmental units were closely involved in its work, the Business and Occupation Tax should not apply to it.

RCW 82.04.220 imposes the Business and Occupation Tax on every person engaging in business activities within the state. RCW 82.04.030 defines person to include "any individual, . . . corporation, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit or otherwise." The taxpayers were taxable persons, and, as they were engaging in activities with the object of gain, benefit, or advantage to themselves, the Business and Occupation Tax applied to these activities. The close working relationship between the taxpayers and governmental units did not insulate the taxpayers from taxation as political subdivisions of the state are subject to tax. (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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