



State of Washington
Department of Revenue

Excise Tax Advisory

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CONVERSION DATE: July 1, 1998

CHERRY PROCESSING WHICH INCLUDES BRINE CURING, WASHING, PITTING, SIZING AND SORTING

Issued September 16, 1966

Does the processing of cherries which involves brine curing, washing, pitting, sizing, and sorting constitute a "manufacturing" activity taxable under Business and Occupation "Manufacturing" classification?

The taxpayer, a cherry processing firm, was assessed a Business and Occupation Tax under the "Manufacturing" classification on its cherry bringing activities. The taxpayer processed the cherries as follows: The cherries were emptied from field lugs into barrels containing a sulfur dioxide brine which was a preservative which hardened the cherries and also bleached them to a straw-like color. The cherries were then cured in the brine for 60 to 90 days after which the brine was drained off. Following this, the cherries were passed through a declustering machine and later a sorting machine which sorted the cherries into four sizes. The cherries then went to the pitter machine for removal of pits after which they were washed and passed onto an inspection belt used to sort out injured and spoiled cherries and to detect any cherries still containing pits. Upon completion of the processing, the cherries were again placed in barrels according to grades and sizes and the sulfur dioxide was replaced. The cherries were sold in this condition to manufacturers who further processed them for the retail market by coloring, sweetening, and packing them into jars or cans. The bringing process sometimes varied from the procedures described but always involved brine curing, washing, pitting, sizing and sorting. The taxpayer contended that said activity was not taxable as a "manufacturing" activity.

The Tax Commission held that the taxpayer's processing activities resulted in "a new, different, or useful" article within the meaning of RCW 82.04.120, and, therefore, was taxable as a "manufacturing"

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activity. The Commission noted that the cherries were so materially changed that they had new and different uses, properties and characteristics from that of fresh, unprocessed cherries. (Letter.)

Cancelled June 17, 2000