

WAC 458-20-134 COMMERCIAL OR INDUSTRIAL USE.

(1) "The term 'commercial or industrial use' means the following uses of products, including by-products, by the extractor or manufacturer thereof:

(a) Any use as a consumer; and

(b) The manufacturing of articles, substances or commodities." (RCW 82.04.130.)

(2) Following are examples of commercial or industrial use:

(a) The use of lumber by the manufacturer thereof to build a shed for its own use.

(b) The use of a motor truck by the manufacturer thereof as a service truck for itself.

(c) The use by a boat manufacturer of patterns, jigs and dies which it has manufactured.

(d) The use by a contractor building or improving a publicly owned road of crushed rock or pit run gravel which it has extracted.

(3) Business and occupation tax. Persons manufacturing or extracting tangible personal property for commercial or industrial use are subject to tax under the classifications manufacturing or extracting, as the case may be. The tax is measured by the value of the product manufactured or extracted and used. (See WAC 458-20-112 for definition and explanation of value of products.)

(4) Use tax. Persons manufacturing or extracting tangible personal property for commercial or industrial use are subject to use tax on the value of the articles used. (See WAC 458-20-178 for further explanation of the use tax and definition of value of the article used.)

(5) Exemptions. The following uses of articles produced for commercial or industrial use are expressly exempt of use tax.

(a) RCW 82.12.0263 exempts from the use tax the use of fuel by the extractor or manufacturer thereof when used directly in the operation of the particular extractive operation or manufacturing plant which produced or manufactured the same. (Example: The use of hog fuel to produce heat or power in the same plant which produced it.)

(b) Effective April 3, 1986, (chapter 231, Laws of 1986) property produced for use in manufacturing ferrosilicon which is subsequently used to make magnesium for sale is exempt of use tax if the primary purpose is to create a chemical reaction directly through contact with an ingredient of ferrosilicon.

(6) RCW 82.12.010 provides that in the case of articles manufactured for commercial or industrial use by manufacturers selling to the United States Department of Defense, the value of the articles used shall be determined according to the value of the ingredients of such articles, rather than the full value of the manufactured articles as is normally the case.

[Statutory Authority: RCW 82.32.300. 86-20-027 (Order 86-17), '458-20-134, filed 9/23/86; 83-07-032 (Order ET 83-15), '458-20-134, filed 3/15/83; Order ET 70-3, '458-20-134 (Rule 134), filed 5/29/70, effective 7/1/70.]