

Cite as Det. No. 92-111, 12 WTD 143 (1993).

BEFORE THE INTERPRETATION AND APPEALS DIVISION
DEPARTMENT OF REVENUE
STATE OF WASHINGTON

In the Matter of the Petition)	<u>D E T E R M I N A T I O N</u>
For Correction of Assessment)	
of)	No. 92-111
)	
. . .)	Registration No. . . .
)	. . ./Audit No. . . .
)	

[1] RULE 174 -- USE TAX -- MOTOR CARRIERS -- PALLETS, TARPAULINS, BUNGE CORDS. Pallets, tarps, and tie downs used by a Washington-based interstate carrier not designed for a specific vehicle are subject to use tax.

**PORTIONS OF THIS DETERMINATION WERE NOT PRECEDENTIAL
AND HAVE NOT BEEN PUBLISHED.**

Headnotes are provided as a convenience for the reader and are not in any way a part of the decision or in any way to be used in construing or interpreting this Determination.

TAXPAYER REPRESENTED BY: . . .

NATURE OF ACTION:

An interstate trucking partnership appeals a use tax assessment on . . . pallets, tarps, and tie downs.

FACTS AND ISSUES:

Pree, A.L.J. -- The taxpayer, a Washington-based trucking company, is a partnership engaged as a common carrier in interstate commerce. It is owned by by two corporations.

It was audited for the period from January 1, 1985 through June 30, 1989.

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The [taxpayer protests] assessment of use tax on pallets, tarpaulins (tarps), and bunge cords (tie downs) used by the

taxpayer, who states that they were used on the trucks for interstate hauls. The auditor states that some of the tarps were used in the Washington terminal yard to cover equipment and some were assigned to specific drivers on the trucks used for interstate hauls.

According to the auditor's explanation, the tarps were cut flat in various sizes and had metal eyelets similar to those used for any utility purpose. They were not custom cut to cover a specific vehicle. Drivers were assigned two to four tarps for which they were held financially responsible. If the drivers were assigned different vehicles, they had to account for and/or take the tarps with them for use on the next vehicle.

The auditor assessed use tax on the pallets, tarps, and tie downs. The taxpayer contends that they should be exempt either as tangible personal property used in interstate commerce or as a part of the truck to which they are attached. The taxpayer likens them to tire chains for traction on snow.

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DISCUSSION:

[1] RCW 82.08.0262 exempts from sales tax purchases of tangible personal property which becomes a component part of motor vehicles or trailers used by the holder of a carrier permit issued by the Interstate Commerce Commission authorizing transportation by motor vehicle across the boundaries of Washington.

WAC 458-20-174 (Rule 174) reiterates the statute and provides the department's position regarding sales of component parts of motor vehicles and trailers, defining the term "component part" as:

. . . all tangible personal property which is attached to and becomes an integral part of the motor vehicle or trailer. It includes such items as motors, motor and body parts, batteries and tires. The term also includes spare parts which are designed and intended for ultimate attachment to the carrier vehicle. It does not include equipment or tools which may be used in connection with the operation of the truck or trailer as a carrier of persons or goods but which will not become permanently attached to and an integral part of the same, nor does it include consumable supplies, such as lubricants and ice.

The pallets, tarps, and tie downs are equipment or tools which may be used in connection with the trucks or trailers. They do not become permanently attached to the vehicles or trailers.

They are not an integral part of those vehicles. Therefore, they are not exempt from use tax.

The taxpayer requests that we consider WAC 458-20-175 (Rule 175) to determine the exempt status of these items. Rule 175 applies to component parts for "carrier property," which is defined as:

. . . airplanes, locomotives, railroad cars or water craft, and component parts of the same. It does not include trucks and trailers. Rule 175 goes on to state:

The term "component part" includes all tangible personal property which is attached to and a part of carrier property. It also includes spare parts which are designed for ultimate attachment to carrier property.

By limiting the definition of component part to carrier property, Rule 175 does not provide authority for exempting the sales of the pallets, tarps, or tie downs on trucks or trailers. Since the taxpayer does not operate the carrier property specified in Rule 175, Rule 174 is the proper authority for the taxability of these items. Therefore, on this issue, we conclude that the auditor properly assessed use tax on the pallets, tarps, and tie downs.

DECISION AND DISPOSITION:

Taxpayer's petition with regard to the assessment of use tax on pallets, tarps, and tie downs is denied.

DATED this 29th day of April, 1992.