

SPECIAL NOTICE

June 8, 2005

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Clarification for Certain Beef Processors Impacted by the Ban on American Beef Products

House Bill 1407, 2005 Regular Session, establishes that the deduction from the business and occupation (B&O) tax for certain businesses impacted by the ban on American beef products will expire on December 31, 2007, or when Japan, Korea, and Mexico all lift their bans on importation of United States beef, whichever occurs first.

The original legislation Substitute House Bill 2929, Chapter 235, Laws of 2004 temporarily provided Washington's beef processors with a deduction from the measure of business and occupation tax for:

- Slaughtering cattle **if** the slaughtered cattle is sold at wholesale.
- Breaking or processing perishable beef products **if** the products are slaughtered and sold at wholesale by the taxpayer.
- Wholesale sales of perishable beef products derived from cattle slaughtered by the taxpayer.
- Processing nonperishable beef products **if** the products come from cattle slaughtered by the taxpayer and sold at wholesale.
- Wholesale sales of nonperishable beef products derived from cattle slaughtered by the taxpayer.

The deduction does not apply if the resulting beef products are sold at retail. "Beef products" is defined by SHB 2929 to be the carcass, parts of carcass, meat, and meat by-products, derived exclusively from cattle and containing no other ingredients.

For tax reporting purposes the deduction is reported on the deduction detail sheet as an "other" deduction. In the space provided for an explanation taxpayers should write "beef ban."

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