

SPECIAL NOTICE

May 26, 2006

For further information contact:

Telephone Information Center
1-800-647-7706 or (360) 705-6676

Alternate Formats (360) 705-6715
Teletype 1-800-451-7985

Seafood Processors Receive B&O Tax Exemption

Persons manufacturing seafood products are exempt from the business and occupation (B&O) tax when the seafood products remain in a raw, raw frozen, or raw salted state at the end of the manufacturing process. The tax exemption includes the value of products from manufacturing seafood and gross proceeds on seafood products **sold to buyers who transport the goods, in the ordinary course of business, out of Washington**. Persons claiming the tax exemption must maintain documentation that the goods were transported out of the state by the purchaser. (Engrossed House Bill 3159)

This tax exemption is **effective July 1, 2006** and expires July 1, 2012 at which time, the activities will be subject to B&O tax at the 0.00138 rate.

Instate wholesale sales to persons who **do not transport the goods out of Washington**, in the ordinary course of business, remain subject to the Wholesaling classification of the B&O tax at the 0.00484 rate.

Electronic Filing and Annual Survey Required

Each person claiming the tax exemption must electronically file all returns, surveys, and any other forms and information required. To sign up for E-file go to our web site at <http://dor.wa.gov>. The survey must include, but is not limited to, the following:

- Amount of tax exemption taken;
- Number of total employment positions;
- Full-time, part-time and temporary employment positions as a percent of total employment;
- Number of employment positions according to the following wage bands:
 - Less than \$29,999,
 - \$30,000 - \$59,999, and
 - \$60,000 or greater.(A wage band containing fewer than three individuals may be combined with another wage band.)
- Number of employment positions that have employer-provided medical, dental, and retirement benefits, by each of the wage bands.

The survey is due by March 31 of the year following the calendar year in which a tax exemption is taken. If a required form is not filed electronically, there must be "good cause" or the exemption will be forfeited and tax is due.

Survey information will be used in a report to the Legislature about the effectiveness of the exemptions.

Processing Plants and Cold Storage Warehouses Tax Incentives

There are also tax incentives for the construction or expansion of seafood product processing plants and cold storage warehouses. These incentive programs will become **effective July 1, 2007**. We will issue information about these programs as the effective date draws closer.

For More Information

Contact the Telephone Information Center at 1-800-647-7706 for more information.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users please call 1-800-451-7985.