

SPECIAL NOTICE

May 31, 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

Fruit and Vegetable Processors Tax Exemption - New E-file Requirement

Since July 1, 2005, a business and occupation (B&O) tax exemption has applied to manufacturing fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and to wholesale sales by persons performing these activities when the sales are to buyers who transport the goods out of Washington.

Proper documentation of the exempt sales must be maintained by each person claiming the incentive. The B&O tax exemption will expire July 1, 2012 at which time, the activities will be subject to B&O tax at the 0.00138 rate. (ESHB 2221, Chapter 513, Laws of 2005)

Instate wholesale sales to persons who **do not transport the goods out of this state** remain subject to the Wholesaling classification of the B&O tax at the 0.00484 rate.

New Electronic Filing Requirement

Effective July 1, 2006, each person claiming the tax exemption must electronically file all returns, surveys, and any other forms and information required. The survey is due by March 31 of the year following the calendar year in which a tax exemption is taken. If a survey is not filed electronically, there must be "good cause" or the exemption will be forfeited and tax is due. To sign up for E-file go to our web site at <http://dor.wa.gov>. (EHB 3159, Chapter 354, Laws of 2006)

Processing Plants and Cold Storage Warehouses Tax Incentives

There are also tax incentives for the construction or expansion of dairy 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

If you need assistance or have questions, contact the Telephone Information Center at 1-800-647-7706. For detailed information about the tax exemptions, see the following references:

- Engrossed House Bill 3159, Chapter 354, Laws of 2006
- 21 C.F.R., milk and cream (chapter 1, parts 131), cheeses and related cheese products (133), and frozen desserts (135)
- RCW 82.04.120

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.