



# Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

NOVEMBER 10, 2011

## Fruit and Vegetable Processors May Qualify for B&O Tax Refund

*Originally Published November 10, 2011 - Revised November 21, 2011*

### Introduction

Prior to the passage of Initiative 1107 (I-1107), the Department held that to qualify as a fruit or vegetable processor for the B&O tax exemption under RCW 82.04.4266, the end product must have been a fruit or vegetable. I-1107 repealed the Legislature's confirmation of the Department's policy on the fresh fruit and vegetable processors B&O tax exemption. Therefore, the Department is changing its policy.

RCW 82.04.4266 provides B&O tax exemptions for:

- Manufacturing fresh fruits or vegetables by canning, preserving, freezing, processing, or dehydrating, and
- Wholesale sales by the manufacturer of these processed products to customers who transport the product in the ordinary course of business out of this state.

### Who qualifies as a fruit and vegetable processor?

The Department has determined that to qualify as a fresh fruit and vegetable processor, the processing must begin with fresh fruits or fresh vegetables and the end product must be for human consumption as food, or animal consumption as feed, and may include ingredients other than fruits or vegetables.

Note: The exemption is limited to persons who manufacture "by canning, preserving, freezing, processing, or dehydrating" as defined in RCW 82.04.4266. Persons who merely sort, wash, rinse, grade, wax, treat, package or store fresh fruit or vegetables do not qualify.

### Who qualifies for a refund?

You may qualify for a refund if you are a fresh fruit or vegetable processor and you either paid:

- Manufacturing B&O tax on the value of the qualifying processed product, or
- Wholesaling B&O tax on your sales of the qualifying processed product to customers who transport the product in the ordinary course of business out of this state.

### To request a refund

1. Complete and mail the attached refund request form.
  - Refund requests for tax paid in 2007 must be submitted by December 31, 2011.
2. Complete and electronically file an annual tax incentive survey by April 30, 2012, for each year you are requesting a refund.

Refunds can be claimed for the statutory nonclaim period, which means if you get your request in by December 31, 2011 you can request refunds for overpaid taxes as far back

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P.O. BOX 47478 | OLYMPIA, WASHINGTON 98504-7478 | 1-800-647-7706 | [HTTP://DOR.WA.GOV](http://DOR.WA.GOV)

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as January 2007. ***However, for taxes paid for the period between June 1, 2010 and December 1, 2010, no refunds will be granted. This period reflects the period between the effective date of Chapter 23, Laws of 2010 1st Special Session (2ESSB 2143) and the effective date of the I-1107. Taxes paid during this period were legally due and the Department cannot refund such taxes.***

**Electronic filing required**

All annual surveys must be filed electronically. To allow for the Department's change in policy with regard to this issue, the due date for filing annual surveys for past years has been extended to April 30, 2012. Annual surveys for tax years 2007 – 2011 will be available to file electronically in early January 2012 and must be submitted electronically by April 30, 2012. To file the survey, go to [dor.wa.gov](http://dor.wa.gov) and type in your logon ID and password in the upper right hand corner. If you don't have a login ID and password, click on "Register Now." Once you're logged in, click on "Credits & Tax Incentives", then "File Tax Incentive Report/Survey" and file the survey. If you need help logging in call 1-877-345-3353 or (360) 902-7079. If you have already filed annual tax incentive surveys for these years, please contact us at 360 570-3265 (option 6) for specific instructions on how to update your past surveys. A copy of the Annual Tax Incentive Survey is available on our web site for use as a worksheet. Click on "Get a form or publication," select "Forms by name" and then click "A" for the Annual Tax Incentive Survey.

**When will the refunds be made?**

No refunds will be processed and paid until all corresponding annual surveys are filed.

**Exemption expires - July 1, 2012**

The B&O tax exemption for fresh fruit and vegetable processors expires July 1, 2012. Processed product sold after June 30, 2012, is subject to B&O tax under RCW 82.04.260 (1)(d). Note: The annual survey for 2012 (covering January 1 through June 30, 2012) must be submitted electronically by April 30, 2013.

**For more information**

Visit our website at [dor.wa.gov](http://dor.wa.gov), send an email to [dorcommunications@dor.wa.gov](mailto:dorcommunications@dor.wa.gov), or call the Department's Telephone Information Center at 1-800-647-7706. If you have questions about completing the annual survey, please call Special Programs at (360) 570-3265 and press 6.

## Fresh Fruit and Vegetable Processors Request for Refund of B&O Tax

To request a refund of overpaid B&O tax, complete and send this form to the Department of Revenue at the address noted above. Incomplete forms will delay your refund. If you have any questions, please call 1-800-647-7706.

Company Name \_\_\_\_\_ Tax Reporting Account Number \_\_\_\_\_  
 Mailing Address \_\_\_\_\_ Contact Person \_\_\_\_\_  
 City, State, Zip \_\_\_\_\_ Telephone No. \_\_\_\_\_ Date \_\_\_\_\_

Please describe your qualifying fresh fruit and vegetable processing activity for which you are requesting this refund. Additional documentation may be requested to substantiate this refund claim.

List the taxable amount reported for each year you are requesting a refund.

Tax Periods	B&O Tax Classification (where income was reported)	Taxable Amount Reported	Tax Paid	Refund Amount Requested
Calendar Year 2007				
Calendar Year 2008				
Calendar Year 2009				
*Calendar Year 2010				
January 2011 – Current Month 2011				
<b>Grand Total</b>				

**Important:**

Refund requests for tax paid in 2007 must be submitted by December 31, 2011.

**\*No refunds will be granted for the period between June 1 2010 and December 1, 2010.** This period reflects the period between the effective date of Chapter 23, Laws of 2010 1<sup>st</sup> Special Session (2ESSB 2143) and the effective date of the I-1107. The taxes paid during this period were legally due and the Department cannot refund taxes that were legally due. Therefore, the taxable amount reported for Calendar Year 2010 must be reduced by the amount properly reported for this period.

**You must file an annual tax incentive survey electronically for each year you are requesting a refund:**

- Annual surveys for tax years 2007 – 2011 will be available to file electronically in early January 2012 and must be filed by April 30, 2012.
- See reverse side of this form to calculate the amount of incentive received for the required Annual Tax Incentive Surveys.

If you have already filed annual tax incentive surveys for these years, please contact us at 360 570-3265 (option 6) for specific instructions on how to update your past surveys.

**How to file the annual survey electronically:**

Go to [dor.wa.gov](http://dor.wa.gov) and type in your logon ID and password in the upper right hand corner. If you don't have a login ID and password, click on "Register Now." Once you're logged in, click on "Credits & Tax Incentives", then "File Tax Incentive Report/Survey" and file the surveys. If you need help logging in call 1-877-345-3353 or (360) 902-7079. Note: prior year surveys will be available January 2012.

A copy of the Annual Tax Incentive Survey is available on our web site for use as a worksheet. Click on "Get a form or publication," select "Forms by name" and then click "A" for the Annual Tax Incentive Survey.

For assistance with the survey call us at (360) 570-6265 and press 6.

**Calculation of Survey Incentive Amounts**  
*(To be reported in question 1d on the Annual Tax Incentive Survey)*

	Column 1	Column 2	(Multiply column 1 by column 2)
Tax Periods	Taxable Amount Reported (from page 1 on refund)	Incentive Tax Rate	Amount of incentive taken (Enter in question 1d on survey)
Calendar Year 2007		<b>0.00138</b>	
Calendar Year 2008		<b>0.00138</b>	
Calendar Year 2009		<b>0.00138</b>	
Calendar Year 2010		<b>0.00138</b>	
January 2011 – Current Month 2011		<b>0.00138</b>	

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