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"Utility Boxes" Used to Ship Cargo in Interstate Commerce

Does the retail sales or use tax apply to the purchase and use of containers into which cargo is loaded at the point of shipment and in which the cargo remains until it reaches its destination in interstate commerce?

Assume that Shipping Company purchases a number of so-called "utility boxes" equipped with refrigeration units for use in the carriage of cargo between this state and another state. The cargo was loaded into these containers at the point of shipment into interstate commerce and remained there until it reached its destination.

The retail sales tax does not apply to the purchase of the "utility boxes" because of the specific exemption provided for interstate carriers by air, rail, or water under RCW 82.08.0261. Shipping Company is an interstate carrier by water and qualified for this exemption.

Shipping Company is entitled to a use tax exemption as explained in WAC 458-20-175 excluding from the tax base the value of durable goods used aboard carrier property while engaged in interstate or foreign commerce. The "utility boxes" are durable goods within the meaning of WAC 458-20-175.

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