

SPECIAL NOTICE

June 13, 2005

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

Engrossed Substitute House Bill 2221, Chapter 513, Laws of 2005 states that the business and occupation (B&O) tax no longer applies to the value of canning, preserving, freezing, processing, or dehydrating fresh fruits and vegetables or to wholesale sales by the persons performing these activities when the sales are to purchasers who transport the goods out of this state in the ordinary course of business. This exemption is **effective July 1, 2005**.

Prior to July 1, 2005, persons engaged in these activities were subject to B&O tax at the rate of 0.138 percent.

Instate wholesale sales to persons who **do not** transport the goods out of this state in the ordinary course of business remain subject to the wholesaling classification of the B&O tax at the rate of 0.484 percent.

Annual Survey Requirements

Each person claiming the tax exemption shall report information to the Department of Revenue by filing an annual survey. The survey is due by April 30 of the year following the calendar year in which a tax exemption is taken. The survey shall also include, but not be limited to, the following information:

- ◆ Amount of tax exemption
- ◆ Number of total employment positions
- ◆ Employment positions (full-time, part-time and temporary) as a percent of total employment
- ◆ Number of employment positions according to the following wage bands:
 - Less than \$30,000,
 - \$30,000 or greater, but less than \$60,000, 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.
- ◆ Additional information necessary to measure the results of the exemption program to be submitted at the same time as the survey.

The **first** survey filed shall also include information for the 12-month period immediately before first use of a tax incentive. If a person fails to submit an annual survey by the due date, the amount of taxes exempted for the previous calendar year shall to be immediately due and payable at the rate of 0.138 percent.

The Department encourages electronic filing of the survey rather than using the paper form. Click the Online Services link on our web site at <http://dor.wa.gov/content/home/>. A survey form (REV 81 1014) is also available on our web site under the Forms link.

The amount of the tax exemption taken under this legislation may be disclosed to the public.

Processing Plants and Cold Storage Warehouses Tax Incentives

The legislation also provides tax incentives for the construction or expansion of a fresh fruit or vegetable processing plant and construction or expansion of a cold storage warehouse. These incentive programs will become **effective July 1, 2007**. The Department of Revenue will issue detailed 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.

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