

**WAC 458-20-140 Photofinishers and photographers.**

**Business and Occupation Tax**

**Retailing.** The gross proceeds of all sales taxable under the retail sales tax are taxable under the retailing classification.

**Wholesaling.** Taxable under the wholesaling classification upon the gross proceeds from sales for resale.

**Manufacturing.** Photofinishers who produce negatives, prints, or slides in Washington and who transfer or deliver such articles to points outside this state are subject to business tax under the manufacturing classification upon the value of products (see Rule 112) [WAC 458-20-112] and are not subject to tax under the retailing or wholesaling classification.

**Processing for hire.** Photofinishers who develop film for others and who make delivery of the film to points outside the state are subject to business tax under the processing for hire classification upon the total charge for the work done. It is immaterial that the customers are located outside the state or that the film was sent in from outside the state for processing.

**Service.** Taxable under the service and other activities classification upon gross income from sales to publishers of newspapers, magazines and other publications of the right to publish photographs.

**Retail Sales Tax**

**Photofinishers.** Photofinishers developing films and selling to consumers the prints made therefrom are making taxable retail sales, and the retail sales tax must be collected upon the full charge made to the customer. Photofinishers developing films and selling to other than consumers the prints made therefrom are sales for resale and not subject to the retail sales tax.

Sales by supply houses to photofinishers of paper upon which prints are made and of chemicals which are to be used in making the prints are sales for resale and are not taxable under the retail sales tax. Sales by supply houses to photofinishers of equipment and materials which do not become a component part of the prints are taxable under the retail sales tax.

**Portrait and commercial photographers.** Photographers who make negatives on special order and sell photographs to customers (other than dealers for resale) must collect the retail sales tax upon such sales.

Sales by supply houses to a portrait or commercial photographer of the paper upon which such photographs are printed are not taxable because such material becomes an ingredient of the final product sold for consumption. Sales of chemicals, such as developing agents, fixing solutions, etc., for use in such process are also nontaxable. However, sales to a photographer of materials and equipment used in processing, whenever such materials do not become a component part of the final photograph or are not chemicals used in processing are taxable under the retail sales tax.

Sales to consumers by photographers of pictures, frames, camera films and other articles are subject to the retail sales tax.

Sales by photographers of the right to publish photographs are primarily licenses to use and not sales of tangible personal property. Such sales are not subject to the retail sales tax.

Photographers tinting and coloring pictures or prints belonging to customers are making retail sales upon which the retail sales tax applies to the total charge made therefor. Sales of oil and water col-

ors to a photographer for use in tinting and coloring pictures or prints belonging to a customer are sales for resale and are not subject to the retail sales tax.

[Statutory Authority: RCW 82.32.300. WSR 83-07-034 (Order ET 83-17), § 458-20-140, filed 3/15/83; Order ET 70-3, § 458-20-140 (Rule 140), filed 5/29/70, effective 7/1/70.]