

SALES AND USE TAX REPORT

1-05

June 2005

I. WISCONSIN SALES AND USE TAX REPORTS AVAILABLE ON-LINE

All issues of the Wisconsin Sales and Use Tax Reports are available on the Department of Revenue's web site at www.dor.state.wi.us/ise/sales/index.html.

II. FILING SALES AND USE TAX RETURNS ELECTRONICALLY

The Wisconsin Department of Revenue (DOR) has several different ways for you to electronically file your Wisconsin Sales and Use Tax Returns. Filing and paying your taxes electronically makes the filing process easier for you! The electronic system provides confirmation receipts for your returns and payments, checks your math, and ensures that returns have all the required information. These returns are less likely to be adjusted, which reduces interest charges and speeds up processing.

Electronic Filing and Payment Options Available for Sales and Use Tax Return Filing

Sales TeleFile

You can file your Wisconsin sales and use tax return with any touch-tone telephone. This program accepts four payment types: Electronic Funds Transfer (EFT), credit card, check, or money order. To use TeleFile, obtain a Sales TeleFile worksheet and payment voucher under the "Business" section of the DOR web site. When you have completed the worksheet, call (608) 261-5340 in Madison; or (414) 227-3895 in Milwaukee to actually file your return.

Sales Internet Process

Sales Internet Process (SIP) is a free, Internet-based electronic filing application for sales and use tax. It performs calculations, provides a history of all your electronically filed returns, issues a receipt, and allows you to make your tax payment by EFT, check, or money order. To use SIP you will need to apply for and obtain a logon ID and password when you begin filing your tax returns at www.salestax.dor.state.wi.us.

File Transmission

This program is a service for taxpayers using approved private vendors' software or who have the technical expertise to create a file in XML format. File transmission places return data into a file format that can be directly processed into the DOR system. Using secure transmission over the Internet you can submit an EFT payment within the same file. You will receive an e-mail acknowledgement to confirm receipt of a successful file transmission. Information about file transmission can be found in the "Business" section of the DOR web site.

Electronic Payments

Please note that paying by Electronic Funds Transfer requires a separate registration. DOR accepts EFT for most types of tax payments. It is easy to use and you are issued an acknowledgement that your payment was received, which is a service that cannot be provided for checks and money orders. EFT also enables you to "warehouse" your payment in advance until the actual due date. An EFT on-line registration form is provided on the DOR web site in the "Business" section. Complete the form and register by telephone at (608) 264 9918. Payments can be made either on-line or by telephone.

Questions?

- More information on all of the above services can be found under the "Business" or "E-Services" sections of the DOR web site: www.dor.state.wi.us
- Contact us at:

Wisconsin Department of Revenue
Technical Assistance Unit
Mail Stop 5-77
P.O. Box 8949
Madison, WI 53708-8949
(608) 266-2776
sales10@dor.state.wi.us

III. VIDEO GAMBLING MACHINES

The Department of Revenue's auditors and Alcohol and Tobacco Enforcement agents ("A&T") are working together to ensure compliance with Wisconsin laws as they apply to video gambling machines. Auditors routinely verify whether the correct amounts of Wisconsin sales and use taxes (as well as income or franchise taxes) are reported and remitted with respect to income and gross receipts from the operation of such machines. Auditors may request assistance from A&T for purposes of determining the gross receipts from video gambling machines and whether violations of Wisconsin video gambling laws have occurred.

Gambling Law Violations

The operation of video gambling machines is a violation of Wisconsin law. In 2003, the department was given the sole authority by the Wisconsin Legislature to investigate video gambling violations on the premises of persons holding "Class B" liquor and wine licenses and/or Class "B" fermented malt beverage licenses (Class B premises) with five or fewer video gambling machines. The presence of five or fewer video gambling machines on Class B premises is a violation subject to civil forfeiture. The penalties include seizure of the machines, seizure of money in the machines, and a \$500 fine per machine. District attorneys retain the authority to prosecute the violation, even though local law enforcement may not investigate the violation.

Wisconsin Sales and Use Taxes

Gross receipts from providing access to or use of video gambling machines in Wisconsin are subject to Wisconsin sales tax. The person responsible for reporting and remitting the sales tax to the Department of Revenue is the "operator" of the machine. The machine operator is subject to Wisconsin sales or use tax on its purchase, lease, or rental of the machine.

The machine operator may not purchase, lease, or rent the machine without tax for resale because the machine operator is considered to be using the machine to provide amusement, recreation, or entertainment.

Record Keeping

Records must be kept in order to properly report and remit Wisconsin sales and use taxes. If proper records

are not maintained, gross receipts subject to tax may be determined by the department through income reconstruction methods and deductions may be disallowed for lack of substantiation. If an operator files incorrect sales or use tax returns due to negligence or fraud, penalties and interest may be assessed and the operator's seller's permit may be revoked. The interest rate on delinquent taxes is 18% per year. Civil penalties can be as much as 100% of the amount of tax not reported on the return. Criminal penalties for failing to file or filing a false return include a fine up to \$10,000 and imprisonment.

Additional information, including flow charts to explain the sales and use tax treatment, is provided in *Wisconsin Tax Bulletin #140* (October 2004), which can be accessed at www.dor.state.wi.us/ise/wtb/140art.pdf, or by contacting the department's Customer Service Bureau at:

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IV. DID YOU KNOW...?

- The sale of dyed diesel fuel is subject to Wisconsin sales tax, unless an exemption applies (for example, sold for use in farming). The sale of fuel that is subject to motor fuel tax (for example, clear diesel fuel and gasoline) is exempt from Wisconsin sales or use tax.
- Charges for lawn mowing and other landscaping services are subject to Wisconsin sales or use tax.
- Charges by a seller of tangible personal property for shipping and handling are taxable if the property being sold is taxable.
- You can register for a seller's permit on-line.
- Hearing aid batteries are exempt from Wisconsin sales and use tax.
- The sale of popcorn is subject to Wisconsin sales tax, regardless of whether it is sold popped or unpopped.