

SALES AND USE TAX REPORT

1-06

March 2006

In This Issue

	Page
I. New Tax Law.....	1
II. Florence County Adopts County Tax	1
III. Regional Transit Authority Fee to be Imposed in Kenosha, Racine, and Milwaukee Counties - Effective June 1, 2006.....	2
IV. Don't Forget Use Tax	3
V. Filing Sales and Use Tax Returns Electronically	3
VI. Question and Answer	4

**I. NEW TAX LAW – EXEMPTION
CREATED FOR HEALTH INSURANCE
RISK-SHARING PLAN AUTHORITY**
(2005 Act 74, amend sec. 77.54(9a)(a), effective January 7, 2006).

The gross receipts from sales to, and the storage, use, or other consumption of tangible personal property and taxable services by the Health Insurance Risk-Sharing Plan Authority are exempt from Wisconsin sales and use tax.

**II. FLORENCE COUNTY ADOPTS
COUNTY TAX**

Beginning July 1, 2006, the 0.5% county tax will be in effect in Florence County.

Information about which sales and purchases are subject to county sales or use tax and transitional provisions that apply to Florence County sellers can be found in Wisconsin Publication 201, *Wisconsin Sales and Use Tax Information*.

Important: Sellers who are not located in any of the 59 counties that have adopted the county tax may still be subject to the county tax if they deliver property into any of these counties with their own

vehicles or are in some other way “engaged in business” in any of the 59 counties.

Following is a list of the 59 counties that have adopted the county tax and the effective date of each county’s tax.

County	Effective Date	County	Effective Date
Adams	1/1/94	Marathon	4/1/87
Ashland	4/1/88	Marinette	10/1/01
Barron	4/1/86	Marquette	4/1/89
Bayfield	4/1/91	Milwaukee*	4/1/91
Buffalo	4/1/87	Monroe	4/1/90
Burnett	4/1/89	Oconto	7/1/94
Chippewa	4/1/91	Oneida	4/1/87
Columbia	4/1/89	Ozaukee*	4/1/91
Crawford	4/1/91	Pepin	4/1/91
Dane	4/1/91	Pierce	4/1/88
Dodge	4/1/94	Polk	4/1/88
Door	4/1/88	Portage	4/1/89
Douglas	4/1/91	Price	1/1/93
Dunn	4/1/86	Richland	4/1/89
Eau Claire	1/1/99	Rusk	4/1/87
Florence	7/1/06	St. Croix	4/1/87
Forest	4/1/95	Sauk	4/1/92
Grant	4/1/02	Sawyer	4/1/87
Green	1/1/03	Shawano	4/1/90
Green Lake	7/1/99	Taylor	7/1/99
Iowa	4/1/87	Trempealeau	10/1/95
Iron	4/1/91	Vernon	1/1/97
Jackson	4/1/87	Vilas	4/1/88
Jefferson	4/1/91	Walworth	4/1/87
Juneau	4/1/92	Washburn	4/1/91
Kenosha	4/1/91	Washington*	1/1/99
La Crosse	4/1/90	Waupaca	4/1/89
Lafayette	4/1/01	Waushara	4/1/90
Langlade	4/1/88	Wood	1/1/04
Lincoln	4/1/87		

* County also has a 0.1% baseball stadium tax.

Counties that have **not** adopted the county tax are:

Counties Without County Tax

Brown**	Outagamie
Calumet	Racine*
Clark	Rock
Fond du Lac	Sheboygan
Kewaunee	Waukesha*
Manitowoc	Winnebago
Menominee	

* County has a 0.1% baseball stadium tax

** County has a 0.5% football stadium tax

**III. REGIONAL TRANSIT AUTHORITY
FEE TO BE IMPOSED IN KENOSHA,
RACINE, AND MILWAUKEE
COUNTIES – EFFECTIVE JUNE 1, 2006**

Beginning June 1, 2006, the regional transit authority created by Kenosha, Racine, and Milwaukee counties will impose a \$2 fee for each transaction in the region on the rental of Type 1 automobiles, as defined in sec. 340.01(4)(a), Wis. Stats., by establishments primarily engaged in the short-term rental of vehicles without drivers, for a period of 30 days or less.

This fee is to be collected from the person to whom the passenger car is rented and the retailer that collects this fee is required to separately state the fee on the receipt that the retailer provides to the rental customer. However, the following exemptions from the regional transit authority fee apply:

- a. Rerentals
- b. Rentals as a service or repair replacement vehicle
- c. Rentals which are prohibited from being taxed under the constitution or laws of the United States or under the constitution of the State of Wisconsin (sec. 77.54(1), Wis. Stats.)
- d. Rentals by any public or private elementary or secondary school exempt from Wisconsin income or franchise taxes, including school districts (sec. 77.54(4), Wis. Stats.)

- e. Rentals that qualify as occasional sales, as defined in sec. 77.51(9), Wis. Stats. (sec. 77.54(7)(a), Wis. Stats.)
- f. Rentals by a neighborhood association, church, civic group, garden club, social club, or similar nonprofit organization if the organization is not engaged in a trade or business and is not required to have a seller's permit (sec. 77.54(7m), Wis. Stats.)
- g. Sales of tickets or admissions to public and private elementary school activities, where the entire net proceeds therefrom are expended for educational, religious or charitable purposes (sec. 77.54(9), Wis. Stats.)
- h. Rentals to the following organizations under sec. 77.54(9a), Wis. Stats.:
 - 1. Wisconsin or any agency thereof
 - 2. The University of Wisconsin Hospitals and Clinics Authority
 - 3. The Health Insurance Risk-Sharing Plan Authority
 - 4. The Fox River Navigational System Authority
 - 5. Any county, city, village, town, or school district in Wisconsin
 - 6. A county-city hospital established under sec. 66.0927, Wis. Stats.
 - 7. A sewerage commission organized under sec. 281.43(4), Wis. Stats.
 - 8. A metropolitan sewerage district organized under secs. 200.01 to 200.15 or 200.21 to 200.65, Wis. Stats.
 - 9. Any other unit of government in this state or any agency or instrumentality of one or more units of government in this state
 - 10. Any joint local water authority created under sec. 66.0823, Wis. Stats.

11. Any corporation, community chest fund, foundation, or association organized and operated exclusively for religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals, except hospital service insurance corporations under sec. 613.80(2), Wis. Stats., no part of the net income of which inures to the benefit of any private stockholder, shareholder, member, or corporation
12. A local exposition district under subch. II of ch. 229, Wis. Stats.
13. A local cultural arts district under subch. V of ch. 229, Wis. Stats.

(Note: Exemptions other than those listed above, that apply for Wisconsin sales and use tax purposes, do not apply for purposes of the regional transit authority fee.)

For additional information about the Regional Transit Authority Fee, please see *Wisconsin Tax Bulletin #144* (September 2005), available at www.dor.state.wi.us/ise/wtb/144law.pdf.

IV. DON'T FORGET USE TAX

Failure to report use tax is the most common error on sales and use tax returns. Make sure use tax is correctly reported on your sales and use tax return (Form ST-12).

The 5% use tax is imposed on the purchase price of tangible personal property or taxable services that are to be used, stored, or consumed within Wisconsin, **upon which a sales tax is not imposed.**

Common examples involving use tax include:

- Property purchased or used in Wisconsin that is purchased from an out-of-state seller who did not charge Wisconsin sales or use tax.

Example: A Wisconsin company orders office supplies from an out-of-state seller via the Internet. The out-of-state seller does not charge Wisconsin sales or use tax on its sale and ships the office supplies to the buyer's Wisconsin lo-

cation. The Wisconsin company is liable for Wisconsin use tax on its purchase price of these office supplies, including any charge for shipping and handling.

- Building materials are purchased by a nonresident contractor from a seller located in a state other than Wisconsin, and the seller either does not charge sales tax or charges a tax at a rate less than 5%. The nonresident contractor uses the materials in real property construction in Wisconsin.

Example: A contractor located in Illinois purchases building materials in another state and pays that state's 3% sales tax on the materials. The contractor uses the materials in constructing a building in Wisconsin. The contractor owes the 5% Wisconsin use tax on the purchase price of the materials used in Wisconsin. The contractor is allowed a credit for the sales tax paid to the other state.

- Property is purchased for resale (to sell to others) or for a nontaxable use, and then is used by the purchaser in a taxable manner. No sales tax is paid when the property is purchased.

Example: A furniture store buys desks to resell to customers. The furniture store gives the seller an exemption certificate claiming resale, therefore, no sales tax is charged on the sale of the desks to the furniture store. A desk is then taken from the furniture store's inventory and used by the store bookkeeper. The store owes use tax on its purchase price of the desk.

For additional information about Wisconsin use tax, please see Publication 201, *Wisconsin Sales and Use Tax Information*, and Publication 214, *Businesses: Do You Owe Use Tax?* These publications can be accessed on the department's web site at www.dor.state.wi.us/html/pubs.html.

V. 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 online 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 online 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 at 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

VI. QUESTION AND ANSWER

Q A tavern makes arrangements for a band to perform at the tavern. On the night of the performance, the tavern charges a \$5.00 cover charge. All proceeds from the cover charge will be given to the band as payment for its performance. Is the cover charge taxable? If so, who is responsible for reporting and remitting the sales tax?

A Yes, the cover charge is taxable. Sales tax is imposed on the sale of admissions to amusement, athletic, entertainment, or recreational events or places. Since the tavern is the seller of the admission (cover charge) the tavern is liable for sales tax on its gross receipts from the admissions, regardless of whether the proceeds are given to the band.

Note: The tavern’s payment to the band is not subject to sales or use tax.