
Occasional Sales of Business Assets Sales and Use Tax Fact Sheet 2110

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This fact sheet provides information about the occasional sales exemption for the sale of business assets by businesses who hold or are required to hold a seller's permit.

Sales of Business Assets

The sale of business assets, consisting of taxable products, by a person who holds or is required to hold a seller's permit at the time of the sale is subject to Wisconsin sales and use tax, unless the sale meets *all* of the following conditions:

- Is of taxable products previously used by the seller to conduct its trade or business at a location.
- Occurs after the seller ceased operating the business at that location.¹
- Is not inventory held for sale.²
- Is not a motor vehicle, boat, snowmobile, recreational vehicle as defined in [sec. 340.01\(48r\), Wis. Stats.](#), trailer, semitrailer, all-terrain vehicle, utility terrain vehicle, off-highway motorcycle, or aircraft that is registered or titled, or required to be registered or titled in Wisconsin.

¹ "Location" is determined by the address. A different street address is a separate location.

² Sales of inventory that consist of taxable products are subject to tax, unless the seller receives a fully completed exemption certificate from its customer.

A sale that meets all of the requirements above is exempt from sales and use taxes, even if the seller holds a seller's permit for one or more other locations. **Note:** If the sale of an asset qualifies for the occasional sales exemption, the purchaser is not required to remit use tax on the asset purchase.

Sales of Registered or Titled Items in Wisconsin

The sale of a motor vehicle, boat, snowmobile, recreational vehicle as defined in [sec. 340.01\(48r\), Wis. Stats.](#), trailer, semitrailer, all-terrain vehicle, utility terrain vehicle, off-highway motorcycle, or aircraft by a person who holds or is required to hold a seller's permit is subject to Wisconsin sales and use tax unless *one* of the following applies:

- The vehicle is transferred to a spouse, parent, stepparent, father-in-law, mother-in-law, child, stepchild, son-in-law, daughter-in-law of the transferor and that transferor was previously registered or titled in the name of transferor, if the item is required to be registered and the transferor cannot be engaged in the business of selling this type of property.
- The item is a motor vehicle and it is transferred to a corporation owned solely by the transferor or the transferor's spouse, provided the motor vehicle has been previously registered or titled in Wisconsin in the name of the transferor, if required to be registered or titled and the transferor is not engaged in the business of selling motor vehicles.

Note: If the sale of an asset qualifies for the occasional sales exemption, the purchaser is not required to remit use tax on the asset purchase.

Sales of Business Asset Examples

The following examples illustrate whether the occasional sales exemption applies to the sale of the assets.

Index to Examples

Example 1 – *Continuing business sells assets*

Example 2 – *Business sells assets prior to ceasing operations*

Example 3 – *Business sells assets after ceasing operations, including a motor vehicle*

Example 4 – *Sale of a motor vehicle by a corporation*

Example 5 – *Business sells assets – same postal address*

Example 6 – *Business sells assets – different postal address*

Example 7 – *Sales of assets of a business that does not close*

Example 1 - Continuing business sells assets: A business has one location in Wisconsin and decides to sell some of its used equipment. The business holds a seller's permit and will not be ceasing its business operations. The sales of the used equipment are subject to Wisconsin sales and use tax, unless the purchaser provides a fully completed exemption certificate to the seller.

Example 2 - Business sells assets prior to ceasing operations: A business with one location in Wisconsin will be going out of business. The business continues to sell its inventory and also sells some of its used business assets. The business has not ceased its business operations and is required to continue to hold a seller's permit. The inventory and used asset sales are not exempt occasional sales, since the business has not ceased operating its business at that location. The inventory and asset sales are subject to Wisconsin sales and use tax, unless the purchaser provides a fully completed exemption certificate.

Example 3 - Business sells assets after ceasing operations, including a motor vehicle: A business has two locations in Wisconsin and has ceased all of its business activities at one of the locations. The assets used in the business operations at that location will be sold, including one motor vehicle. The business is required to continue to hold a seller's permit for its other location. The sales of the assets qualify for the occasional sales exemption. However, the sale of the motor vehicle does not meet the occasional sales exemption and is subject to Wisconsin sales and use tax, unless the purchaser is a relative or corporation described above.

Example 4 - Sale of a motor vehicle by a corporation: A floral delivery corporation sells a motor vehicle that was used in the business. The motor vehicle was registered and titled in the corporation's name. The business owner's son purchases the vehicle. The sale of the motor vehicle does not meet the occasional sales exemption, because the purchaser is not a qualifying relative of the transferor who is on the registration or title (i.e., the corporation). The sale is subject to Wisconsin sales and use tax.

Example 5 - Business sells assets – same postal address: A corporation owns a hotel, restaurant, and bowling alley, which are located next to each other. The postal address for the hotel is 111 Main Street and the postal address for both the restaurant and bowling alley is 112 Main Street. The corporation ceases all bowling alley operations and sells the business assets. The sales do not qualify for the occasional sales exemption, since the corporation has not ceased operating at the bowling alley location. The corporation is still operating the restaurant at the same location (same postal address).

Example 6 - Business sells assets – different postal address: Same facts as *Example 5*, except the corporation will cease all hotel operations, rather than the bowling alley. The sales of the assets used in the hotel operations qualify

for the occasional sales exemption, since the corporation ceased all business operations at that location. The restaurant and bowling alley are at different locations (different postal address.)

Example 7 - Sales of assets of a business that does not close: A hotel plans to sell its assets to another corporation who will continue to operate the hotel. Guests are staying at the hotel at the time of the stay. The sales contract states that the seller will cease its business operations at the hotel at 12:00 a.m., and the sale of the business assets will occur at 12:01 a.m. The sale of the assets qualifies for the occasional sales exemption and is not subject to Wisconsin sales and use tax. The seller ceased all business operations at that location prior to selling the assets.

Any Questions?

If you are unable to find an answer to your question about sales and use taxes on the department's website, you may email, write, or call the department.

Visit our website:	revenue.wi.gov
Email:	DORSalesandUse@wisconsin.wi.gov
Write:	Wisconsin Department of Revenue Mail Stop 5-77 P.O. Box 8949 Madison, WI 53708-8949
Telephone:	(608) 266-2776
Fax:	(608) 267-1030

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