

Important Changes

- Calumet County tax begins Apr 1, 2018
- Brown County tax begins Jan 1, 2018
- Kewaunee County tax begins Apr 1, 2017
- Sheboygan County tax begins Jan 1, 2017
- Brown County football stadium tax ended Sept 30, 2015

Motor Vehicle Fuel Users:

Do You Owe Use Tax?

When you receive a refund of Wisconsin motor vehicle fuel tax, your purchase of the fuel may be subject to Wisconsin use tax.

I. INTRODUCTION

This publication will help you determine if you must pay use tax on your purchase of motor vehicle fuel as a result of receiving a Wisconsin motor vehicle fuel tax refund.

When you receive a refund of Wisconsin motor vehicle fuel tax, your purchase of the fuel is subject to Wisconsin use tax unless an exemption applies. Examples of fuel purchases exempt from Wisconsin use tax are listed in Part III.

If the fuel is subject to Wisconsin state use tax, a county and/or stadium use tax is also due if you purchase the fuel (that is, receive the fuel) in a Wisconsin county that has county and/or stadium use tax. **Note:** If you purchase the fuel in a county with no county or stadium tax, even if you later store, use, or consume the fuel in a county which has county or stadium tax, no county or stadium use tax is due.

II. FUEL PURCHASES SUBJECT TO WISCONSIN USE TAX

Examples of fuel purchases subject to Wisconsin use tax, if the Wisconsin motor vehicle fuel tax is refunded to you, include:

- Fuel used in real property construction, including road construction.
- Fuel used in well drilling.
- Fuel used in landscaping or logging.
- Fuel used in refuse, recycling, and waste handling equipment.
- Fuel used in golf carts and amusement rides.
- Fuel used in all-terrain vehicles. (**Note:** Fuel would be exempt if used in farming).
- Fuel for which a sales or use tax exemption certificate was issued by the purchaser to the seller but the fuel was used in a taxable

manner (for example, fuel purchased without motor vehicle fuel tax for use in farming, but used instead in landscaping).

III. FUEL PURCHASES EXEMPT FROM WISCONSIN USE TAX

Examples of fuel purchases which are exempt from Wisconsin use tax, even though you received a refund of Wisconsin motor vehicle fuel tax on such fuel purchases, include:

- Fuel consumed in machines and equipment used directly in manufacturing tangible personal property in Wisconsin.
- Fuel used in farming.
- Fuel used in logging when providing custom farming services. See [Wisconsin Tax Bulletin #152, page 19](#).
- Fuel used in mobile mixing and processing units (for example, ready-mix units).
- Fuel used for heating a person's permanent principal residence. (This exemption does not include heating fuel used in motor homes, travel trailers, and recreational vehicles.)
- Fuel for rail freight or other rolling stock used in railroad operations.
- Fuel converted to electric energy, gas, or steam by utilities and fuel converted to steam for purposes of resale.
- Fuel purchased by a Wisconsin governmental agency or local unit of government, any public school, university or college in Wisconsin, and the federal government.
- Fuel purchased by nonprofit organizations that hold a Certificate of Exempt Status issued by the Wisconsin Department of Revenue.
- Fuel used in commercial vessels and barges of 50-ton burden or over which are primarily engaged in interstate or foreign commerce or commercial fishing.

- Fuel used in taxicabs.
- Vegetable oil or animal fat that is converted into motor vehicle fuel that is exempt under sec. 78.01 (2n), Wis. Stats., from the motor vehicle fuel tax. (Effective September 1, 2011)

IV. HOW TO COMPUTE USE TAX

The amount subject to Wisconsin use tax on purchases of motor vehicle fuel is computed as follows:

A. Purchase price of motor fuel, (including shipping and handling)	\$ xxx
B. Less: Wisconsin motor vehicle fuel tax refunded	(xx)
C. Less: Federal motor fuel tax refunded	(xx)
D. Amount subject to use tax	\$ xxx

Example of Computing Use Tax

Facts: On January 3, 2012, Company ABC purchased 10,000 gallons of motor vehicle fuel and was invoiced as follows:

10,000 gallons	
@ \$3.50 per gallon	\$ 35,000
Wisconsin motor vehicle fuel tax	3,090
Federal motor fuel tax	2,440
Shipping	<u>200</u>
Total purchase price	<u>\$ 40,730</u>

- Company ABC uses this motor fuel in machinery off the highway.
- On January 10, 2012, Company ABC filed a claim for refund for the \$3,090 of Wisconsin motor vehicle fuel tax it paid. The refund check of \$3,090 issued by the Department of Revenue was dated February 1, 2012.
- Company ABC also claimed a credit of \$2,440 on its 2012 federal income tax return for the

federal motor fuel tax it paid. The federal income tax return was filed by March 15, 2013.

When was Wisconsin Use Tax Due? Company ABC's purchase of the motor fuel became subject to Wisconsin use tax on February 1, 2012 (that is, the date of the Wisconsin motor vehicle fuel tax refund check).

Computing the Tax: The amount subject to Wisconsin use tax is computed as follows:

Total purchase price of motor fuel (including shipping and handling)	\$ 40,730
Less: Wisconsin motor vehicle fuel tax refunded	(3,090)
Federal motor fuel tax refunded	<u>(2,440)</u>
Amount subject to Wisconsin use tax	<u>\$ 35,200</u>

V. HOW TO REPORT WISCONSIN USE TAX

Individuals have two options for paying Wisconsin use tax:

- Pay use tax on your Wisconsin income tax return. Use the line entitled "Sales and use tax due on Internet, mail order or other out-of-state purchases," or
- Report and pay use tax quarterly on Wisconsin [Form UT-5](#), Consumer Use Tax Return.

Businesses have two options for paying Wisconsin use tax:

- A business can pay use tax on its Wisconsin sales and use tax return, or
- A business can report and pay use tax on a Wisconsin [Form UT-5](#), Consumer Use Tax Return.

Form UT-5 must be filed by the end of the month following the calendar quarter in which the fuel became subject to Wisconsin use tax.

For example, if motor fuel became subject to use tax in February 2013, the use tax would be reported on Form UT-5 for the calendar quarter ending March 31, 2013. Form UT-5 must be filed by April 30, 2013.

You will avoid interest and penalties by paying use tax when due.

VI. ANY QUESTIONS?

If you have questions, please contact:

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CAUTION

The information in this publication reflects the interpretations by the Wisconsin Department of Revenue of laws enacted by the Wisconsin Legislature as of May 1, 2013. Laws enacted and in effect after this date, administrative rules, and court decisions may change the interpretations in this publication. The examples and lists contained in this publication are not all-inclusive. They merely set forth common examples.