

Wisconsin Department of Revenue

SALES AND USE TAX REPORT

3-02

September 2002

I. GREEN COUNTY ADOPTS COUNTY TAX

Beginning January 1, 2003, the 0.5% county tax will be in effect in Green County.

Following is a list of the 57 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
Forest	4/1/95	St. Croix	4/1/87
Grant	4/1/02	Sauk	4/1/92
Green	1/1/03	Sawyer	4/1/87
Green Lake	7/1/99	Shawano	4/1/90
Iowa	4/1/87	Taylor	7/1/99
Iron	4/1/91	Trempealeau	10/1/95
Jackson	4/1/87	Vernon	1/1/97
Jefferson	4/1/91	Vilas	4/1/88
Juneau	4/1/92	Walworth	4/1/87
Kenosha	4/1/91	Washburn	4/1/91
La Crosse	4/1/90	Washington*	1/1/99
Lafayette	4/1/01	Waupaca	4/1/89
Langlade	4/1/88	Waushara	4/1/90
Lincoln	4/1/87		

* County also has a 0.1% baseball stadium tax

Important: Sellers who are not located in any of the 57 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 57 counties.

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

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

Counties Without County Tax

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

* County has a 0.1% baseball stadium tax

** County has a 0.5% football stadium tax

II. NEW TAX LAWS

A. Conform to Federal Mobile Telecommunications Sourcing Act (effective for customer bills issued after August 1, 2002)

The Wisconsin sales and use tax treatment of certain mobile telecommunications services is modified to conform to the federal Mobile Telecommunications Sourcing Act.

Federal Mobile Telecommunications Sourcing Act

The federal Mobile Telecommunications Sourcing Act, 4 USC §§ 116 to 126, as amended by P.L. 106-252 (Act), provides rules to determine the taxing jurisdiction (for example, state) that may impose certain taxes (for example, sales or use tax) on mobile telecommunications services (for example, cellular telephone service).

In general, the Act provides that:

- The customer's home service provider is the retailer of any mobile telecommunications services charges billed by or for such provider.

- Charges for mobile telecommunications services are subject to tax, charge, or fee by taxing jurisdictions of the customer's place of primary use, regardless of where the mobile telecommunications services originate, terminate, or pass through. No other taxing jurisdiction may impose taxes, charges, or fees on charges for such mobile telecommunications services.

Exception: The Act does not apply to prepaid telephone calling services.

For more detailed information on the federal Mobile Telecommunications Sourcing Act, refer to *Wisconsin Tax Bulletin 131*, page 5 (www.dor.state.wi.us/ise/wtb/131law.pdf).

Wisconsin Tax on Mobile Telecommunications Services

Effective for customer bills issued after August 1, 2002, sales of mobile telecommunications services subject to the Act are subject to Wisconsin sales or use tax if the customer's place of primary use is in Wisconsin, as determined under the Act. All of the provisions of the Act are adopted for Wisconsin sales and use tax purposes. However, if the Act, or the application of the Act, is found unconstitutional, sales of mobile telecommunications services would be subject to Wisconsin sales and use tax as prescribed by the Wisconsin sales and use tax law prior to the August 1, 2002, change.

County and stadium sales or use taxes are imposed on the sale of services subject to the Act if the customer's place of primary use is in a taxable county and stadium district.

Example 1: Individual A's residence is in Green Bay, Wisconsin. Individual A contracts with Service Provider B for cellular telephone service that is subject to the Act. While in Illinois, Individual A makes telephone calls to persons in California. Service Provider B bills Individual A for these calls.

Individual A's place of primary use of the service is her residential street address in Green Bay. Therefore, the charge made by Service Provider B to Individual A for these calls is subject to 5.5% Wisconsin sales tax (5% state tax and 0.5% football stadium tax).

Example 2: Corporation C's primary business location is in Milwaukee, Wisconsin. Corporation C contracts with Service Provider B for cellular telephone service that is subject to the Act. The cellular telephone service is for Corporation C's

employees, whose place of primary use of the service is at Corporation C's primary business location in Milwaukee. While in Illinois, an employee of Corporation C makes telephone calls to persons in California. Service Provider B bills Corporation C for these calls.

Corporation C's place of primary use of the service is its primary business street address in Milwaukee. Therefore, the charge made by Service Provider B to Corporation C for these calls is subject to 5.6% Wisconsin sales or use tax (5% state tax, 0.5% Milwaukee County tax, and 0.1% baseball stadium tax).

Note: Under prior law, the telecommunications services for the calls from Illinois to California in Examples 1 and 2 were not subject to Wisconsin sales or use tax, because the services did not originate or terminate in Wisconsin.

Example 3: Individual D's residence is in Chicago, Illinois. Individual D contracts with Service Provider E for cellular telephone service that is subject to the Act. While in Kenosha, Wisconsin, Individual D makes telephone calls to persons in Janesville, Wisconsin. Service Provider E bills Individual D for these calls.

Individual D's place of primary use of the service is his residential street address in Chicago. The charges made by Service Provider E to Individual D for these calls are not subject to Wisconsin sales or use tax.

Note: Under prior law, the telecommunications services for the calls from Kenosha to Janesville in Example 3 were subject to 5.5% Wisconsin sales or use tax (5% state tax and 0.5% Kenosha County tax).

Generally, the Wisconsin tax treatment for sales of the rights to purchase telecommunications services (for example, prepaid telephone calling cards) is unchanged. See *Wisconsin Tax Bulletin 109* (June 1998), page 10, for the tax treatment of such sales.

Customer Remedy

If a customer purchases a mobile telecommunications service subject to the Act and believes that the (1) amount of the tax assessed, (2) place of primary use, or (3) taxing jurisdiction is erroneous, the customer may request in writing a correction by the service provider.

Within 60 days from the date that a service provider receives a request for correction, the service provider must provide one of the following:

- A written explanation of why there is no error.
- A refund or credit of sales or use tax collected erroneously from the customer in the previous 48 months, along with the related interest, consistent with sec. 77.59(4), Wis. Stats.

A customer may take no other action, or commence any action, to correct an alleged error in the amount of the Wisconsin sales or use tax assessed on a service subject to the Act or to correct an alleged error in the assigned place of primary use or taxing jurisdiction, unless the customer has exhausted his or her remedies described above.

B. Clarify Tax Treatment for Telecommunications Services Furnished Through Use of Prepaid Telephone Calling Cards and Authorization Numbers (effective July 30, 2002)

This provision clarifies that telecommunications services are exempt from sales and use tax, if:

- The telecommunications services are obtained by using the rights to purchase telecommunications services, including purchasing reauthorization numbers, by paying in advance and using an access number and authorization code (for example, prepaid telephone calling cards or prepaid authorization numbers), and
- The tax imposed under sec. 77.52 or 77.53, Wis. Stats., was previously paid on the sale or purchase of such rights.

Example: Convenience Store A, located in Milwaukee, Wisconsin, sells a prepaid telephone calling card to Individual B for \$21.12 (\$20 plus \$1.12 state, county, and stadium sales taxes). Individual B receives the prepaid telephone calling card at Convenience Store A's location in Milwaukee. Individual B uses the card to make telephone calls from Milwaukee to Chicago, Illinois. The telephone service for these calls is furnished by Company XYZ.

Convenience Store A correctly charged sales tax on the sale of the card. Because the proper Wisconsin sales tax was previously paid on the sale of the prepaid telephone calling card used to make the calls, the telephone services sold by Company XYZ for the calls from Milwaukee to Chicago are exempt from sales and use tax.

C. Exemption Certificates Not Required for Certain Sales of Livestock (effective September 1, 2002)

No sales and use tax exemption certificate is required to be obtained by a seller as proof of exemption from Wisconsin sales or use tax for sales of cattle, sheep, goats, and pigs that are sold at a livestock market, as defined in sec. 95.68(1)(e), Wis. Stats.

Section 95.68(1)(e), Wis. Stats., defines livestock market as any premises which are open to the public for the purpose of trading in livestock and on which facilities are maintained for their yarding, feeding, and watering prior to sale.

D. City of Bayfield May Impose Premier Resort Area Tax (effective July 30, 2002)

The City of Bayfield may, by ordinance, impose a 0.5% premier resort area tax, even if less than 40% of the equalized assessed value of the taxable property within the City of Bayfield is used by tourism-related retailers. Under prior law, at least 40% of the equalized assessed value of the taxable property within the City of Bayfield must have been used by tourism-related retailers for the City of Bayfield to impose the premier resort area tax.

III. ELECTRONIC FILING OF SALES TAX RETURNS MAY BE REQUIRED

In August 2002, the department began notifying selected sales and use tax registrants (Registrants) that they were required to file their Wisconsin sales and use tax returns (Form ST-12) electronically using the department's Sales Internet Process (SIP). Registrants notified of the requirement to file electronically have 90 days to make arrangements to begin filing through SIP.

Returns filed with the department electronically are administered on a secure web site, and the Registrants exercise control over who can view, prepare, or file their returns.

Signed authorizations (Form S-002) are necessary for a business owner or officer to grant access to the secure web site for the individuals(s) that they designate. Form S-002 was provided with the notification letter and it is available at www.dor.state.wi.us/forms/sales/s-002.pdf.

The department realizes that some Registrants may not be able to file electronically because of some hardship, including:

- No computer
- No Internet access

- Incompatible computer hardware

In such cases, the registrant should request from the department, **in writing**, a waiver from the electronic filing requirement. The request should indicate the business name, seller's permit or use tax certificate number, and a reason why sales and use tax returns cannot be filed using SIP. Requests can be mailed to Wisconsin Department of Revenue, Mail Stop 5-77, PO Box 8903, Madison, WI 53708-8903, or e-mailed to efilesales@dor.state.wi.us

The department anticipates that over the next two years, all sales and use tax registrants will be notified and required to file their sales and use tax returns electronically.

Additional information is available at www.dor.state.wi.us/eserv/rule.html#sales or you may contact the department by mail or e-mail at the address above or by telephone at 608-261-6261.

IV. INTEGRATED TAX SYSTEM UPDATE

The Department of Revenue is implementing an integrated tax system (ITS) to perform tax collection and administration with fewer resources while providing a higher level of customer service at the same time.

ITS is scheduled to come online late this year. The first release of the system will be used to register new business tax customers, maintain existing customer accounts, process sales and use tax returns, and perform accounting and correspondence functions. Future releases of the system will add individual income, corporation, partnership, withholding, motor fuel, cigarette, liquor, beer, utility, property, manufacturing property, and other tax types to form a truly integrated system.

Because ITS interfaces with a large number of software programs and existing systems, the department has been thoroughly testing and debugging it since February and will continue to test it until we are satisfied it meets the performance level we expect. Our goal is to provide customers with a transition that is as seamless as possible from our old system to our new system.

Changes

Sales and use tax registrants will begin seeing the following changes in December 2002 and January 2003.

- The look and content of bills, notices, and letters will change.
- New tax account numbers will be issued, replacing current seller's permit and use tax certificate numbers.

- Security deposits may be required more frequently for existing and new accounts that owe or have owed delinquent taxes.

Benefits

Some customer benefits ITS will offer with the first and subsequent releases include:

- More ways to file returns and submit payments.
- Aid in preventing identity theft through the use of new tax account numbers, rather than federal employer identification numbers or social security numbers. The tax account number will eventually be used across all tax types administered by the Department of Revenue.
- Mailing sales and use tax refunds at the same time as the notice of refund. Currently, the refund check is mailed out weeks after the notice is mailed out.
- More informative, easier to read correspondence from the department to assist you in understanding why you were contacted, reducing your need to call us for clarification.
- More efficient customer service, since all tax information will be located in one place.
- In the future, customer access to accounts online via a secure connection.

More Information

In the June 2002 *Sales and Use Tax Report*, it was incorrectly reported that the department would do a special mailing in the fall of 2002, regarding ITS. Instead, notices of ITS changes will be mailed with sales and use tax returns for quarters and years ending December 31, 2002, and for months ending January 31, 2003.

More information is available by reading our Frequently Asked Questions (FAQs) for Integrated Tax on the department's web site at www.dor.state.wi.us/faqs/pcs/its.html.

V. DID YOU KNOW . . . ?

Receipts a landlord receives from a tenant for cleaning or repairing tangible personal property in the tenant's apartment (e.g., carpet, furniture, and draperies) **after** the tenant has vacated the apartment are not subject to Wisconsin sales or use tax. It does not matter whether the receipts were from a forfeited security deposit or a later payment.

However, if such services are performed for the tenant while the tenant resides in the apartment, the charges to the tenant for services to tangible personal property are subject to Wisconsin sales or use tax.