



SALES AND USE TAX REPORT

December 2013
Issue 3-13

If you would like to receive notification when a new *Sales and Use Tax Report* is available, subscribe to the sales and use tax electronic mailing list at revenue.wi.gov/html/lists.html. All of the *Sales and Use Tax Reports* are available at revenue.wi.gov/ise/sales/index.html.

In This Issue

	Page
I. Hanging Holiday Lights	1
II. Increase In Sales And Use Tax Filing Frequency Thresholds	1
III. Change In Taxes Included In Taxable Sales Price	2
IV. Snow Removal Services	2

I. HANGING HOLIDAY LIGHTS

The service of hanging someone else's holiday lights and/or decorations is a taxable service. ([Section 77.52\(2\)\(a\)10.](#), Wis. Stats.)

When a company owns the holiday lights and/or decorations and provides, sets up, and takes the holiday lights and/or decorations down (but does not operate the holiday lights and/or decorations), the company is renting the holiday lights and/or decorations to its customer. The fact that the company may replace light bulbs when needed does not change this tax treatment. The charge for the rental of the holiday lights and/or decorations is taxable. If the company makes no use of the holiday lights and/or decorations other than to rent them to customers for a fee, the company may purchase them without tax for resale. [↗](#)

II. INCREASE IN SALES AND USE TAX FILING FREQUENCY THRESHOLDS

Effective January 1, 2014, the amounts used to determine whether a taxpayer files annual, quarterly, or monthly sales tax returns will change due to a law change in 2013 Wis. Act 20. Approximately 20,000 taxpayers were notified in November that they were eligible to file their sales and use tax returns less frequently during 2014.

Examples:

- Retailer A's filing status for 2013 is monthly (12 sales tax returns were required to be filed for 2013). Since Retailer A's tax was \$1,200 or less in each calendar quarter, Retailer A received notification that its filing frequency for 2014 was changed to quarterly (four returns per year).
- Retailer B's filing status for 2013 is quarterly (four sales tax returns were required to be filed for 2013). Since Retailer B's tax was \$600 or less in each calendar quarter, Retailer B received notification that its filing frequency for 2014 was changed to annual (one return per year).

Although letters notifying affected taxpayers were sent in November, the department recognizes that some taxpayers will want to keep their current, more frequent, filing status. The Department of Revenue has made it easy for taxpayers to keep their current filing status by using [My Tax Account](#) and selecting the "Keep Filing Frequency" option in "Sales & Use Tax Account." **All requests submitted through My Tax Account must be made by December 31, 2013.**

After January 1, 2014, taxpayers that want to file more frequently should email a request to the department at DORRegistration@revenue.wi.gov. [↗](#)

III. CHANGE IN TAXES INCLUDED IN TAXABLE SALES PRICE

The definitions of "sales price" and "purchase price" were amended effective July 2, 2013, pursuant to 2013 Wisconsin Act 20. Changes in the tax treatment of the following are a result of this amendment:

- **State Universal Service Fund (USF) Fee** - The state USF fee is not included in the retailer's taxable sales price. Therefore, the retailer should not charge tax on this fee.

Prior to July 2, 2013, the retailer was required to collect and remit tax on the state USF fee.

Note: This change does not affect the tax treatment of the federal USF fee. The federal USF fee continues to be included in the retailer's taxable sales price.

- **Federal Excise Tax on Heavy Trucks and Trailers** - The federal excise tax imposed on the first retail sale of heavy trucks and trailers under s. 4051 of the Internal Revenue Code is included in the retailer's taxable sales price.

Prior to July 2, 2013, this tax was not included in the retailer's sales price.

When taxes are imposed on a retailer, the tax is not included in the retailer's taxable sales price if both of the following apply:

1. The retailer separately states the tax on the invoice, bill of sale, or similar document that the retailer gives to the purchaser; **and**
2. The law imposing or authorizing the tax provides that the seller may, but is not required to, pass on and collect the tax from the user or consumer. [↗](#)

IV. SNOW REMOVAL SERVICES

The sale of snow removal services is not taxable. Snow removal services are not among the taxable services provided in [sec. 77.52\(2\)\(a\)](#), Wis. Stats. (2011-12). A seller's charge for snowplowing or sanding and salting roads, sidewalks, or parking lots is not subject to sales tax. The service provider is the consumer of any property that it transfers to its customers with such services and is liable for sales or use tax on its purchase of such property.

Example 1: A person contracts with Company to have his driveways and parking lots plowed and sanded during the winter months. Company charges the person by the hour. No part of the charge by Company is subject to sales tax. Company must pay Wisconsin sales or use tax on its purchase of the sand used in providing the service.

Example 2: A person contracts with Company to have her driveways and parking lots plowed and salted during the winter months. Company charges the person based on the amount of salt used. No part of the charge by Company is subject to sales tax. Company must pay Wisconsin sales or use tax on its purchase of the salt used in providing the service. [↗](#)