



# TAX REPORT

SALES/USE TAX

WISCONSIN DEPARTMENT of REVENUE

SEPT. 1968

## SALES TO NATIONAL BANKS TAXABLE

A recent decision of the U. S. Supreme Court held that a national bank is exempt from the Massachusetts sales tax. Some retailers have questioned whether they must pay Wisconsin sales tax on their sales to national banks.

The Wisconsin sales and use tax law is different than the Massachusetts law. The Wisconsin law, in contrast, imposes the sales tax upon the retailer.

Retailers should continue to collect the Wisconsin sales tax on sales to national banks. The tax also applies to sales to state banks.

## NEW FARMER'S EXEMPTION CERTIFICATE

Until now each time a farmer purchased a taxable item for exclusive use in agriculture or dairying he had to sign a "Farmer's Unit Exemption Certificate". The exemption certificate has been revised and it is not necessary to sign a certificate for each transaction.

This new form may be used as a "blanket certificate" (for continuous use) to purchase tractors rated at 15 H.P. or more and for their parts and repair service. A single purchase certificate is required for all other types of purchases. No claim for exemption can be made by farmers for the purchase of automobiles, motor trucks or lawn and garden tractors.

The department also authorizes the use of approved rubber stamps or imprinted sales invoices which contain the essential language expressed in the single purchase exemption certificate.

Orders for supplies of new Farmer's Exemption Certificates (Forms S-206) should be addressed to the department at P.O. Box 58, Madison 53701.

## CONTRACTORS ARE CONSUMERS WHEN FULFILLING CONSTRUCTION CONTRACTS

Wisconsin law states that contractors and subcontractors are the consumers of taxable property used by them in fulfilling construction contracts. The contractor's supplier is required to collect the 3% tax from the contractor even though the contractor is engaged in the improvement of real estate for an exempt institution (e.g. church, school, or governmental unit).

The exempt status of the ultimate owner and user of the building does not result in contractor-consumer being exempt on his purchases.

## DUAL ACTIVITY CONTRACTOR & RETAILER

Firms doing business as both contractor and retailer may buy tax free by purchasing for resales, if they do not know whether the property will be sold at retail or will be used to fulfill a construction contract. These combination businesses compute the tax on retail sales at 3% of the selling price, and on items going into contract work on the basis of cost.

If a contractor knows at the time he orders taxable goods that they will be used in the fulfillment of a construction contract, he should pay the tax to his supplier.