



The September newsletter is enclosed. We did not receive it from the printer in time to send it along with the third quarter sales tax return.

THE WISCONSIN 3% USE TAX

Every state that has a sales tax has a use tax to complement it. Without a use tax, consumers living in a sales tax state might be able to purchase merchandise in a state with no sales tax to avoid paying tax. This would have an adverse affect upon local merchants, and reduce the amount of sales tax revenue.

To prevent this a use tax is levied on the consumption of taxable property within the state at the same rate as the sales tax. The use tax is imposed whenever the consumer purchases property out-of-state without paying a sales tax equivalent to the local rate, and then uses the taxable property in his home state.

The use tax is based upon the sale price of the property to the purchaser. When the property is purchased out-of-state from retailers who are not authorized to collect the tax, the consumer must report and pay 3% use tax directly to this state. A use tax return must be filed by the consumer on or before the last day of the month following the quarterly period during which the purchase is made. A registered Wisconsin seller reports any use tax due on line 6 of his selective sales and use tax return, (Form ST-12).

SUCCESSOR'S LIABILITY - SALES TAX

Sections 77.52(18) and (18)(a) prevent a retailer who owes delinquent sales taxes from selling his business and not paying his sales tax obligations. A simple procedure is available to the purchaser of a business to protect himself from being liable for his predecessor's tax.

The law provides that individual or corporate successors of a business shall withhold sufficient of the purchase price to cover any sales tax deficiency of the former owner, until the time the former owner produces a certificate from this department stating that no sales tax is due. If the purchaser fails to withhold from the purchase price as required by law, **he becomes liable for the predecessor's sales tax delinquency** to the extent of the purchase price.

A purchaser of a business should request a clearance certificate from this department. Requests, in letter form, listing the business name, purchaser's and seller's names and addresses and seller's permit number of the prior operation, should be sent to P.O. Box 39, Madison, Wisconsin 53701.

ADDITIONAL RETAILERS (AND WITHOLDERS) MAY FILE ANNUAL RETURNS IN 1969

Retailers who pay less than \$100 annually in sales and use tax will be allowed to file only one sales tax return for 1969. The department previously had allowed retailers paying less than \$40 a year to file on an annual basis. Retailers in the \$40 to \$100 annual tax group will now benefit. These persons are filing four quarterly returns for 1968 business.

The change to annual filing will reduce the number of forms the taxpayer files, which the department in turn must process. This should result in a cost saving for everyone involved.

The same change will be made for all employers who withhold Wisconsin income taxes from employees' wages. Retailers and withholders who qualify for annual filing for 1969 will be notified by February 25, 1969. If you believe you qualify, but you are not notified by that date, write to this department's Income, Sales & Excise Tax Division, P.O. Box 39, Madison, Wisconsin 53701.