



TAX REPORT

SALES/USE TAX

WISCONSIN DEPARTMENT of REVENUE SEPTEMBER 1969

NEW REDESIGNED SALES TAX RETURN

Note that the sales and use tax return which accompanies this newsletter has been changed.

This return is for reporting your sales made during the month of September and it is due October 31, 1969.

It is not necessary for you to complete the "Deductions" section on the back of the return for business you transacted in September 1969. Merely complete lines 1 through 9 for September. Beginning October 1, 1969, start keeping proper records so that you will be able to provide the details of your deductions on future returns filed.

CONTRACTORS MAY ALSO BE RETAILERS

A. Contractors As Consumers

Whenever a contractor is engaged in an activity in which he uses material and labor to produce an addition or capital improvement to real property (such as a building, road, bridge, roof, etc.), the contractor will pay tax on materials purchased from his supplier. His charges for labor are not taxable in this situation. He will pay the tax on his materials used in real property construction activities even though the ultimate owner and user of the property is a governmental unit, school, church or other exempt entity.

B. Contractors As Retailers

Contractors are retailers when they make over-the-counter sales of goods and they must register as sellers and pay the sales tax on these retail sales. Contractors must also pay tax on their sales of repair parts; and on their charges for service in the repair, alteration, fitting, cleaning, painting, coating, towing, inspection and maintenance of all tangible personal property.

Shown in Schedule 1 are certain items which are considered personal property although they may be firmly affixed in or incorporated in real property.

Schedule 1

The following list of items are deemed to be personal property, and the charges for the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of these items (labor and parts) are subject to the 4% tax effective September 1, 1969.

Furnaces, boilers, stoves, ovens, including associated hoods and exhaust systems, heaters, air conditioners, humidifiers, dehumidifiers, refrigerators, coolers, freezers, water pumps, water heaters, water conditioners and softeners, clothes washers, clothes dryers, dishwashers, garbage disposal units, radios and radio antennas, incinerators, television receivers and antennas, record players, tape players, juke boxes, vacuum cleaners, furniture and furnishings, carpeting and rugs, bathroom fixtures, sinks, awnings, blinds, gas and electric logs, heat lamps, electronic dust collectors, grills and rotisseries, bar equipment, intercoms, recreational, sporting, gymnasium and athletic goods and equipment, including by way of illustration but not of limitation bowling alleys, golf practice equipment, pool tables, punching bags, ski tows and swimming pools; office, restaurant and tavern type equipment including by way of illustration but not of limitation lamps, chandeliers, fans, venetian blinds, canvas awnings, office and business machines, ice and milk dispensers, beverage-making equipment, vending machines, soda fountains, steam warmers and tables, compressors, condensing units and evaporative condensers, pneumatic conveying systems; laundry, dry cleaning, and pressing machines; power tools, burglar alarm and fire alarm fixtures, electric clocks and electric signs.

EXEMPTION CERTIFICATES

The sales and use tax law, as related to exemptions, provides that all gross receipts are subject to the 4% tax unless evidence to the contrary is established and a record maintained. The burden of proving that a sale is exempt is upon the person who makes the sale, unless he takes an exemption certificate in good faith from the purchaser. If the seller does accept a resale or other exemption certificate in good faith he is no longer liable for the tax even though the purchaser uses the taxable property or service in a nonexempt manner.

Now that the gross receipts from the sales of every type of tangible personal property are taxable, except where an exemption applies, retailers will be required to obtain exemption certificates from the purchasers of their products who qualify for an exemption under the law. Sales to governmental units and schools may be made without tax provided the retailer retains a copy of the purchase order. Exempt religious and charitable organizations should provide the retailer with their Certificate of Exempt Status number.

FORMULA METHOD OF REPORTING

Certain retailers, such as grocers, may find it difficult to determine the exact amount of their gross receipts which are subject to the 4% tax. These record keeping problems may be alleviated by the use of a "formula method", which will reasonably approximate the actual taxable receipts.

Written approval must be obtained from the department to use a formula method. If you believe you are entitled to use this procedure because of a record keeping problem, and if

you can accurately determine taxable sales by an alternate procedure, please send in a written request to use such a procedure. Outline in detail the method you would use to arrive at your taxable gross receipts.

The use of a formula is an authorization for reporting the tax only. Additional assessments may be made if an audit discloses the formula is not producing the proper tax payments.

ADDITIONAL RENTAL RECEIPTS ARE TAXABLE

Under the former selective sales tax law a "purchaser for rental" was privileged to pay a sales tax on the sales price at time of purchase by him, and thereafter not pay any sales tax on his rental receipts. Alternatively he was permitted to "purchase for rental" without paying a sales tax at time of purchase and to thereafter pay sales tax on his rental receipts. In this latter situation, he discontinued paying tax on his rental receipts when the aggregate tax so paid equaled the tax that might have been imposed at the time of his purchase of the property. **Under the general sales tax law both alternatives have been eliminated.** Under the general sales tax law, a "sale for rental" is a nontaxable wholesale sale and the rental receipts are taxable as long as received.

LANDLORDS AND THEIR SUPPLIERS

Landlords are deemed the consumers of household furniture, furnishings, equipment, appliances or other items of tangible personal property purchased by them for use as tangible personal property by their tenants in leased or rented living quarters. All such items are taxable and **their suppliers** must pay sales tax on such items to them.