



TAX REPORT

SALES / USE TAX

WISCONSIN DEPARTMENT of REVENUE

JUNE 1973

THE WISCONSIN 4% USE TAX

Every state that has a sales tax has a use tax to complement the sales tax. Without a use tax consumers would be able to purchase goods out-of-state in order to avoid paying tax on their purchases. This would adversely affect the amount of business done by local merchants, and would seriously reduce the amount of revenue from the sales tax.

To prevent the results described above, a use tax is levied on the use of tangible personal property or taxable services within the state at the same rate as the sales tax. The use tax is ordinarily imposed whenever the consumer purchases goods or taxable services out-of-state without paying a sales tax equivalent to the local rate, and then uses the goods or services back in his home state.

The Wisconsin use tax, which is imposed under Section 77.53 of the Sales and Use Tax Law, is an excise tax upon the storage, use or other consumption of property that is purchased from any retailer for storage or use in this state. Its normal application is to property purchased from out-of-state suppliers for use in Wisconsin. It does not apply when the sale of the property to the purchaser is subjected to the 4% Wisconsin sales tax. The amount of sales tax paid to the other state in which the purchase was made is a credit against the 4% Wisconsin use tax due.

Many large out-of-state companies making sales and shipments into Wisconsin are registered with this department to collect the Wisconsin 4% tax. If they are collecting the Wisconsin tax, it will show as a separate item on the invoice in accordance with the law. If the Wisconsin tax is not billed separately on the invoice issued by the out-of-state seller, the buyer should report the tax directly to this department on line 7 of his Sales and Use Tax Return, or on a Consumer Use Tax Return. In such cases the buyer should not add the tax when paying the invoice.

If taxable property is purchased for resale and a Resale Certificate is issued by the purchaser, the use tax applies if there is any use of the property other than demonstration or display while holding it for resale in the regular course of business. The use tax also applies when the purchaser certifies in writing to a seller that the property purchased will be used in a manner or for a purpose entitling the seller to regard the gross receipts from the sale as exempt from the tax, and then the property is used in some other manner or for some other purpose.

FLEA MARKETS, RUMMAGE SALES, SWAP MEETS, ETC.

Persons who regularly sell new or used items at such events have receipts from a business or part-time business which are subject to the 4% sales tax. Such persons are required to be registered with this department, and pay the 4% sales tax on their gross receipts.

MOBILE HOME RENTALS

The rental of a mobile home is a taxable rental of personal property, if it is not affixed to realty owned by the lessor. However, the rental for periods of one month or longer of a mobile home that is affixed to realty, and on land owned by the lessor, is not subject to the 4% sales tax. To be considered affixed to land, the unit must have a foundation, be connected to city water or a private well, and have city sewer service or a private septic tank system.

INSERTS IN PERIODICALS AND NEWSPAPERS

Section 77.54(15) of the Statutes contains a sales and use tax exemption for newspapers and periodicals regularly issued at average intervals not exceeding three months. This exemption does not extend to purchases of advertising inserts by advertising agencies, advertisers or others who will have the advertising material inserted in a newspaper or periodical.

TECHNICAL INFORMATION MEMORANDUMS

These memorandums (TIM's) reflect the department's policy decisions, and are intended to clarify complex areas of the income, withholding and sales tax laws. The following sales tax TIM's have been issued since September 1969 when the general sales tax law went into effect.

TIM Number	Subject
S-9.1	Grocer's Guidelist
S-10	Pharmacy Exempt Sales Guide
S-11.3	Construction Contractors
S-12	Veterinarians and Their Suppliers
S-13	Landlords and Their Suppliers
S-14	Stamps and Coins
S-15.1	Printed Material Exemptions
S-16	Dentists and Their Suppliers
S-17.2	Exemption of Manufacturing Machines and Processing Equipment

S-18 Barbers and Beauty Shop Operators
 S-19 Lease or Rental of Tangible Personal Property
 S-20.1 Service Stations and Fuel Oil Dealers
 S-21 Taxation of Boats
 S-22 Physicians, Surgeons, Dentists, Oculists, Optometrists, Podiatrists and Their Suppliers
 S-23 Other Taxes to be Included in "Gross Receipts"
 S-24.2 Exemption of Property Consumed or Destroyed in Manufacturing
 S-25.1 Sales by Counties and Municipalities
 S-27.4 Printers' and Typesetters' Sales and Purchases
 S-28.2 Taxable Transportation Charges
 S-29.1 Farming, Agriculture, Horticulture, Floriculture
 S-30 Sales of Ice
 S-31 Manufacturing (The scope of manufacturing, and who ordinarily qualifies as a manufacturer)
 S-32 Medical Appliances, Artificial Teeth and Prosthetic Devices
 S-33.1 Containers and Other Packaging and Shipping Materials
 S-34 Medicines
 S-35 Industrial Gases, Welding Rods and Fluxing Materials
 S-36 Motor Vehicle Lease Contracts
 S-37 Advertising Agencies
 S-38 Automatic Data Processing (Sales, Rentals, and Services)
 S-39 Aircraft
 S-40 Summer Camps
 S-41 Annual Information Return
 S-42 Leases of Mobile Equipment Used Within and Without Wisconsin
 S-43 Tangible Personal Property Purchased by Armed Forces Personnel
 S-44.1 Sales by and to Elementary and Secondary Schools
 S-45 Sales by Neighborhood Associations, Churches, Civic Groups, Garden Clubs, or Similar Organizations (occasional sales)

S-46.1 Utility Transmission and Distribution Lines
 S-47 Commercial Photographers and Photographic Services
 S-48 Meals, Food, Food Products and Beverages
 S-49 Resale Certificates
 S-50.1 Motor Vehicles
 S-51 Background Music
 S-52 Gifts, Advertising Specialities, Coupons and Premiums
 S-53 Constructing Buildings for Exempt Entities (Government, Schools, Churches, etc.)
 S-54 Coin-Operated Vending Machines and Amusement Devices

In addition TIM 1-19 entitled "Corporate Income or Franchise Tax Credit for Sales Tax Paid on Fuel and Electricity Consumed in Manufacturing" may also be of interest to manufacturers who have substantial costs of fuel or electricity.

Other subjects will be covered in future Technical Information Memorandums as the need arises. You may receive an individual copy of a TIM which you are interested in by writing to the Wisconsin Department of Revenue, P.O. Box 39, Madison, Wisconsin 53701.

If you are interested in subscribing to a service so that you automatically receive all TIM's as they are issued, you may do so for \$2 per year. If you wish to receive all the memoranda relating to the general sales tax law, the initial charge is \$4 for the back issues and an additional \$2 for the current year's subscription. Send your request with the appropriate sum of money to the Department of Administration, Document Sales Section, Central Services Building, 202 South Thornton Avenue, Madison, Wisconsin 53702.