



# TAX REPORT

SALES / USE TAX

WISCONSIN DEPARTMENT OF REVENUE

JUNE 1979

## MANUFACTURED HOUSING (Including Mobile Homes)

### A. Factory-Built Homes

The person in charge of and responsible for setting a factory-built home or mobile home on a foundation is a contractor-consumer engaged in a construction activity. Such person must pay the tax to his or her suppliers on all purchases of materials used in constructing the home. Examples of factory-built homes include panelized unit homes, sectional homes and modular homes installed on a permanent foundation. The person setting such home on a foundation is responsible for the tax whether the factory-built home is either partially or wholly manufactured off the site on which the housing is attached to the realty.

If a person manufactures factory-built homes (either in or outside Wisconsin) and then installs the home on a foundation in Wisconsin, the manufacturer's sales and use tax liability will be satisfied by the payment of the tax measured by the cost of materials in the home. If the home sells for \$25,000 and the cost of materials is \$12,000, the tax is 4% of \$12,000.

If this same home is sold by a manufacturer to a local contractor for \$18,000 and the local contractor installs the home on a foundation, the tax liability is 4% of the material costs of \$18,000. The sale by the manufacturer to the local contractor is generally subject to the tax. However, when the manufacturer accepts in good faith a properly completed Resale Certificate from a local contractor, the local contractor is responsible for reporting the tax on the contractor's material costs at the time the materials are committed to the construction job. The contractor's subsequent mark up on the home and the labor charges for erecting a home or placing it on a foundation are not subject to the 4% sales tax.

### B. Mobile Homes

Mobile homes receive the same sales tax treatment as other factory-built homes if the seller of a mobile home permanently affixes the mobile home to land owned by the purchaser so that it becomes a realty improvement. To be considered permanently affixed to the land, a mobile home must be on a foundation and connected to utilities. A mobile home is on a foundation when it is off wheels and setting on cement blocks, a cement foundation or other building materials.

However, if a mobile home sold by a retailer is installed in a mobile home park or other place where the land is owned by someone other than the mobile home's purchaser, the mobile home remains personal property. The gross receipts of the retailer from this type of sale and installation of mobile homes are subject to the sales tax. The rental of such a mobile home is also taxable.

There is no statute allowing a person who installs a mobile home on land owned by the purchaser to charge sales tax to the purchaser. The sale of the mobile home to the contractor-installer is

a taxable sale. The sales tax paid merely increases the installer's cost of the home and related building materials. To compensate for such tax, the contractor-installer may increase the price of the installed mobile home in an amount sufficient to recover this additional cost.

Gross receipts of a person, who is not a retail seller, from the sales of mobile homes which are personal property are taxable if the mobile home is less than 45 feet long. Such sales have been taxable since August 1, 1977. Sales of mobile homes 45 feet or more in length, by such non-retailers are exempt from the tax.

### C. Consignment Sales

A mobile home dealer may attempt to sell a mobile home owned by another person (the principal). The dealer is the retailer responsible for reporting sales tax on the transaction if the dealer makes the sale without disclosing to the purchaser the identity of the principal. If the principal is disclosed to the purchaser on the invoice or in the sales contract, the principal is the seller of the mobile home; the tax on this transaction is required to be paid at the time the mobile home is registered by the purchaser with the Department of Transportation.

Consignment sales of other types of tangible personal property (e.g. boats, aircraft and motor vehicles) receive the same tax treatment as the consignment sales of mobile homes described above.

## LINEN AND CLOTHING SUPPLIERS

The gross receipts of lessors from leasing or renting clothing (e.g. diapers and uniforms), towels, linens or similar items to industrial, commercial or household users, under agreements which provide for furnishing items and cleaning the items when they become soiled, are subject to the sales tax. However, the items furnished to customers under such agreements may be purchased by the lessor without paying sales or use tax.

Linen or clothing lessors are the consumers of solvents, soaps, detergents, spotting compounds, water repellents, disinfectants, fabric softeners, starch, dyes, mat compounds, fire repellent compounds and marking tags which they use to perform their services. The tax applies to the gross receipts on the sale of these items to such purchasers. The tax also applies to gross receipts from sales, leases or rentals of machinery and equipment to persons who lease or rent linens, towels and clothing to industrial, commercial or household users.

## EXEMPT ORGANIZATIONS

Sales of tangible personal property or taxable services made to an organization organized and operated exclusively for religious, charitable, scientific or educational purposes, or for the prevention of cruelty to children or animals, are exempt from the sales and use tax if the organization has a Certificate of Exempt Status Number issued by the Wisconsin Department of Revenue. The Certificate of Exempt Status Number, if granted, applies to purchases only. It does not apply to sales by those organizations. To

obtain such certificate, a qualifying group may write to:

Wisconsin Department of Revenue  
Compliance Bureau  
P.O. Box 8902  
Madison, WI 53708

### NEW ADMINISTRATIVE RULES

The March 1978 "Tax Report" provided readers of this publication with a list of sales and use tax administrative rules that were in effect at that time. Since that list was published, the following new rules have been adopted by the department:

<u>Number</u>	<u>Effective Date</u>	<u>Name</u>
11.04	2-1-79	Constructing Buildings for Exempt Entities
11.10	8-1-78	Occasional Sales
11.11	4-1-79	Waste Treatment Facilities (Industrial or Governmental)
11.12	4-1-78	Farming, Agriculture, Horticulture and Floriculture
11.13	4-1-78	Sale of a Business or Business Assets
11.14	12-1-78	Exemption Certificates
11.15	12-1-78	Containers and Other Packaging and Shipping Materials
11.16	12-1-78	Common or Contract Carriers
11.17	6-1-78	Hospitals, Clinics and Medical Professions
11.18	12-1-78	Dentists and Their Suppliers
11.55	6-1-78	Agents, Consignees, Lienors and Brokers
11.57	2-1-79	Public Utilities
11.68	12-1-78	Construction Contractors
11.85	1-1-79	Boats, Vessels and Barges
11.86	12-1-78	Utility Transmission and Distribution Lines
11.87	4-1-78	Meals, Food, Food Products and Beverages
11.93	1-1-79	Annual Filing of Sales Tax Returns
11.96	2-1-79	Interest Rates
11.97	8-1-78	"Engaged in Business" in Wisconsin
11.98	3-1-79	Interest Rate Reduction for Delinquent Sales and Use Tax

Administrative rules of the Department of Revenue which are part of the Wisconsin Administrative Code are available on a subscription basis. The charge for the booklet containing rules currently in effect is \$3.12, and the annual calendar year subscription service to keep the booklet up to date is an additional \$3.12. The rule booklet and a subscription to the rules may be obtained by sending a request and the appropriate sum of money to:

Department of Administration  
Document Sales Section  
202 South Thornton Avenue  
Madison, WI 53702

If you desire a copy of only one or two of the rules listed above, write to the Wisconsin Department of Revenue, Technical Services Staff, Post Office Box 8910, Madison, Wisconsin 53708.