



TAX REPORT

SALES/USE TAX

— REVISED —

WISCONSIN DEPARTMENT OF REVENUE

2-85R

IMPORTANT NOTICE: This revised TAX REPORT replaces the original December, 1985 TAX REPORT, which indicated Brown County would have a county tax. In February, 1986, the Brown County Board repealed the tax, therefore Brown County will NOT have a county tax. Barron and Dunn Counties are the only counties that will have county tax beginning April, 1986.

COUNTY SALES TAX BEGINS APRIL 1, 1986 IN BARRON AND DUNN COUNTIES

I. County Tax Begins April 1, 1986

Beginning April 1, 1986, there will be a 1/2% county sales and use tax in two counties—Barron and Dunn. This new tax results from the county boards in these counties approving an ordinance to adopt the tax.

The Wisconsin Department of Revenue will administer the county tax. Retailers who make sales subject to the 1/2% county tax in Barron or Dunn County will collect 5 1/2% sales tax on their retail sales—5% state sales tax and 1/2% county sales tax. Both the state tax and county tax will be reported by retailers on their Sales and Use Tax Returns (Form ST-12) filed with the Department of Revenue. Form ST-12 will be revised to include entry areas for county sales and use tax. The Department, after receiving the county tax from retailers, will then make quarterly distributions of the county tax revenues to the counties which adopted the tax.

How does this county sales and use tax apply to retailers and other persons? Be sure to read Parts II. to XI. of this report which describe what types of property and services are subject to county taxes, what retailers are liable for county taxes of Barron and Dunn Counties, and other important information about county taxes. (Note: You should retain this report as part of your records as a reference guide for county taxes.)

IMPORTANT: Retailers who are not located in Barron or Dunn County may still be subject to the county tax if they deliver property or taxable services into Barron or Dunn County or are in some other way engaged in business in either of these counties, as described in Part III.B.

II. WHAT TYPES OF TANGIBLE PERSONAL PROPERTY AND SERVICES ARE TAXABLE?

The types of tangible personal property and services that are subject to the 5% state sales and use tax are also subject to the 1/2% county sales and use tax. The county tax may not be imposed on any types of property or services that are not subject to the 5% state tax. If property or services are exempt from the 5% state tax, they are also exempt from the 1/2% county tax.

III. WHAT SALES ARE SUBJECT TO THE COUNTY SALES TAX?

A. The 1/2% county sales tax is imposed on the gross receipts from retail sales or rentals of tangible personal property or taxable services in Barron or Dunn County, with the following exception. Sales of motor vehicles, boats, snowmobiles, mobile homes 45 feet or less in length, trailers, semi-trailers, all-terrain vehicles and aircraft are subject to the county use tax (rather than county sales tax) as described in Part IV.

For a retail sale or rental to be subject to the county sales tax in Barron or Dunn County, the following two conditions must exist: (1) the retailer who makes the retail sale or rental must be "engaged in business" in Barron or Dunn County, and (2) the sale or rental must have a "situs" in Barron or Dunn County.

B. When is a retailer "engaged in business" in Barron or Dunn County?

A retailer is "engaged in business" in Barron or Dunn County, for purposes of the county sales and use tax law, if

one or more of the following conditions exist in either of these two counties:

- The retailer has a store in the county.
- The retailer owns any business real property in the county.
- The retailer leases or rents out any tangible personal property located in the county.
- The retailer maintains, occupies or uses, permanently or temporarily, directly or indirectly, or through a subsidiary, agent or other person, an office, place of distribution, sales or sample room or place, warehouse or storage place or other place of business in the county.
- The retailer has any representative, agent, salesperson, canvasser or solicitor operating in the county under the authority of the retailer or its subsidiary for the purpose of selling, delivering or taking orders for any tangible personal property or taxable services.
- The retailer services, repairs or installs products in the county.
- The retailer regularly delivers goods into the county in company operated vehicles.
- The retailer performs construction activities in the county.

Out-of-state retailers who are not "engaged in business" in Barron or Dunn County, but who desire to collect county use tax for the convenience of their customers, may collect county use tax from their customers and pay the county tax in the same manner as other retailers engaged in business in these counties.

C. Where is the "situs" of a sale or rental?

Situs of Sales of Property

All retail sales of tangible personal property are completed at the time when, and the place ("situs") where, the seller or the seller's agent transfers possession to the buyer or the buyer's agent. A common carrier or the U.S. postal service is the agent of the seller, regardless of any f.o.b. point and regardless of the method by which freight or postage is paid.

Example: A person buys a radio for \$200 from a seller in Dunn County. The buyer takes possession of the radio at the seller's business location in Dunn County and then travels in his car to his home in Chippewa County (which has no county tax). Since the sale had a "situs" in Dunn County (the place where possession transferred to the buyer), it is subject to the 1/2% Dunn County sales tax of \$1.

Example: A person buys a piano for \$1,500 at a store in Eau Claire County (which has no county tax); however, it is delivered to the buyer in Barron County by the seller's company operated vehicle. The seller is "engaged in business" in Barron County when delivering the piano into Barron County. The sale of the piano is subject to the Barron County sales tax of \$7.50.

Situs of Rentals of Property

Rentals of Property Other than Moving Property: The "situs" of the rental is at the location of the property.

Rentals of Moving Property Used On Highways: Rented motor vehicles and other equipment used principally on the highway at normal highway speeds have a "situs" in the county in which they are customarily kept, with one exception. Drive-it-yourself motor vehicles and equipment used principally on the highway at normal highway speeds and used for one-way trips or leased for less than one month, have a "situs" in the county in which they come into the lessee's possession.

Rentals of Other Moving Property: Except for moving property used on highways as described above, rentals of property that characteristically is moving property, including aircraft and boats, have a "situs" in a county if the rental property is used primarily in that county or is usually kept in that county when it is not used.

Situs of Services

Services have a "situs" at the location where they are furnished to the customer, with the following exceptions:

- Communication services have a "situs" where the customer is billed for the service if the customer calls collect or pays by credit card.
- Towing services have a "situs" at the location to which the vehicle is delivered.
- Services performed on tangible personal property have a "situs" at the location where the property is delivered to the buyer.

Example: An electrician repairs wiring on equipment located in Dunn County which has a county tax. This repair service was furnished in Dunn County and is therefore subject to the 1/2% Dunn County sales tax, regardless of the electrician's business location.

Example: A TV repairman picks up the TV of a customer at her home in Chippewa County (which has no county tax), brings it to his shop in Barron County to repair the TV, and then delivers the TV back to the customer's home in Chippewa County. This repair service has a "situs" in Chippewa County (which has no county tax) because the TV was delivered to the buyer in Chippewa County. No county tax would be imposed. However, if the customer picks up the repaired TV at the repair shop, the tax would be imposed since delivery took place in Barron County.

IV. WHEN DOES THE COUNTY USE TAX APPLY?

A. A county use tax of 1/2% of the sales price is imposed upon every person storing, using or consuming tangible personal property or services in Barron or Dunn County (if the property or services are subject to the 5% state use tax) with the following three exceptions:

- No county use tax will be imposed if (a) a receipt indicates a county sales tax has been paid, or (b) a county use tax has been paid as described in the "Contractors" and "Motor Vehicles, Boats, etc." Parts B. and C. below.
- No county use tax will be imposed if the buyer purchased property in a sale consummated in a Wisconsin county that does not have a county tax and

the property is later brought by the buyer into Barron or Dunn County (see exception in Parts B. and C.).

- If the buyer has paid a similar local tax in another state on the purchase of the same property or services, that tax may be credited against the county use tax (see exception for contractors in Part B.).

Example: A company located in Dunn County purchases an office machine for \$10,000 from an Ohio seller who has not charged the 5% Wisconsin or 1/2% Dunn County sales or use tax on the transaction. The machine is used in Dunn County. The buyer is liable for 5% Wisconsin use tax of \$500 and 1/2% Dunn County use tax of \$50. Any Ohio sales tax paid by the buyer to the seller may be credited against the \$500 Wisconsin use tax. If a county sales tax of an Ohio county was also paid by the buyer, that tax may be credited against the \$50 Dunn County use tax.

B. Contractors: A county use tax is imposed upon a contractor engaged in construction activities in Barron or Dunn County, on the sales price of tangible personal property that is used in constructing, altering, repairing or improving real property and that becomes a component part of real property in either of these two counties. However, there will be no county use tax if the contractor paid Barron or Dunn County sales tax on the purchase of the tangible personal property. No credit is allowed for county taxes paid to a county of another state.

C. Motor Vehicles, Boats, etc.: A county use tax is imposed upon every motor vehicle, boat, snowmobile, mobile home 45 feet or less in length, trailer, semi-trailer, all-terrain vehicle or aircraft, if (a) that property must be registered or titled with the State of Wisconsin, and (b) if that property is to be customarily kept in Barron or Dunn County.

Purchases of motor vehicles, etc. from non-dealers: The buyer of the motor vehicle, boat, etc. that is taxable must remit both the 5% state use tax and 1/2% county use tax to the state agency at the time of registering or titling with the state agency.

Example: "A" buys a car for \$5,000 from "B", who is not a motor vehicle dealer. "A" is a Dunn County resident and will keep the car at his residence. "A" must file an Application for Title/Registration (Form MV-1) with the Department of Transportation and include with this form both the 5% state use tax of \$250 and the 1/2% county use tax of \$25.

Purchases from dealers: The dealer (seller) of motor vehicles, boats, etc. must collect the state sales tax and the county use tax from the buyer. The dealer remits the county use tax to the state agency that registers or titles the property. The state sales tax is included with the dealer's Sales and Use Tax Return (Form ST-12).

Example: "A" (the Dunn County resident in the prior example) buys a car for \$5,000 from "C", who is a motor vehicle dealer in Eau Claire County, which does not have the county tax. "C" must remit the 5% state sales tax of \$250 to the Department of Revenue with its Sales and Use Tax Return (Form ST-12). The Eau Claire dealer will remit the 1/2% county use tax of \$25 to the Department of Transportation along with the Application for Title/Registration (Form MV-1).

Rentals of motor vehicles, etc.: Retailers, regardless of whether or not they are dealers of motor vehicles, boats, etc., must report the county sales and use tax from the rentals of such property on their Sales and Use Tax Return (Form ST-12) and remit the 5% state tax and 1/2% county tax to the Department of Revenue on such rentals.

V. TRANSITIONAL PROVISIONS

Services subject to the 5% state sales tax are not subject to the county tax if those services are billed to the customer and paid for before April 1, 1986, regardless of whether the service is furnished to the customer before or after April 1, 1986.

The lessor's rental receipts from tangible personal property that the lessor is obligated to furnish at a fixed price under a contract entered into before April 1, 1986, are not subject to the county sales tax until the contract is terminated, extended, renewed or modified. However, the lessee is subject to the county use tax on these lease or rental receipts beginning April 1, 1986, except when the lessor voluntarily reports the tax on such receipts for the convenience of the customer or when the lessor collects the tax because the contract is modified.

Sales of building materials to contractors engaged in the business of constructing, altering, repairing or improving real estate for others are not subject to the county taxes if (a) the materials are affixed and made a structural part of real estate, and (b) the amount payable to the contractor is fixed without regard to the costs incurred in performing a written contract that was irrevocably entered into prior to April 1, 1986, or that resulted from the acceptance of a formal written bid accompanied by a bond or other performance guaranty that was irrevocably submitted before April 1, 1986.

VI. COLLECTING COUNTY TAX FROM CUSTOMERS - THE BRACKET SYSTEM

To separately state the 5% state tax and 1/2% county tax and pass these taxes on to customers, retailers must use the "bracket system". The bracket system is a method of collecting taxes designed so that the total amount of state and county taxes collected from customers equals approximately 5 1/2% of the taxable gross receipts, if the retailer's sales fall equally throughout all the brackets. However, the gross state and county sales tax payable by a retailer to the Department of Revenue is 5 1/2% of the taxable gross receipts, regardless of the amount of taxes collected from customers. The bracket system to be used in computing the amount of tax which may be collected from customers is as follows:

5% State Tax (To be used when there is no county tax)	
<u>Amount of Taxable Sale</u>	<u>State Tax Collectible</u>
\$.01 to \$.09	0¢
.10 to .29	1¢
.30 to .49	2¢
.50 to .69	3¢
.70 to .89	4¢
.90 to 1.09	5¢

On sales in excess of \$1, the tax equals 5% of each full dollar of the sales price plus the tax shown above for the applicable fractional part of a dollar.

5 1/2% State & County Tax
(To be used when the sale is subject to the 5% state tax and 1/2% county tax.)

Amount of Taxable Sale	State and County Tax Collectible
\$.01 - \$.09	0¢
.10 - .27	1¢
.28 - .45	2¢
.46 - .63	3¢
.64 - .81	4¢
.82 - .99	5¢
1.00 - 1.18	6¢
1.19 - 1.36	7¢
1.37 - 1.54	8¢
1.55 - 1.72	9¢
1.73 - 1.90	10¢
1.91 - 2.09	11¢

The state and county tax equals 11¢ for each \$2 of sales, plus the tax shown above for the fractional part of \$2. Example: For a sale of \$11.50, the 5 1/2% tax is 63¢ (55¢ for \$10 sale plus 8¢ for \$1.50 sale).

Bracket system cards will be sent to retailers in late March, 1986.

VII. RETAILER'S DISCOUNT FOR COUNTY TAXES

The discount allowed to retailers on their retail sales will continue to be 2% of the first \$10,000 of "sales and use tax payable", 1% of the second \$10,000 of tax payable and 1/2% of such tax exceeding \$20,000 each year. "Sales and use tax payable" includes the following three amounts:

1. The amount of the 5% state (Wisconsin) sales and use tax payable on retail sales.
2. The amount of the 1/2% county sales and use tax payable on retail sales.
3. The amount of the 1/2% county use tax that retailers (dealers) remit directly to the Wisconsin Department of Transportation and Department of Natural Resources at the time of registering or titling motor vehicles, boats, snowmobiles, mobile homes of 45 feet or less in length, trailers, semi-trailers, all-terrain vehicles and aircraft.

Example: A motor vehicle dealer's Sales and Use Tax Return (Form ST-12) for April 1986 shows \$100,000 of state sales tax payable, \$5,000 of county sales tax payable (amount of tax on the repair and servicing of motor vehicles) and \$2,000 of county use tax payable (amount of tax payable to Department of Transportation for persons who purchased motor vehicles from the dealer). The discount of \$735 is computed as follows:

First	Second	Taxes Exceeding	Total
\$10,000	\$10,000	\$20,000	

Taxes Payable	\$10,000	\$10,000	\$87,000	\$107,000
Discount %	2%	1%	1/2%	—
Amount of Discount	\$200	\$100	\$435	\$735

his discount calculation is based on April 1986 being the first month of the dealer's tax year.

The state and county sales and use tax payable will not qualify for the discount if the payment of such taxes is not made on or before the due date of the return.

VIII. SALES/USE TAX RETURN WILL REQUIRE COUNTY TAX DATA

Beginning April 1, 1986, retailers engaged in business in Barron or Dunn County will have to keep records showing the amount of their taxable receipts subject to sales tax and purchases subject to use tax for each of the two counties—Barron and Dunn.

On the Sales and Use Tax Return (Form ST-12) for April 1986 and subsequent reporting periods, the retailers will be required to enter their taxable receipts subject to sales tax and purchases subject to use tax separately for each county—Barron and Dunn.

IX. SELLER'S PERMITS

No additional seller's permit is required by a retailer for the county tax.

X. AUDITS, APPEALS, COLLECTIONS, ETC.

The Wisconsin Department of Revenue has authority to audit persons to determine if they reported and paid the correct county taxes, to impose interest and penalties related to such taxes and to collect any unpaid county taxes. Interest rates on refunds and unpaid county taxes are the same as the rates that apply to the 5% state sales and use taxes. No county may intervene in any matter related to the audit, appeal or collection of any county sales and use taxes.

XI. DO YOU HAVE ANY QUESTIONS?

If you have any questions about county sales and use taxes, call or visit any Wisconsin Department of Revenue office or write to: Wisconsin Department of Revenue, P.O. Box 8902, Madison, WI 53708.