

TAX REPORT

Sales/Use Tax

MARCH 1990

1-90

I. TWENTY-EIGHT COUNTIES HAVE 1/2% COUNTY TAX

As of April 1, 1990, there will be a 1/2% county sales and use tax in 28 counties. La Crosse, Monroe, Shawano and Waushara are the four new counties which have adopted the tax effective April 1, 1990. Listed below are the 28 counties and the effective date for each county's tax.

| County | Effective Date | County | Effective Date |
|-----------|----------------|-----------|----------------|
| Ashland | 4/1/88 | Monroe | 4/1/90 |
| Barron | 4/1/86 | Oneida | 4/1/87 |
| Buffalo | 4/1/87 | Pierce | 4/1/88 |
| Burnett | 4/1/89 | Polk | 4/1/88 |
| Columbia | 4/1/89 | Portage | 4/1/89 |
| Door | 4/1/88 | Richland | 4/1/89 |
| Dunn | 4/1/86 | Rusk | 4/1/87 |
| Iowa | 4/1/87 | St. Croix | 4/1/87 |
| Jackson | 4/1/87 | Sawyer | 4/1/87 |
| La Crosse | 4/1/90 | Shawano | 4/1/90 |
| Langlade | 4/1/88 | Vilas | 4/1/88 |
| Lincoln | 4/1/87 | Walworth | 4/1/87 |
| Marathon | 4/1/87 | Waupaca | 4/1/89 |
| Marquette | 4/1/89 | Waushara | 4/1/90 |

Retailers who make sales which are subject to the 1/2% county tax in these 28 counties will collect 5 1/2% sales tax on such retail sales - 5% state sales tax and 1/2% county tax.

A. SALES AND USE TAX RETURN REVISED

Both the state tax and the county tax are reported by retailers on their sales and use tax returns which are filed with the Department of Revenue. The return has been revised to include entry areas for county sales and use tax for each of the 28 counties.

Monthly Filers - The revised return will first be filed by monthly filers beginning for the month of April 1990. The April 1990 return will be sent to monthly filers during the last week of April 1990.

Quarterly Filers - The revised return will be filed for quarterly periods ending in April 1990 and thereafter. It will be sent to quarterly filers during the last week of the quarterly period.

Annual Filers - The revised return will be filed for years ending in April 1990 and thereafter. It will be sent to annual filers during the last week of the reporting year.

B. HOW COUNTY TAX APPLIES TO YOU

Read the December 1989 TAX REPORT which was sent to you in late December 1989. It describes the types of property and services which are subject to county taxes, and which retailers are liable for county taxes.

Retailers who are not located in any of the 28 taxable counties may still be subject to the county tax if they deliver property or taxable services into these counties or are in some other way engaged in business in any of these counties. Part III.B. of the December 1989 TAX REPORT explains when a retailer is "engaged in business" in a taxable county.

C. SPECIAL PROVISIONS

Contractors A contractor is liable for county use tax on tangible personal property used in constructing, altering, repairing or improving real property and which becomes a component part of real property in a taxable county, unless the contractor paid county sales tax to the seller when purchasing the tangible personal property.

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) that property is to be customarily kept in a taxable county.

D. KEEP ACCURATE RECORDS

Retailers engaged in business in a taxable county must keep records showing the amount of their taxable receipts subject to sales tax and purchases subject to use tax for each of the taxable counties.

E. ANY QUESTIONS

If you have any questions about the state or county sales or use tax, call or visit any local office of the Department of Revenue or write to: Wisconsin Department of Revenue, Post Office Box 8902, Madison, WI 53708; or call our Madison office at (608) 266-2776.

II. LOOKING FOR ANSWERS TO WISCONSIN TAX QUESTIONS?

Consider subscribing to the **WISCONSIN TAX BULLETIN**.

For an annual fee of \$5.00, the **Wisconsin Tax Bulletin (WTB)** provides you with up-to-date information about Wisconsin income, franchise, sales/use, gift, inheritance and excise tax laws. It contains articles, summaries of court decisions, private letter rulings and question and answer discussions of important tax issues you may not find elsewhere.

The WTB is published quarterly by the Wisconsin Department of Revenue in January, April, July and October. In addition to the 4 issues, you will receive the annual WTB special issue which describes new tax laws.

To order, send a \$5.00 check made payable to "DOCUMENT SALES" to:

Wisconsin Department of Administration
Document Sales
Box 7840, 202 South Thornton Avenue
Madison, WI 53707

III. CONSTRUCTION CONTRACTORS, ARE YOU HANDLING SALES AND USE TAX CORRECTLY?

CONSTRUCTION AND REPAIR SERVICES. A contractor who performs **real property** construction activities shall not add sales tax as a separate item to any charge for labor or material from such activities, since gross receipts from sales of real estate are not taxable. The tax which a contractor pays on its purchases of materials consumed in real property construction increases its cost of such materials, thereby becoming a cost of doing business.

If an item becomes real property when installed (e.g., furnaces, built-in appliances and air conditioners) the replacement of such item would be real property construction, and both the labor and materials would be nontaxable to the property owner.

Generally the repair of items which, when installed become real property, is also exempt to the property owner. However, section 77.52(2)(a)(10), Wis. Stats.

provides that for the purpose of taxing the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection and maintenance of property, the items listed below retain their character as personal property, regardless of the extent to which they are attached to real property.

The labor and material involved in the repair or service of such property are taxable, although the original installation may not have been taxable. Such items are:

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

The charge for the installation, replacement or repair of any item, which when installed retains its character of **personal property** is subject to sales tax.

For assistance in determining the difference between **real** and **personal** property for sales and use tax purposes or for answers to other related questions, call or visit any local office of the Department of Revenue or write to: Wisconsin Department of Revenue, Post Office Box 8902, Madison, WI 53708; or call our Madison office at (608) 266-2776.