

# TAX REPORT

1-92

Sales/Use Tax

MARCH 1992

## I. COMPLETE USE TAX INFORMATION ON RETURN

If you make purchases of tangible personal property or taxable services without payment of Wisconsin sales tax, you may owe Wisconsin use tax.

Common examples of items which are subject to Wisconsin use tax if a sales tax has not been paid are:

- Office furniture and equipment
- Office supplies
- Cleaning supplies
- Prizes or merchandise given away free

In reporting Wisconsin use tax on your Wisconsin sales and use tax return (Form ST-12), make sure you:

A. Complete lines 17 through 20 by entering the purchase price of the items on which you are reporting use tax. Refer to the sales and use tax return instructions for lines 17 through 20 for additional information.

B. Complete lines 21 through 23 reporting your state and county use tax liability.

C. Complete Schedule CT on the back of your return if you are reporting a county use tax liability.

Failure to properly complete lines 17 through 20, and Schedule CT if applicable, of your sales and use tax return when you have included amounts on lines 21 through 23 may result in your return being sent back to you for proper completion.

## II. LOOKING FOR ANSWERS TO WISCONSIN TAX QUESTIONS?

Consider subscribing to the following:

### Wisconsin Tax Bulletin

The *Wisconsin Tax Bulletin* (WTB) provides you with up-to-date information about Wisconsin sales, income, franchise, and other 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, which costs \$7 per year, is published quarterly by the Wisconsin Department of Revenue. In addition, you will receive an annual WTB special issue which explains new tax laws.

### Topical and Court Case Index

The *Topical and Court Case Index*, which is published by the Wisconsin Department of Revenue, is a two-part index.

The first part (a Topical Index) will help you find the particular Wisconsin Statute, administrative rule, *Wisconsin Tax Bulletin* tax release and private letter ruling, or Attorney General opinion that deals with your question. The second part (a Court Case Index) will help you find Wisconsin court decisions relating to your questions.

The *Topical and Court Case Index*, which is published annually in December, sells for \$14 (plus sales tax) per copy. That price includes an addendum of updated information which will be provided the following May.

The *Wisconsin Tax Bulletin* and the *Topical and Court Case Index* can be purchased from: Wisconsin Department of Administration, Document Sales, P.O. Box 7840, Madison, WI 53707-7840 (telephone (608)266-3358)

## III. JUNEAU AND SAUK COUNTIES ADOPT COUNTY TAX

As of April 1, 1992, there will be a 1/2% county sales and use tax in 42 Wisconsin counties. Juneau and Sauk are the two new counties which have adopted the tax effective April 1, 1992.

Listed below are the 42 counties and the effective date for each county's tax. (Note: The county code assigned by the department for each county is in parenthesis following the county name. This code may be helpful for computer programming purposes.)

County	Effective Date	County	Effective Date
Ashland (02)	4/1/88	Marathon (37)	4/1/87
Barron (03)	4/1/86	Marquette (39)	4/1/89
Bayfield (04)	4/1/91	Milwaukee (40)	4/1/91
Buffalo (06)	4/1/87	Monroe (41)	4/1/90
Burnett (07)	4/1/89	Oneida (43)	4/1/87
Chippewa (09)	4/1/91	Ozaukee (45)	4/1/91
Columbia (11)	4/1/89	Pepin (46)	4/1/91
Crawford (12)	4/1/91	Pierce (47)	4/1/88
Dane (13)	4/1/91	Polk (48)	4/1/88
Door (15)	4/1/88	Portage (49)	4/1/89
Douglas (16)	4/1/91	Richland (52)	4/1/89
Dunn (17)	4/1/86	Rusk (54)	4/1/87
Iowa (25)	4/1/87	St. Croix (55)	4/1/87
Iron (26)	4/1/91	Sauk (56)	4/1/92
Jackson (27)	4/1/87	Sawyer (57)	4/1/87
Jefferson (28)	4/1/91	Shawano (58)	4/1/90
Juneau (29)	4/1/92	Vilas (63)	4/1/88
Kenosha (30)	4/1/91	Walworth (64)	4/1/87
La Crosse (32)	4/1/90	Washburn (65)	4/1/91
Langlade (34)	4/1/88	Waupaca (68)	4/1/89
Lincoln (35)	4/1/87	Waushara (69)	4/1/90

Refer to the December 1991 *Tax Report* which was sent to you in December 1991. It describes the types of property and services which are subject to county taxes and which retailers are liable for county taxes.

If you have any questions about the state or county sales or use tax, call or visit any Department of Revenue office or write to the Wisconsin Department of Revenue, P.O. Box 8902, Madison, WI 53708-8902 (telephone (608)266-2776).

#### **IV. MANUFACTURER'S REBATES**

A manufacturer's cash rebate is not a reduction in the retailer's gross receipts or sales price for purposes of computing Wisconsin sales or use tax. The rebate is included in gross receipts or sales price, even if the rebate is paid in cash or is used to reduce the selling price.

**Example 1:** An automobile is sold for a sticker price of \$18,000. The manufacturer offers a \$1,500 rebate with the purchase of the automobile. The customer pays the automobile dealer \$18,000 and later receives \$1,500 directly from the manufacturer. The automobile dealer must compute Wisconsin sales or use tax on total gross receipts of \$18,000.

**Example 2:** An automobile is sold for a sticker price of \$18,000. The manufacturer offers a \$1,500 rebate with the purchase of the automobile. The customer elects to apply the rebate against the purchase price of the automobile. The rebate is paid directly to the automobile dealer by the manufacturer. Therefore, the customer pays the automobile dealer \$16,500 (\$18,000 sticker price less \$1,500 rebate) for the automobile. The automobile dealer must compute Wisconsin sales or use tax on total gross receipts of \$18,000.

#### **V. PRIZES AND OTHER FREE MERCHANDISE**

The sale of tangible personal property, such as a radio, compact disc, or an automobile, to a person that will give away the property as a gift or a contest prize is subject to Wisconsin sales or use tax. The person or organization liable for the tax is the person or organization who gives the property away, not the person who receives the prize or gift.

Anyone, except for those organizations described in 1 through 6 below, purchasing tangible personal property to be given as a gift or prize should pay sales or use tax on the property at the time of purchase. If no sales or use tax was paid at the time of purchase, a use tax is due on the purchase price of the property.

##### **Organizations That Can Purchase Exempt**

1. The United States government or any of its agencies or instrumentalities.
2. The State of Wisconsin or any of its agencies.
3. Any Wisconsin county, city, village, town, or school district.
4. Any unit of Wisconsin government or an agency or instrumentality of one or more units of Wisconsin government.
5. A Wisconsin city-county hospital established by ordinance of a Wisconsin county and Wisconsin city or cities.
6. Any corporation, community chest fund, foundation, or association organized and operated exclusively for religious, charitable, scientific, or educational purposes, or

for the prevention of cruelty to children or animals (except hospital service insurance corporations under sec. 613.80(2), Wis. Stats.) no part of the net income of which inures to the benefit of any private stockholder, shareholder, member, or corporation.

**Exception:** When a person purchases property for resale or for another exempt purpose under a valid exemption certificate but donates the property to any of the entities described in 1 through 6 above, the person or organization making the donation is not subject to Wisconsin use tax on its purchase of the property.

**Example:** An automobile dealer purchases automobiles without Wisconsin sales or use tax from a manufacturer for resale. The dealer donates one of these automobiles to a church that will hold a raffle of the automobile. The dealer is not subject to Wisconsin use tax on its purchase price of the automobile because it donated the automobile to an exempt organization. The winner of the automobile is also not subject to Wisconsin sales or use tax on the automobile.

#### **VI. SALES TO GOVERNMENTAL UNITS**

Sales made directly to the following governmental units are not subject to Wisconsin sales or use tax:

1. United States or any of its agencies or instrumentalities.
2. State of Wisconsin or any of its agencies.
3. Any Wisconsin county, city, village, town, or school district.
4. Any unit of Wisconsin government or an agency or instrumentality of one or more units of Wisconsin government.
5. A Wisconsin city-county hospital established by ordinance of a Wisconsin county and Wisconsin city or cities.

**NOTE:** Sales to foreign countries, other states, or municipalities in other states or foreign countries are taxable.

When making sales to any governmental unit described in 1 through 5 above, you should receive a purchase order or similar document indicating the governmental unit as the purchaser. The billing or invoice must be in the name of the governmental unit. A copy of each of these documents should be kept as a record to show that the sale was exempt. It is not necessary that the governmental unit provide you with an exemption certificate in order to exempt the sale from Wisconsin sales or use tax.

For information on sales of meals and lodging to employees of governmental units, refer to the tax release on this subject which appeared in *Wisconsin Tax Bulletin* 58, page 21.

#### **VII. SPEAKERS BUREAU**

The department's Speakers Bureau provides speakers to professional organizations and community groups throughout Wisconsin. If you would like a speaker to address your group, please call the Speakers Bureau at (608)266-8640.

Subjects that may be discussed include updates on income, corporate, and sales tax and homestead credit laws, audit procedures, common taxpayer errors, how tax laws apply to exempt organizations, sales tax problems of contractors or manufacturers, etc.