

SALES AND USE TAX REPORT

3-92

December 1992

I. 43 COUNTIES WILL HAVE COUNTY SALES TAX BEGINNING JANUARY 1, 1993

A. HOW DOES THE COUNTY TAX AFFECT YOU?

As of January 1, 1993, there will be a ½% county sales and use tax in 43 counties. Price county adopted the tax effective January 1, 1993. Listed below are the 43 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	Marquette(39)	4/1/89
Barron(03)	4/1/86	Milwaukee(40)	4/1/91
Bayfield(04)	4/1/91	Monroe(41)	4/1/90
Buffalo(06)	4/1/87	Oneida(43)	4/1/87
Burnett(07)	4/1/89	Ozaukee(45)	4/1/91
Chippewa(09)	4/1/91	Pepin(46)	4/1/91
Columbia(11)	4/1/89	Pierce(47)	4/1/88
Crawford(12)	4/1/91	Polk(48)	4/1/88
Dane(13)	4/1/91	Portage(49)	4/1/89
Door(15)	4/1/88	Price(50)	1/1/93
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
Marathon(37)	4/1/87		

The Wisconsin Department of Revenue administers the county tax. Retailers who make sales subject to the county tax will collect 5½% sales tax on such retail sales — 5% state sales tax and ½% county sales tax. Both the state tax and the county tax are reported by retailers on their Sales and Use Tax Returns (Form ST-12) filed with the department.

How does the county sales and use tax apply to retailers and other persons? Read Parts B to I of this report which describe the types of property and services that are subject to county taxes, which retailers are liable for county taxes, and other important information about county taxes. (Note: Keep

this report as part of your records as a reference guide for county taxes.)

IMPORTANT: Retailers who are not located in any of the 43 counties that have adopted the county tax may still be subject to the county tax if they deliver property into any of these counties or are in some other way engaged in business in any of the 43 counties, as described in Part C.2.

B. 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 ½% 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 ½% county tax.

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

1. The ½% county sales tax is imposed on the taxable gross receipts from retail sales or rentals of tangible personal property or taxable services in a "taxable 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 the county sales tax) as described in Part D. (Note: Sales of new mobile homes more than 45 feet in length are subject to the county sales tax.)

"Taxable county" in this *Sales and Use Tax Report* means a county which has adopted the county tax. Marathon County is used in each of the examples that follow as the "taxable county."

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

2. When is a retailer "engaged in business" in a taxable county?

A retailer is "engaged in business" in a taxable county, for purposes of the county sales and use tax law, if one or more of the following conditions exists in the taxable county:

- The retailer has a store in the county.
- The retailer owns business real property in the county.
- The retailer leases or rents out 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 a representative, agent, sales person, 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 delivers goods into the county in company operated vehicles.
- The retailer performs construction activities in the county.

Retailers who are not "engaged in business" in a taxable 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.

3. 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 Marathon County. The buyer takes possession of the radio at the seller's business location in Marathon County and then travels in his car to his home in Eau Claire County (which has no county tax). Since the sale had a "situs" in Marathon County (the place where possession transferred to the buyer), it is subject to the ½% Marathon 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 Marathon County by the seller's company operated vehicle. The seller is "engaged in business" in Marathon County when delivering the piano into Marathon County. The sale of the piano is subject to the Marathon 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. For example, the rental of a computer has a situs at the location where the computer is kept by the lessee.

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. The "situs" of mobile communication service involving more than one county is the county in which the call originates, provided it is not a collect or credit card call.
- 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 taxable equipment located in Marathon County which has a county tax. This repair service was furnished in Marathon County and is, therefore, subject to the ½% Marathon 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 Eau Claire County (which has no county tax), brings it to his shop in Marathon County to repair the TV, and then delivers the TV back to the customer's home in Eau Claire County. The repair service has a "situs" in Eau Claire County (which has no county tax) because the TV was delivered to the customer in Eau Claire 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 Marathon County.

D. WHEN DOES COUNTY USE TAX APPLY?

1. A county use tax of ½% of the sales price is imposed upon every person storing, using, or consuming tangible personal property or services in a taxable county (if the property or service is 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 2 and 3 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 a taxable county (see exception in Parts 2 and 3).
- 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.

Example: A company located in Marathon county purchases an office machine for \$10,000 from an Ohio seller who has not charged the 5% Wisconsin or ½% Marathon County sales or use tax on the transaction. The machine is used in Marathon County. The buyer is liable for 5% Wisconsin use tax of \$500 and ½% Marathon 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 Marathon County use tax.

2. **Contractors:** A county use tax is imposed upon a contractor engaged in construction activities in a taxable 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 a taxable county. However, there will be no county use tax if the contractor has paid a Wisconsin county sales tax on the purchase of the tangible personal property or similar local sales tax of ½% in another state.
3. **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 a taxable 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 the ½% county use tax to the state agency at the time of registering or titling it with the state agency.

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. Both the state sales tax and the county use tax are included with the dealer's Sales and Use Tax Return (Form ST-12) which the dealer files with the Department of Revenue.

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 Form ST-12 and remit the 5% state tax and ½% county tax to the Department of Revenue on such rentals.

E. TRANSITIONAL PROVISIONS

CAUTION: These transitional provisions apply only to Price county which adopted the county tax beginning January 1, 1993. Information regarding transitional provisions for the other 42 counties which adopted the tax in any of the years 1986 through 1992 is found in the December *Sales and Use Tax Report* prior to the year in which the county tax was adopted.

Services: Those services subject to the 5% state sales tax are not subject to the Price county tax if the services are billed to the customer and paid for before January 1, 1993, regardless of whether the service is furnished to the customer before or after January 1, 1993. Services furnished before January 1, 1993, are not subject to Price county tax even though the services are billed or the customer pays on or after January 1, 1993.

Rentals: 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 January 1, 1993, are not subject to the Price county sales tax until the contract is terminated, extended, renewed, or modified. However, the lessee is subject to the Price county use tax on these lease or rental receipts beginning on or after January 1, 1993, 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.

Contractors: 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 Price county tax if (a) the materials are affixed and are 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 January 1, 1993, or that resulted from the acceptance of a formal written bid accompanied by a bond or other performance guaranty that was irrevocably submitted before January 1, 1993.

F. SELLER'S PERMITS

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

G. COLLECTING COUNTY TAX FROM CUSTOMERS — THE BRACKET SYSTEM

To separately state the 5% state tax and ½% 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 5½% of 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 5½% of the taxable gross receipts, regardless of the amount of taxes collected from customers.

The bracket system used in computing the tax which may be collected from customers is as follows:

5% State Tax

(To be used when there is no county tax)

Amount of Taxable Sale	State Tax Collectible
\$.01 to \$.09	0c
.10 to .29	1c
.30 to .49	2c
.50 to .69	3c
.70 to .89	4c
.90 to 1.09	5c

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.

5½% State and County Tax

(To be used when the sale is subject to the 5% state tax and the ½% county tax)

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

The state and county tax equals 11c for each \$2 of sales plus the tax shown above for the fractional part of \$2.
Example: For a sale of \$11.50, the 5½% tax is 63c (55c for \$10 sale plus 8c for \$1.50 sale).

H. RETURN REQUIRES COUNTY TAX DATA

Retailers engaged in business in a taxable county are required to 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.

On the Sales and Use Tax Return (Form ST-12), retailers are required to enter for each of the taxable counties their taxable receipts subject to sales tax and purchases subject to use tax.

I. ANY QUESTIONS?

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

II. SEASONAL FILERS ENGAGED IN BUSINESS IN PRICE COUNTY

If you are engaged in business in Price County (see Part I.C.2) and are a **seasonal** filer (a person doing business only for a portion of the year), contact the Department of Revenue at P.O. Box 8902, Madison, WI 53708-8902 or call (608)266-2776 for revised sales and use tax returns (Form ST-12). Sales and use tax returns that were sent to you for reporting Wisconsin sales and use tax do not include Price County (which adopted the county tax effective January 1, 1993).

III. REMINDER: COMPLETE SCHEDULE CT

If you are reporting county sales or use tax on lines 13 and/or 22 of your Wisconsin sales and use tax return (Form ST-12), you must complete Schedule CT on the back of the return. See Part I.H.

Schedule CT must be completed so that the department can accurately determine the amount of county tax that must be distributed to each county that has adopted the county tax.

If you are reporting county sales or use tax and you fail to complete Schedule CT, processing of your Form ST-12 will be delayed.

IV. REMINDER: RETAILER'S DISCOUNT IS ½%

Effective for reporting periods ending in January 1993, and thereafter, the retailer's discount has been changed to ½% of the state and county sales and use tax payable on retail sales.

Previously, the retailer's discount was 2% of the first \$10,000 of state and county sales and use tax payable on retail sales, 1% of the second \$10,000 of tax payable, and ½% of the tax payable over \$20,000 each year.

The retailer's discount is only allowed if your sales and use tax return is timely filed with full payment.

V. DO YOU OWE USE TAX?

If you were audited tomorrow, do you know in what area auditors would likely find errors? Use Tax!

Most businesses, at one time or another, make purchases subject to use tax. Perhaps you buy office equipment or supplies from out-of-state sellers. Or, perhaps you own a retail business, buy inventory for resale, and then occasionally use inventory items in your business. You are required to pay Wisconsin use tax on these purchases if the seller did not charge you Wisconsin tax. Failure to pay use tax results in imposition of penalties and interest in addition to the tax.

Additional information about use tax is contained in Wisconsin Publication 214, "Do You Owe Wisconsin Use Tax," available from any Department of Revenue Office.