

Wisconsin Department of Revenue

SALES AND USE TAX REPORT

1-94

March 1994

I. DODGE & OCONTO COUNTIES ADOPT COUNTY TAX

The county tax becomes effective April 1, 1994, in Dodge County and July 1, 1994, in Oconto County.

The following is a summary of the 46 Wisconsin counties that have adopted the county tax and the effective date of each county's tax. The number appearing in parenthesis after the county name is the county code which may be helpful for programming purposes.

County	Effective Date	County	Effective Date
Adams (01)	1/1/94	Marathon(37)	4/1/87
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	Oconto (42)	7/1/94
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
Dodge(14)	4/1/94	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

For more information regarding the county sales and use tax, refer to the December 1993 *Sales and Use Tax Report* which was sent to you previously.

II. USE TAX DUE WHEN CHANGE IN USE OF PROPERTY

If you purchase tangible personal property without Wisconsin sales or use tax using a resale certificate or other exemption certificate, and then use the property in a taxable manner, you are required to report Wisconsin use tax on the purchase price of the property. Use tax should be reported on the sales and use tax return for the period in which the property was first used in a taxable manner.

The amount subject to Wisconsin use tax is your purchase price of the property. However, if the first taxable use occurs more than 6 months after the sale of the property to you, the amount subject to tax is (a) the purchase price or (b) the fair market value of the property at the time of the first taxable use, whichever is less.

Example 1: In January 1994, a contractor purchased electrical wire without Wisconsin sales or use tax, which it intended to resell. The cost of the wire was \$1,000. However, in February 1994, the wire was used by the contractor in wiring a home. The contractor files its sales and use tax return monthly.

The contractor is required to report use tax on its February 1994 sales and use tax return on the \$1,000 of wire it purchased and used in real property construction.

Example 2: In January 1994, a motor vehicle dealer purchased a motor vehicle to resell. The cost of the motor vehicle was \$8,000. However, in August 1994, the motor vehicle was taken from inventory and used as a free loaner when a customer's motor vehicle was being repaired. The fair market value of the motor vehicle at the time it was removed from inventory was \$7,000. The motor vehicle dealer files its sales and use tax return monthly.

The motor vehicle dealer is required to report use tax on its August 1994 sales and use tax return on

the motor vehicle it used in a taxable manner. The amount subject to tax is \$7,000, which is the fair market value. Since the first taxable use occurred more than 6 months after the motor vehicle was purchased by the motor vehicle dealer, the amount subject to tax is the lesser of the purchase price (\$8,000) or fair market value (\$7,000).

Example 3: In January 1994, a manufacturer purchased tools without Wisconsin sales or use tax, to be used exclusively and directly in manufacturing. The cost of the tools was \$500. However, in April 1994, the tools were used in repairing manufacturing machinery. The manufacturer files its sales and use tax returns quarterly.

The manufacturer is required to report use tax on its sales and use tax return for the quarter ending June 30, 1994, on the \$500 of tools it used in a taxable manner.

III. LABOR IN REPAIRING TANGIBLE PERSONAL PROPERTY IS TAXABLE

The amount charged to a customer for labor relating to the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, or maintenance of tangible personal property is subject to Wisconsin sales or use tax. Such labor charges are taxable, regardless of whether any property is transferred to the customer in connection with the service furnished. See *Exception* below.

Example: Company A is hired by Company B to install office equipment that Company B purchased from a supplier. The charge by Company A for the installation is subject to Wisconsin sales or use tax.

Exception: Labor charges are exempt from Wisconsin sales or use tax if the tangible personal property being repaired would have been exempt from tax if sold at the time the service is performed. This exception does not apply to a nonresident's motor vehicle.

Example: Company C is hired by Company D to install manufacturing machinery that was exempt from tax when purchased by Company D from a supplier. The installation charge by Company C is exempt from Wisconsin tax because the machinery being installed is used exclusively and directly in manufacturing and is exempt from tax. Company D should give Company C a properly completed manufacturer's exemption certificate.

For more information regarding what is tangible personal property for purposes of repair, service, maintenance, etc., obtain a copy of Wisconsin Publication 207, Sales and Use Tax Information for Contractors. This publication is available from any Department of Revenue office or by contacting: Wisconsin Department of Revenue, P.O. Box 8903, Madison, WI 53708-8903 (telephone (608) 266-1961).

IV. PAYING LATE IS COSTLY

If you were issued an assessment that became subject to collection because it was not paid by the due date, a delinquent tax fee will be imposed. This fee is the greater of \$25 or 4½% of the tax, late filing fees, interest, and penalties owed on each assessment not paid by the due date.

Example: You file your sales and use tax return after the due date and fail to remit the tax owing to the department. The amount that was assessed and not paid by the due date was \$3,000, which included tax, interest, penalties, and late filing fees. You will be subject to a delinquent tax fee of \$135 (4½% X \$3,000), in addition to the tax, interest, penalties, and late filing fees you already owe.

Avoid the delinquent tax fee by paying your sales and use tax by the due date of an assessment.

V. NEED A SPEAKER?

Are you planning a monthly meeting or training program? The Wisconsin Department of Revenue provides speakers to business, community, and educational organizations.

Department representatives are available to speak on a variety of topics that can be targeted toward your particular areas of interest, including:

- New sales and use tax laws
- How sales tax affects contractors, landscapers, manufacturers, nonprofit organizations, or businesses in general
- What to expect in an audit and common errors discovered in audits

To arrange for a speaker, please write to Wisconsin Department of Revenue, P.O. Box 8933, Madison, WI 53708-8933 or call (608) 266-1911.