

SALES AND USE TAX REPORT

3-95

September 1995

I. COUNTY TAX BEGINS OCTOBER 1 IN TREMPLEALEAU COUNTY

Beginning October 1, 1995, the county tax will be in effect in Trempealeau County. For more information regarding the Trempealeau County tax, refer to the June 1995 *Sales and Use Tax Report*.

II. SEND SALES TAX RETURN TO CORRECT ADDRESS

Your sales and use tax return (Form ST-12) should be mailed to the address that appears in the upper right hand corner of Form ST-12. This address is:

Wisconsin Department of Revenue
Box 93389
Milwaukee, WI 53293-0389

Please inform all persons responsible for mailing your Form ST-12 of the correct mailing address.

III. NEW SALES AND USE TAX LAWS

The following new sales and use and other related tax laws have been enacted as part of 1995 Wisconsin Act 27. The effective date of each law is shown in parenthesis.

A. Central Office Equipment of Telephone Companies — Exemption Repealed (effective September 1, 1995)

The exemption under sec. 77.54(24), Wis. Stats., (1993-94), for apparatus, equipment, and electrical instruments, other than station equipment, in central offices of telephone companies, used in transmitting traffic and operating signals is repealed.

Note: As a result of the repeal of sec. 77.54(24), Wis. Stats., the repair, service, alteration, fitting,

cleaning, painting, coating, towing, inspection, and maintenance of the property described in sec. 77.54(24), Wis. Stats., is subject to Wisconsin sales or use tax.

B. Motor Vehicles Used by Dealer — Measure of Tax Changed (effective September 1, 1995)

This provision changes the computation of use tax due on motor vehicles which are used by licensed motor vehicle dealers.

Motor vehicles purchased and used by a dealer for any purpose, in addition to retention, demonstration, or display, are subject to use tax as follows:

1. Motor vehicles held for sale and assigned to specific dealer employees subject to withholding of federal income taxes

The amount subject to use tax is \$96 per month per plate (regular or dealer).

The department will annually, beginning January 1, 1997, adjust the \$96 amount to the nearest whole dollar to reflect the annual percentage change in the U.S. Consumer Price Index for All Urban Customers, U.S. City Average, as determined by the U.S. Department of Labor, for the 12 months ending on June 30 of the year before the change.

2. Motor vehicles held for sale and not assigned to specific dealer employees subject to withholding for federal income tax purposes

The amount subject to tax is the "lease value" of the motor vehicle for the period the motor vehicle is used by the dealer for any purpose, in addition to retention, demonstration, or display. The "lease value" is computed using the IRS Lease Value Table contained in IRS Reg. § 1.61-21(d)(2).

3. *Motor vehicles not held for sale which are properly capitalized for income or franchise tax purposes*

The amount subject to use tax is the sales price of the motor vehicle to the dealer.

Prior to this law change, the amount subject to use tax for motor vehicles used for any purpose, in addition to retention, demonstration or display, by a licensed dealer or its employees was the sales price of the vehicle to the dealer, with the following exceptions:

1. For motor vehicles licensed in the name of the dealer and used by salespersons and other employees, the amount subject to tax was \$83 per month per vehicle.
2. For motor vehicles operated with dealer plates and used by salespersons and other employees, the amount subject to tax was \$22 per month per plate issued to the dealership.

C. Exemption for Sales to University of Wisconsin Hospitals and Clinics Authority (effective July 29, 1995)

Sales of tangible personal property and taxable services to the University of Wisconsin Hospitals and Clinics Authority are exempt from Wisconsin sales or use tax.

D. Delinquent Account Fee Increased (effective December 31, 1995)

The fee assessed taxpayers who owe delinquent taxes, fees, interest, or penalties is increased from 4.5% (with a \$25 minimum) to 6.5% (with a \$35 minimum) of the taxes, fees, interest and penalties owed.

The fee on accounts already delinquent on December 31, 1995 is also increased. These accounts are subject to an additional fee equal to 2% of the taxes, fees (other than the delinquent account fee under sec. 73.03(33m)), interest, and penalties owed on December 31, 1995, or \$10, whichever is greater.

E. Business Registration Certificate Required (various effective dates)

New Certificate Required

1. Persons who do not hold a permit or license prior to January 1, 1996

Persons who do not hold, prior to January 1, 1996, a permit or license issued by the Department of Revenue relating to withholding, sales, use, motor vehicle fuel, alternate fuel, general aviation fuel, alcohol beverage, cigarette, or tobacco product taxes (except medicinal alcohol and sacramental wine) are required to apply for and hold a business tax registration certificate prior to obtaining such permits or licenses from the department. A fee will be charged for the initial certificate.

2. Persons who already hold any permit or license before January 1, 1996

Persons who already hold, prior to January 1, 1996, permits or licenses issued by the Department of Revenue relating to withholding, sales, use, motor vehicle fuel, alternate fuel, general aviation fuel, alcohol beverage, cigarette, or tobacco product taxes (except medicinal alcohol and sacramental wine) will automatically be issued an initial business registration certificate at no charge.

Renewal

The business registration certificate must be renewed every two years for a fee. The renewal fee is in addition to any fee charged for obtaining the initial business registration certificate.

Amount of Fees

The Department of Revenue is authorized to set the amount for fees to obtain and renew a business registration certificate. The fee for original registration may not be less than \$20 and the fee for renewal may not be less than \$10. The fee schedule is subject to the approval of the Legislature's Joint Committee on Finance.

Fees and Expiration Dates for Separate Permits and Licenses

The requirements to have permits or licenses have not been changed. However, fees are no longer imposed for obtaining permits and licenses from the Department of Revenue and there are no expiration dates for the separate permits and licenses.

Note: The repeal of fees and expiration dates for permits and licenses relating to alcohol beverages is effective July 29, 1995. The repeal of fees and expiration dates for permits and licenses relating to withholding, sales, use, motor vehicle fuel, alternate fuel, general aviation fuel, cigarette, and tobacco product taxes is effective January 1, 1996.