

On both issues, the Court confirmed the conclusions of the Tax Appeals Commission.

The taxpayer has not appealed this decision.

## TAX RELEASES

("Tax Releases" are designed to provide answers to the specific tax questions covered, based on the facts indicated. However, the answers may not apply to all questions of a similar nature. In situations where the facts vary from those given herein, it is recommended that advice be sought from the Department. Unless otherwise indicated, Tax Releases apply for all periods open to adjustment. All references to section numbers are to the Wisconsin Statutes unless otherwise noted.)

NOTE: Many of these were formerly distributed to Department personnel as sales tax memos or reports. It is thought that these positions would be of help to taxpayers and tax practitioners.)

## SALES TAX

### I. Lawn and Garden Tractors

Rule Tax 11.12, entitled "Farming, agriculture, horticulture and floriculture", indicates that a retailer's gross receipts from sales of lawn and garden tractors are subject to the 4% sales tax. Thus, a retailer must impose the tax on sales of lawn and garden tractors, even though they may be sold to a farmer.

The purchaser-farmer may claim a refund from this department if he or she is able to show that the tractor qualifies for the farmer's exemption under the sales

and use tax law. The farmer should send a letter requesting a refund to the Wisconsin Department of Revenue, Compliance Bureau, 4638 University Avenue, P.O. Box 8902, Madison, WI 53708.

### II. Cost Sharing

A manufacturer may furnish electricity to a nearby foundry under an agreement between the parties that the electricity will be provided at the manufacturer's cost of production. The manufacturer's gross receipts from such sales are taxable, even though the electricity is not sold for a profit.

### III. Carpeting (Removing or Moving)

The total charge for removing carpeting in connection with the repair, service or maintenance of the carpeting (e.g., remake it by cutting out worn areas, resewing, patching and sizing), and the charge for reinstalling the carpeting in the same room, or in another room or area, is subject to the tax. It is immaterial whether such charges are separately itemized on the customer's bill.

Labor charges to remove carpeting from one room and install it in another room, or to remove it from one home and install it in another room, are not taxable if no repair services are performed to the carpeting during the moving operations. The removal of old carpeting in conjunction with the installation of new carpeting

also is not a taxable service, if no repair services are performed to the old carpeting.

### IV. Farming - Canning Companies

Under the common canner-grower contract, the production of a crop of vegetables for canning is a joint venture. At a minimum, a canner commonly contributes the seed, the supervisory services of field personnel and the labor for harvesting. The canner has a pecuniary interest in the crop and shares with the grower some of the risk involved in growing the crop. Therefore, canners may purchase farm machines without tax when the machines are used in such a farming activity.

### V. Federal Food Stamps

A retailer's gross receipts from the redemption of federal food stamps are not subject to the sales tax. This is true even though the stamps are used to purchase items that would otherwise be taxable, such as candy, popcorn, gum, confectations and soft drinks.

### VI. Self-Service Car Washes

The total gross receipts of persons engaged in the business of providing coin-operated self-service car washes which involve a pressurized spray of soap and water are taxable. This is similar to the taxability of the receipts of other persons providing car wash service.