



Tax Releases

“Tax releases” are designed to provide answers to the specific tax questions covered, based on the facts indicated. In situations where the facts vary from those given herein, the answers may not apply. 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.

The following tax releases are included:

Individual Income Taxes

1. Trustee’s Administrative Fees (p. 22)

Sales and Use Taxes

2. Cranes Rented to Repair Manufacturing Machinery (p. 23)
3. Effect of Motor Vehicle Fuel Tax Refund on Computation of Gross Receipts and Sales price (p. 24)
4. Transportation Charges (p. 26)

Rental Vehicle Fee

5. Rental Vehicle Fee – Effect on Gross Receipts and Sales Price (p. 29)

INDIVIDUAL INCOME TAXES

1 Trustee’s Administrative Fees

Statutes: Sections 71.05(6)(a)1 and (b)1 and 71.07(5), Wis. Stats. (1995-96)

Background:

Federal tax treatment: An individual may claim an itemized deduction on federal Schedule A for amounts paid for trustee’s administrative fees to the extent the fees are incurred to produce or collect taxable income or to manage property. No deduction is allowed for any expense allocable to the earning of tax-exempt interest.

If it cannot be determined what part of the trustee’s administrative fees is for tax-exempt interest and what part is for taxable income, the fees must be allocated using reasonable proportions based on facts and circumstances. Further information on allocating trustee’s administrative fees is available in federal Publication 550, *Investment Income and Expenses*, which is available from the Internal Revenue Service.

The itemized deduction for amounts paid for trustee’s administrative fees is combined with certain other miscellaneous itemized deductions, and the total

is subject to the 2% of federal adjusted gross income limitation.

Wisconsin tax treatment: Section 71.05(6)(a)1, Wis. Stats. (1995-96), provides that the amount of interest income, less related expenses, which is not included in federal adjusted gross income is added to federal adjusted gross income when computing Wisconsin adjusted gross income.

Section 71.05(6)(b)1, Wis. Stats. (1995-96), provides that, to the extent included in federal adjusted gross income, the amount of interest or dividend income which is by federal law exempt from taxation by Wisconsin is subtracted from federal adjusted gross income when computing Wisconsin adjusted gross income.

Section 71.07(5), Wis. Stats. (1995-96), provides for the Wisconsin itemized deduction credit. Certain amounts which are allowable as federal itemized deductions on federal Schedule A are used in the computation of the Wisconsin itemized deduction credit.

Section 71.07(5)(a), Wis. Stats. (1995-96), lists the various federal itemized deductions which may *not* be used in the computation of the Wisconsin itemized deduction credit. The federal miscellaneous itemized deduction for trustee’s administrative fees is not included in this listing. Therefore, the amount of

trustee's administrative fees which is allowable as a federal miscellaneous itemized deduction (subject to the 2% of federal adjusted gross income limitation) is used in the computation of the Wisconsin itemized deduction credit.

Facts: An individual has the following income from a trust for 1997:

Interest from U.S. government bonds	\$20,000
Interest from municipal bonds	\$26,000

Trustee's administrative fees of \$4,500 were paid during 1997. The fees were paid to produce or collect taxable income. It is determined that \$1,957 of the fees is allocable to the U.S. government interest, and \$2,543 is allocable to the municipal bond interest. The U.S. government bond interest is reported on the individual's 1997 federal income tax return, and a miscellaneous itemized deduction is claimed on Schedule A for the trustee's administrative fees of \$1,957 related to the U.S. government bond interest.

The municipal bond interest is exempt from federal tax, and therefore, no deduction is allowed on federal Schedule A for the trustee's administrative fees related to such interest.

Question 1: The municipal bond interest is taxable by Wisconsin. What amount is added to federal adjusted gross income for municipal bond interest when

computing Wisconsin adjusted gross income?

Answer 1: \$23,457. Under sec. 71.05(6)(a)1, Wis. Stats. (1995-96), the addition for municipal bond interest is reduced by related expenses. Therefore, the \$26,000 of municipal bond interest is reduced by the trustee's administrative fees of \$2,543 which are related to such interest income (\$26,000 - \$2,543 = \$23,457).

Question 2: The U.S. government bond interest is not taxable by Wisconsin. What amount is subtracted from federal adjusted gross income for U.S. government interest when computing Wisconsin adjusted gross income?

Answer 2: \$20,000. The entire amount of U.S. government interest may be subtracted. Section 71.05(6)(b)1, Wis. Stats. (1995-96), does not require individuals to reduce the subtraction amount for U.S. government interest by related expenses.

Question 3: Are the federal miscellaneous itemized deductions, which include trustee's administrative fees related to U.S. government interest, adjusted (reduced) when computing the Wisconsin itemized deduction credit?

Answer 3: No. Although U.S. government interest is not taxable by Wisconsin, the federal miscellaneous itemized deductions, which include trustee's administrative fees related to the U.S.

government interest, are not adjusted when computing the Wisconsin itemized deduction credit. The amount of miscellaneous itemized deductions which is allowable for federal tax purposes is used when computing the Wisconsin itemized deduction credit. □

SALES AND USE TAXES

Note: The following tax releases interpret the Wisconsin sales and use tax law as it applies to the 5% state sales and use tax. The 0.5% county and 0.1% stadium sales and use taxes may also apply. For information on sales or purchases that are subject to the county or stadium sales and use tax, refer to Wisconsin Publication 201, *Wisconsin Sales and Use Tax Information*.

2 Cranes Rented to Repair Manufacturing Machinery

Statutes: Section 77.54(6)(a), Wis. Stats. (1995-96)

Wis. Adm. Code: Sections Tax 11.39(2)(b) (October 1997 Register) and Tax 11.40(3)(a) (April 1994 Register)

Background: Section 77.54(6)(a), Wis. Stats. (1995-96), provides an exemption from Wisconsin sales and use tax for "Machines and specific processing equipment and repair parts or replacements thereof, exclusively and directly used by a manufacturer in manufacturing tangible personal property and safety attachments for those machines and equipment."

Section Tax 11.39(2)(b), Wis. Adm. Code (October 1997 Register), provides that “Manufacturing does not include storage, delivery to or from the plant, repairing or maintaining facilities or research and development.”

Section Tax 11.40(3)(a), Wis. Adm. Code (April 1994 Register), which provides an exemption for certain tools used in manufacturing, also provides in part that “...if the items are also used for machine repair or general maintenance, they are **not** exempt.” (Emphasis added.)

Facts:

- Company A is in the business of renting cranes.
- Company A rents cranes to manufacturers.
- Manufacturers use the cranes for:
 - a) loading or unloading manufacturing machines,
 - b) repairing manufacturing machines, or
 - c) setting manufacturing machines.

Question: Is the rental of the crane by Company A to a manufacturer who uses the crane to load, unload, repair, or set manufacturing machines subject to Wisconsin sales and use tax?

Answer: Yes. Since the crane is not directly used in manufacturing tangible personal property, it does not qualify for the exemption in sec. 77.54(6)(a), Wis. Stats. (1995-96). □

3 Effect of Motor Vehicle Fuel Tax Refund on Computation of Gross Receipts and Sales Price

Note: This tax release applies only to refunds of motor vehicle fuel tax where the refund check is dated on or after December 1, 1997. For refunds dated prior to December 1, 1997, the tax release titled “Effect of Motor Fuel Tax Refund on Computation of Gross Receipts and Sales Price,” which appeared in *Wisconsin Tax Bulletin* 85 (January 1994), applies.

Statutes: Sections 77.51(4)(a)4 and (15)(a)4, Wis. Stats. (1995-96), as amended by 1997 Wisconsin Act 27, and 77.54(11), Wis. Stats. (1995-96)

Background: Section 77.54(11), Wis. Stats. (1995-96), provides an exemption from Wisconsin sales or use tax for gross receipts from sales of and the storage, use, or other consumption in Wisconsin of motor vehicle fuel, general aviation fuel, or alternate fuel subject to taxation under ch. 78, Wis. Stats. However, if the motor vehicle fuel tax or alternate fuel tax is refunded under sec. 78.75, Wis. Stats., because the buyer does not use the fuel in operating a motor vehicle upon the public highways, the exemption from Wisconsin sales or use tax no longer applies.

Therefore, if a retailer sells motor vehicle fuel that is not subject to the Wisconsin motor vehicle fuel tax, the retailer should charge Wisconsin sales tax on the sale of the fuel, unless some other sales and use tax exemption applies (e.g., fuel sold for residential

use). Similarly, if a person purchases motor vehicle fuel subject to motor vehicle fuel tax and later is issued a refund of the motor vehicle fuel taxes, the purchase is subject to Wisconsin use tax, unless some other sales and use tax exemption applies (e.g., farming).

The following Facts and Questions address the question of what amount is subject to Wisconsin sales or use tax based on the definitions of gross receipts and sales price under sec. 77.51(4)(a)4 and (15)(a)4, Wis. Stats. (1995-96), as amended by 1997 Wisconsin Act 27.

Facts and Question 1: Company A sells motor vehicle fuel to Company B. The amount of the sale of the motor vehicle fuel includes \$2,000 of federal motor vehicle fuel tax. Company A charges Company B Wisconsin sales tax on the total amount of the sale of the motor vehicle fuel, including the federal motor vehicle fuel tax.

Company B, subsequent to the sale of the motor vehicle fuel, files a claim for refund with the Internal Revenue Service (IRS) for the \$2,000 of federal motor vehicle fuel tax it paid to Company A. The claim for refund is made using federal Form 843.

May Company B file a claim for refund of the sales tax it paid on the \$2,000 of federal motor vehicle fuel tax that was refunded by the IRS to Company B?

Answer 1: Yes. The \$2,000 refund of federal motor vehicle

fuel tax to Company B reduces by \$2,000 the gross receipts subject to Wisconsin sales tax on the sale of the motor vehicle fuel by Company A to Company B.

The definition of gross receipts in sec. 77.51(4)(a)4, Wis. Stats. (1995-96), as amended by 1997 Wisconsin Act 27, provides that gross receipts subject to sales tax do not include federal motor vehicle fuel taxes that have been refunded.

Facts and Question 2: Assume the same facts as in Facts and Question 1, except that Company B claims a credit on its federal corporate income tax return using federal Form 4136 for the \$2,000 of federal motor vehicle fuel tax it paid to Company A on the purchase of motor vehicle fuel.

May Company B file a claim for refund of the sales tax it paid on the \$2,000 of federal motor vehicle fuel tax allowed as a credit to Company B?

Answer 2: Yes. The same answer as given to Facts and Question 1 applies.

Facts and Question 3: Company C sells motor vehicle fuel to Company D. The amount of the sale of the motor vehicle fuel includes the federal and Wisconsin motor vehicle fuel taxes of \$2,000. Company C does not charge Company D Wisconsin sales tax on the sale of the motor vehicle fuel. Company D reports Wisconsin use tax on its Wisconsin sales and use tax return for the purchase of the motor

vehicle fuel. Company D includes the \$2,000 of federal and Wisconsin motor vehicle fuel taxes in the amount on which use tax is computed.

Company D, subsequent to reporting Wisconsin use tax on the motor vehicle fuel purchased, files claims for refund with the IRS and the Wisconsin Department of Revenue for the \$2,000 of federal and Wisconsin motor vehicle fuel taxes it paid to Company C.

May Company D file a claim for refund of the use tax it paid to the department on the \$2,000 of federal and Wisconsin motor vehicle fuel taxes refunded by the IRS and the Wisconsin Department of Revenue to Company D?

Answer 3: Yes. The \$2,000 refund of federal and Wisconsin motor vehicle fuel taxes to Company D reduces by \$2,000 the sales price subject to Wisconsin use tax on the sale by Company C of the motor vehicle fuel which is stored, used, or consumed in Wisconsin by Company D.

The definition of sales price in sec. 77.51(15)(a)4, Wis. Stats. (1995-96), as amended by 1997 Wisconsin Act 27, allows the purchaser to reduce the sales price subject to use tax by refunds from the IRS and the Wisconsin Department of Revenue of the motor vehicle fuel taxes paid on the sale.

Facts and Question 4: Assume the same facts as in Facts and

Question 3, except that Company D claims a credit on its federal corporate income tax return using federal Form 4136 for the federal motor vehicle fuel tax it paid to Company C on the purchase of motor vehicle fuel.

May Company D file a claim for refund of the use tax it paid to the department on the federal motor vehicle fuel tax allowed as a credit by the IRS on Company D's federal corporate income tax return and the Wisconsin motor vehicle fuel tax refunded by the Wisconsin Department of Revenue?

Answer 4: Yes. The same answer as given to Facts and Question 3 applies.

Facts and Question 5: Company E sells motor vehicle fuel to Company F for \$6,000. The \$6,000 selling price includes \$2,000 of federal and Wisconsin motor vehicle fuel taxes. Company E does not charge Company F Wisconsin sales tax on the sale of the motor vehicle fuel.

After buying the motor vehicle fuel, Company F files claims for refund with the IRS and the Wisconsin Department of Revenue for the \$2,000 of federal and Wisconsin motor vehicle fuel taxes it paid on the motor vehicle fuel purchased from Company E. Company F does not report Wisconsin use tax on its Wisconsin sales and use tax return for the purchase of the motor vehicle fuel.

Company F is audited by the department. It is determined that Company F should have reported Wisconsin use tax on its purchase of motor vehicle fuel from Company E.

What is the sales price used in determining the amount of use tax due?

Answer 5: The sales price subject to use tax is \$4,000 (\$6,000 selling price less \$2,000 of federal and Wisconsin motor vehicle fuel taxes refunded by the IRS and the Wisconsin Department of Revenue).

The definition of sales price in sec. 77.51(15)(a)4, Wis. Stats. (1995-96), as amended by 1997 Wisconsin Act 27, provides a reduction in the computation of sales price for refunds of motor vehicle fuel taxes.

Caution: For refunds of motor vehicle fuel tax where the refund check is dated prior to December 1, 1997, refunds of motor vehicle fuel taxes by the IRS and the Wisconsin Department of Revenue to the purchaser do not reduce gross receipts or sales price subject to sales or use tax from the sale of or the storage, use, or consumption of the motor vehicle fuel.

Note: Information regarding filing claims for refund of Wisconsin sales or use tax is available in Wisconsin Publication 216, *Filing Claims for Refund of Sales or Use Tax*. □

4 Transportation Charges

Statutes: Sections 77.51(4)(a)3, (14r), and (15)(a)3 and 77.52(2)(a), Wis. Stats. (1995-96)

Wis. Adm. Code: Section Tax 11.94 (June 1991 Register)

Background:

Law

Section 77.51(4)(a)3 and (15)(a)3, Wis. Stats. (1995-96), provides that gross receipts and sales price, for purposes of imposing Wisconsin sales or use tax, include the total amount of the sale, valued in money, whether received in money or otherwise, without any deduction for the cost of transportation of the property prior to its sale to the purchaser.

Section 77.51(14r), Wis. Stats. (1995-96), provides that a sale or purchase involving the transfer of ownership of property shall be deemed to have been completed at the time and place when and where possession is transferred by the seller or the seller's agent to the purchaser or the purchaser's agent. A common carrier or the U. S. Postal Service shall be deemed the agent of the seller, regardless of any f.o.b. point and regardless of the method by which freight or postage is paid.

Section 77.52(2)(a), Wis. Stats. (1995-96), provides that various services are subject to Wisconsin

sales or use tax. Transportation services are not services specifically subject to tax under sec. 77.52(2)(a), Wis. Stats. (1995-96).

Court Decisions

In the cases of *Rhineland Paper Company, Inc. vs. Wisconsin Department of Revenue* (97 CV 1051, December 18, 1997) and *Trierweiler Construction and Supply Co., Inc. vs. Wisconsin Department of Revenue* (97 CV 1444, December 12, 1997), the Circuit Court held that transportation costs separately incurred by the buyer from a carrier independent of the retailer of the taxable property are not part of the sales price of tangible personal property subject to Wisconsin sales or use tax.

The Department of Revenue did not appeal these decisions. The questions and answers below reflect these Circuit Court decisions.

Question 1: When are transportation charges subject to Wisconsin sales or use tax, and who is responsible for paying the tax to the Department of Revenue?

Answer 1:

A. Seller Contracts With Carrier and Buyer Pays Seller for Transportation of Taxable Tangible Personal Property — Delivery by Common Carrier, Contract Carrier, U.S. Postal Service, or Seller's Vehicle

Example: Seller A hires a common carrier to ship its taxable product to Buyer B. The common carrier charges Seller A \$40 for transportation. Seller A charges Buyer B \$1,000 for the product, plus \$50 for transportation.

1. Carrier

The common carrier is not subject to Wisconsin sales or use tax on its \$40 charge to the Seller A for transportation because it is providing a service that is not subject to Wisconsin sales or use tax under sec. 77.52(2)(a), Wis. Stats. (1995-96).

Note: In this example, the carrier is not subject to Wisconsin sales or use tax on its sale of the transportation service, regardless of whether the carrier is a common carrier, a contract carrier, or the U.S. Postal Service.

2. Seller

Seller A's total charge of \$1,050 to Buyer B (including the \$50 transportation charge) is subject to Wisconsin sales or use tax. The sale of the taxable product occurs when Buyer B takes possession of the product from the common carrier. Since the transportation occurs before the sale of the property by Seller A to Buyer B, the \$50 transportation charge is included in gross receipts subject to sales tax.

Note: In this example, Seller A's gross receipts subject to Wisconsin sales or use tax include the \$50 charge for transportation, regardless of whether delivery is made by a common carrier, a contract carrier, the U.S. Postal Service, or the seller's own vehicle.

3. Buyer

If Seller A does not charge Buyer B Wisconsin sales or use tax on the sale of the taxable product, Buyer B is subject to Wisconsin sales or use tax on Seller A's total charge of \$1,050 (including the \$50 transportation charge). The sale of the taxable product occurs when Buyer B takes possession of the product from the common carrier. Since the transportation occurs before the sale of the property by Seller A to Buyer B, the \$50 transportation charge is included in the sales price subject to sales or use tax.

B. Buyer Contracts With Carrier and Buyer Pays Carrier for Transportation of Taxable Tangible Personal Property — Delivery by Common Carrier, Contract Carrier, or U.S. Postal Service

Example: Seller A charges Buyer B \$1,000 for a taxable product. Buyer B hires a common carrier to pick up the product from Seller A and ship it to Buyer B. The

common carrier charges Buyer B \$40 for the transportation.

1. Carrier

The common carrier is not subject to Wisconsin sales or use tax on its \$40 charge to Buyer B for transportation because it is providing a service that is not subject to Wisconsin sales or use tax under sec. 77.52(2)(a), Wis. Stats. (1995-96).

Note: In this example, the carrier is not subject to Wisconsin sales or use tax on its sale of the transportation service, regardless of whether the carrier is a common carrier, a contract carrier, or the U.S. Postal Service.

2. Seller

Seller A is subject to Wisconsin sales or use tax on its \$1,000 charge to Buyer B. Seller A does not include the \$40 charge for transportation in gross receipts subject to Wisconsin sales or use tax because Seller A does not have any gross receipts from transportation.

Note: In this example, Seller A's gross receipts subject to Wisconsin sales or use tax do not include the \$40 charge for transportation, regardless of whether delivery is made by a common carrier, a contract carrier, or the U.S. Postal Service.

3. Buyer

The buyer is not subject to Wisconsin sales or use tax on the \$40 transportation charge as a result of the *Rhineland Paper* and *Trierweiler Construction* cases, because the transportation costs were separately incurred by Buyer B independent of Seller A.

C. Seller Contracts With Carrier but Buyer Pays Carrier for Transportation of Taxable Tangible Personal Property — Delivery by Common Carrier, Contract Carrier, or U.S. Postal Service

Example: Seller A hires a contract carrier to ship its taxable product to Buyer B. Seller A charges Buyer B \$1,000 for the product, plus \$50 for transportation. It is agreed between Seller A and Buyer B that Buyer B will pay the contract carrier directly for transportation. Buyer B will then deduct the amount paid to the carrier (even if less or more than \$50) from the \$1,050 charge by Seller A. Buyer B pays the contract carrier \$40 and deducts the \$40 it paid to the contract carrier from the \$1,050 amount it owes Seller A. Buyer B remits \$1,010 to Seller A.

1. Carrier

The contract carrier is not subject to Wisconsin sales or use tax on its \$40 transporta-

tion charge to Seller A, which was paid by Buyer B, because it is providing a service that is not subject to Wisconsin sales or use tax under sec. 77.52(2)(a), Wis. Stats. (1995-96).

Note: In this example, the carrier is not subject to Wisconsin sales or use tax on the sale of the transportation service, regardless of whether the carrier is a common carrier, a contract carrier, or the U.S. Postal Service.

2. Seller

Seller A is subject to sales or use tax on \$1,050 charged to Buyer B. The sale of the product occurs when Buyer B takes possession of the taxable product from the contract carrier. Because the transportation occurs prior to the sale of the product, the \$50 charge for transportation may not be deducted by Seller A from gross receipts subject to Wisconsin sales or use tax.

Section Tax 11.94(2)(d), Wis. Adm. Code (June 1991 Register), provides that when taxable tangible personal property is sold for a “delivered price,” tax applies to the charge for transporting the property to the purchaser, even though the purchaser may directly pay the transportation charges. Property is sold for a “delivered price” when the price agreed upon includes all costs or charges

for transporting the property directly to the purchaser, and under circumstances such that if there is an increase or decrease in the cost of the transportation, it is borne by the seller.

Note: Seller A’s gross receipts subject to Wisconsin sales or use tax include the \$50 charge for transportation, regardless of whether delivery is made by a common carrier, a contract carrier, or the U.S. Postal Service.

3. Buyer

If Seller A does not charge Wisconsin sales or use tax on the sale of the taxable tangible personal property, Buyer B is subject to Wisconsin sales or use tax on Seller A’s total charge of \$1,050 to Buyer B. Because the transportation occurs before the sale of the property by Seller A to Buyer B, the charge for transportation may not be deducted in arriving at the sales price subject to Wisconsin sales or use tax.

The *Rhineland Paper Company* and *Trierweiler Construction* decisions do not apply because (a) Seller A charged Buyer B for the transportation and (b) the transportation was not incurred separately by Buyer B independent of Seller A.

Question 2: If a seller charges a purchaser for transportation and the transportation is for both

taxable and nontaxable tangible personal property, is the entire charge by the seller for transportation subject to Wisconsin sales or use tax?

Answer 2: No. Only that part of the transportation charge that relates to the sale or purchase of **taxable** tangible personal property is subject to Wisconsin sales or use tax. A reasonable allocation of the total transportation charge is required to determine the taxable and nontaxable transportation charges.

Example: Company J sells office supplies to Company K. Company K will use 20% of the office supplies at its headquarters in Wisconsin. The remaining 80% of office supplies will be resold by Company K. Company K issues a resale certificate to Company J, indicating that 80% of the office supplies are exempt from Wisconsin sales or use tax because they are for resale.

Company J hires a common carrier to transport the office supplies and other tangible personal property to Company K.

Company J bills Company K \$1,000 for the office supplies, plus \$100 for transportation.

Of the \$1,100 that Company J charges to Company K, \$200 of the office supplies plus \$20 of transportation charges are subject to Wisconsin sales or use tax. The \$800 of office supplies that

will be resold and \$80 of the transportation charges are exempt from Wisconsin sales or use tax. The allocation of the \$100 transportation charge is computed as follows:

$\$200$ (charge for taxable office supplies) \div $\$1,000$ (total charge for office supplies) = 20%.

$20\% \times \$100$ total transportation charge = $\$20$ taxable transportation charge. □

RENTAL VEHICLE FEE

5 Rental Vehicle Fee — Effect on Gross Receipts and Sales Price

Statutes: Section 77.51(4)(a)4 and (15)(a)4, Wis. Stats. (1995-96), and sec. 77.995, Wis. Stats., as created by 1997 Wisconsin Act 27

Wis. Adm. Code: Section Tax 11.26(3)(b) (December 1992 Register)

Background: Effective April 1, 1998, a 3% state rental vehicle fee is imposed on the rental of certain vehicles for periods of less than 30 days by establishments primarily engaged in the short-term rental of vehicles without drivers. The lessor is required to collect the tax from the person to whom the vehicle is rented. For more information about the rental vehicle fee, refer to *Wisconsin Tax Bulletin 104* (November 1997), page 35.

Question: Is the 3% rental vehicle fee (imposed under sec. 77.995, Wis. Stats., as created by 1997 Wisconsin Act 27) included in gross receipts and sales price for purposes of imposing Wisconsin sales or use tax on the rental of a vehicle?

Answer: No. Although termed a “fee” in the statutory language, the rental vehicle fee is considered a “tax.” Under sec. 77.51(4)(a)4 and (15)(a)4, Wis. Stats. (1995-96), gross receipts and sales price do not include any **tax** imposed by Wisconsin upon or with respect to retail sales, whether imposed upon the retailer or the consumer, if the state tax is measured by a stated percentage of sales price or gross receipts.

Example: Company B, located in Madison, rents to Customer A an automobile for one week. The rental is \$200 plus taxes and fees. The total charge to Customer A is computed as follows:

Rental charge	\$ 200
Sales tax (5.5% x \$200)	11
Rental vehicle fee (3% x \$200)	<u>6</u>
Total charge to customer	<u>\$ 217</u>

□