

Wisconsin Department of Revenue

Frequently Asked Questions – Clearance Certificates and Successor Liability**What is a clearance certificate?**

A clearance certificate is requested by a representative for a purchaser of a business to ensure that the seller has filed all sales and use tax returns and paid all sales and use taxes due.

What is needed in a request to obtain a clearance certificate?

Requests for a clearance certificate must include the following:

- Name of the seller
- Seller's permit number
- Seller's current mailing address
- Name of the purchaser
- Purchaser's seller's permit number
- Purchaser's mailing address
- Date of sale
- Sale price

Requests for clearance certificates may be mailed, e-mailed, or faxed by the purchaser. The mailing address is as follows:

ATTN: Sandra Hornback
Wisconsin Department of Revenue
P.O. Box 8901
Madison, WI 53708-8901

E-Mail: shornbac@dor.state.wi.us

FAX: (608) 267-1037

The request must be made **AFTER** the sale has taken place.

You indicate the request must be made in writing. Can this information be submitted over the telephone?

No. Wisconsin Administrative Code section Tax 11.91(3)(b) states that the request must be submitted in writing.

Why do you need the date of sale?

We need the date of sale in order to determine when the seller's filing responsibility ends and the purchaser's filing responsibility begins.

How long will it take to receive the clearance certificate once the request has been submitted?

The Department of Revenue must act on the request by either issuing the clearance certificate or issuing a notice of potential successor liability within 90 days of receiving the completed request for the clearance certificate. If the Department of Revenue does not respond within 90 days, the purchaser is relieved from any liability.

What is meant by successor liability?

The purchaser of a business or a stock of goods, including furniture, fixtures, equipment, and inventory, of any retailer liable for sales or use tax shall be personally liable for the payment of the seller's sales or use tax if the purchaser fails to withhold a sufficient amount of the purchase price to cover the taxes due.

If I am taking over a business and there is no purchase price, am I still subject to successor liability?

No. If there is no purchase price, there is no successor liability.

If I am responsible for successor liability, what do I have to pay?

A successor will be responsible for the amount of the tax liability, but not for penalties and interest. Although based on the predecessor's tax, the successor's liability shall not bear interest.

The seller of a business has several locations. I have purchased only one location. Am I responsible for what is owed at all locations?

No. A successor's liability is limited to amounts owed by the predecessor which were incurred at the location purchased. If the seller operated at more than one location while incurring a total liability for all locations, its liability incurred at the location sold will be determined and will be the amount for which the successor may be held liable.

Am I still responsible for successor liability if the seller and I write up a contract that says that the seller will pay all liabilities?

Yes. Successor liability is determined by law and shall not be altered by agreements and contracts between a buyer and seller.

Will I receive a clearance certificate once all sales and use tax returns are filed and sales and use tax is paid?

Yes.

Who will receive a copy of the clearance certificate when it is issued?

The purchaser and the seller will receive a clearance certificate. In addition, the representatives of the purchaser may receive a copy if they submit a Power of Attorney form along with the initial request for the clearance certificate.

If you have additional questions regarding clearance certificates and/or successor liability, please submit them by mail, e-mail, or fax as indicated previously under "What is needed in a request to obtain a clearance certificate?" You may also call Sandra Hornback at (608) 266-2604.