



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 in a tax release, the answers may not apply. Unless otherwise indicated, tax releases apply for all periods open to adjustment, and all references to section numbers are to the Wisconsin Statutes. (Caution: Tax releases reflect the position of the Wisconsin Department of Revenue, of laws enacted by the Wisconsin Legislature as of the date published in this Bulletin. Laws enacted after that date, new administrative rules, and court decisions may change the answers in a tax release.)

The following tax release is included:

SALES AND USE TAX

1 Credit for Sales and Use Taxes Paid to Other States and Their Local Units of Government

This tax release supersedes the tax releases previously published in *Wisconsin Tax Bulletin* 75 (January 1992), page 17, *Credit for Sales Tax Paid in Minnesota*, and *Wisconsin Tax Bulletin* 100 (January 1997), page 29, *Credit for Sales and Use Taxes Paid to Other States and Local Units of Government*. The tax treatment described in this tax release applies for all periods open to adjustment under the statute of limitations.

Statutes: Sections 77.53(16), 77.71(2), (3), and (4), and 77.54(1), Wis. Stats. (2005-06), as amended through 2007 Wisconsin Act 11, unless otherwise indicated.

Introduction: Persons located in Wisconsin, including individuals, corporations, partnerships, and limited liability companies, may purchase and take possession of items outside of Wisconsin and then store, use, or consume the items in Wisconsin. These persons may be required to pay the sales or use tax of another state and/or a local unit of government when taking possession of the items in the other state.

Wisconsin sales and use tax law provides a credit for sales or use taxes that are properly due and paid to another state and/or local unit of government on property or services purchased outside Wisconsin and subsequently stored, used, or consumed in Wisconsin. The credit is allowed against (but not in excess of) the total of Wisconsin state, county, and special district (baseball stadium and football stadium) use taxes imposed on the same property or services purchased in the other state. (**Note:** Local exposition district taxes are only imposed on the **sales** of certain property and services. No local exposition **use** tax is imposed. Premier resort area taxes are only imposed on the **sales** of tangible personal property and taxable services. No premier resort area **use** tax is imposed.)

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I. Background

1. Applicable Wisconsin Statutes

Credit for Other State's State Sales or Use Tax Paid: Section 77.53(16), Wis. Stats. (2005-06), provides that “If the purchase, rental or lease of tangible personal property or service subject to the tax imposed by this section was subject to a sales tax by another state in which the purchase was made, the amount of sales tax paid the other state shall be applied as a credit against and deducted from the tax, to the extent thereof, imposed by this section. In this subsection ‘sales tax’ includes a use or excise tax imposed on the use of tangible personal property or taxable service by the state in which the sale occurred and ‘state’ includes the District of Columbia but does not include the commonwealth of Puerto Rico or the several territories organized by congress.”

Credit for Other State's Local Sales or Use Tax Paid - General: Section 77.71(2), Wis. Stats. (2005-06), provides that “An excise tax is imposed at the rate of 0.5% in the case of a county tax or at the rate under ss. 77.705 or 77.706 in the case of a special district tax of the sales price upon every person storing, using or otherwise consuming in the county or special district tangible personal property or services if the property or service is subject to the state use tax under s. 77.53, except that a receipt indicating that the tax under sub. (1), (3) or (4) has been paid relieves the buyer of liability for the tax under this subsection and except that if the buyer has paid a similar local tax in another state on a purchase of the same property or services that tax shall be credited against the tax under this subsection and except that for motor vehicles that are used for a purpose in addition to retention, demonstration or display while held for sale in the regular course of business by a dealer the tax under this subsection is imposed not on the sales price but on the amount under s. 77.53 (1m).”

Credit for Other State's Local Sales or Use Tax Paid - Construction Contractors: Section 77.71(3), Wis. Stats. (2005-06), provides that “An excise tax is imposed upon a contractor engaged in construction activities within the county or special district, at the rate of 0.5% in the case of a county tax or at the rate under s. 77.705 or 77.706 in the case of a special district tax of the sales price of tangible personal property that is used in constructing, altering, repairing or improving real property and that becomes a component part of real property in that county or special district, except that if the contractor has paid the sales tax of a county in the case of a county tax or of a special district in the case of a special district tax in this state on that property, or has paid a similar local sales tax in another state on a purchase of the same property, that tax shall be credited against the tax under this subsection.”

Credit for Other State's Local Sales or Use Tax Paid - Registered or Titled Items Including Automobiles, Boats, and Aircraft: Section 77.71(4), Wis. Stats. (2005-06), provides that “An excise tax is imposed at the rate of 0.5 percent in the case of a county tax or at the rate under s. 77.705 or 77.706 in the case of a special district tax of the sales price upon every person storing, using or otherwise consuming a motor vehicle, boat, snowmobile, **recreational vehicle, as defined in s. 340.01 (48r)** [emphasis added to highlight change], trailer, semitrailer, all-terrain vehicle or aircraft, if that property must be registered or titled with this state and if that property is to be customarily kept in a county that has in effect an ordinance under s. 77.70 or in a special district that has in effect a resolution under s. 77.705 or 77.706, except that if the buyer has paid a similar local sales tax in another state on a purchase of the same property that tax shall be credited against the tax under this subsection.” (This applies for periods after December 31, 2007.)

For periods prior to January 1, 2008, sec. 77.71(4), Wis. Stats. (2005-06), reads as follows: “An excise tax is imposed at the rate of 0.5% in the case of a county tax or at the rate under s. 77.705 or 77.706 in the case of a special district tax of the sales price upon every person storing, using or otherwise consuming a motor vehicle, boat, snowmobile, **mobile home not exceeding 45 feet in length** [emphasis added to highlight change], trailer, semitrailer, all-terrain vehicle or aircraft, if that property must be registered or titled with this state and if that property is to be customarily kept in a county that has in effect an ordinance under s. 77.70 or in a special district that has in effect a resolution under s. 77.705 or 77.706, except that if the buyer has paid a similar local sales tax in another state on a purchase of the same property that tax shall be credited against the tax under this subsection.”

Exemption for Gross Receipts Which This State is Prohibited From Taxing Under the Constitution or Laws of the United States: Section 77.54(1), Wis. Stats. (2005-06), provides that “There are exempted from the taxes imposed by this subchapter: The gross receipts from the sale of and the storage, use or other consumption in this state of tangible personal property and services the gross receipts from the sale of which, or the storage, use or

other consumption of which, this state is prohibited from taxing under the constitution or laws of the United States or under the constitution of this state.”

Note 1: "Local sales tax," "local use tax," and "local tax" as used in this tax release mean a sales or use tax imposed by a city, village, town, county, or other local unit of government in another state.

Note 2: The Wisconsin Sales and Use Tax Return line references in this tax release are references to the Wisconsin Sales and Use Tax Return (Form ST-12) with a revision date of 10/07.

Note 3: Most of the examples illustrate reporting the Wisconsin state, county, and baseball or football stadium district use taxes using Form ST-12. For taxpayers who are not required to file Form ST-12, other forms approved for use in reporting Wisconsin state, county, and baseball or football stadium district use taxes may be used, such as Form UT-5 (Consumer Use Tax Return) or Form 1 (Wisconsin Individual Income Tax Return).

II. Limitation on Amount of Credit for Sales or Use Taxes Paid to Another State

The five charts below summarize the amount of credit for another state's state and local sales or use taxes properly paid which may be claimed against the Wisconsin state, county, and stadium use taxes imposed. The charts apply to commonly encountered situations, but not all situations. See examples #11 through #17 for special situations. Also, see footnotes 3 and 4, after Chart 5. If you have a situation not covered in the following examples, please contact the Wisconsin Department of Revenue.

Chart 1 - Amount of Credit Allowed for the Other State's Combined State and Local Sales or Use Taxes Properly Paid Which May Be Claimed Against Wisconsin State Use Tax Imposed. Wisconsin State Use Tax Rate is 5%

Combined State and Local Tax Rate Imposed in Other State	Credit Against the 5% Wisconsin State Use Tax Imposed	Credit Against the 0.5% County Use Tax Imposed	Credit Against the 0.5% Football Stadium Use Tax Imposed	Credit Against the 0.1% Baseball Stadium Use Tax Imposed
Less Than 5%	Amount of Combined State and Local Taxes Paid to the Other State	N/A	N/A	N/A
Equal to or Greater Than 5%	Amount of Wisconsin State Use Tax Imposed	N/A	N/A	N/A

Chart 2 - Amount of Credit Allowed for the Other State's Combined State and Local Sales or Use Taxes Properly Paid Which May Be Claimed Against Wisconsin State and County Use Taxes Imposed. Combined Wisconsin State and County Use Tax Rate is 5.5%

Combined State and Local Tax Rate Imposed in Other State	Credit Against the 5% Wisconsin State Use Tax Imposed	Credit Against the 0.5% County Use Tax Imposed	Credit Against the 0.5% Football Stadium Use Tax Imposed	Credit Against the 0.1% Baseball Stadium Use Tax Imposed
Less Than 5.5%	10/11 (.9091) of the Amount of Combined State and Local Taxes Paid to the Other State	1/11 (.0909) of the Amount of Combined State and Local Taxes Paid to the Other State	N/A	N/A
Equal to or Greater Than 5.5%	Amount of Wisconsin State Use Tax Imposed	Amount of Wisconsin County Use Tax Imposed	N/A	N/A

Chart 3 - Amount of Credit Allowed for the Other State's Combined State and Local Sales or Use Taxes Properly Paid Which May Be Claimed Against Wisconsin State and Football Stadium District Use Taxes Imposed.^{1,2} Combined Wisconsin State and Football Stadium Use Tax Rate is 5.5%

Combined State and Local Tax Rate Imposed in Other State	Credit Against the 5% Wisconsin State Use Tax Imposed	Credit Against the 0.5% County Use Tax Imposed	Credit Against the 0.5% Football Stadium Use Tax Imposed	Credit Against the 0.1% Baseball Stadium Use Tax Imposed
Less Than 5.5%	10/11 (.9091) of the Amount of Combined State and Local Taxes Paid to the Other State	N/A	1/11 (.0909) of the Amount of Combined State and Local Taxes Paid to the Other State	N/A
Equal to or Greater Than 5.5%	Amount of Wisconsin State Use Tax Imposed	N/A	Amount of Wisconsin Football Stadium Use Tax Imposed	N/A

Chart 4 - Amount of Credit Allowed for the Other State's Combined State and Local Sales or Use Taxes Properly Paid Which May Be Claimed Against Wisconsin State and Baseball Stadium District Use Taxes Imposed.^{3,4} Combined Wisconsin State and Baseball Stadium District Use Tax Rate is 5.1%

Combined State and Local Tax Rate Imposed in Other State	Credit Against the 5% Wisconsin State Use Tax Imposed	Credit Against the 0.5% County Use Tax Imposed	Credit Against the 0.5% Football Stadium Use Tax Imposed	Credit Against the 0.1% Baseball Stadium Use Tax Imposed
Less Than 5.1%	50/51 (.9804) of the Amount of Combined State and Local Taxes Paid to the Other State	N/A	N/A	1/51 (.0196) of the Amount of Combined State and Local Taxes Paid in the Other State
Equal to or Greater Than 5.1%	Amount of Wisconsin State Use Tax Imposed	N/A	N/A	Amount of Wisconsin Baseball Stadium Use Tax Imposed

Chart 5 - Amount of Credit Allowed for the Other State's Combined State and Local Sales or Use Taxes Properly Paid Which May Be Claimed Against Wisconsin State, County, and Baseball Stadium Use Taxes Imposed.^{3,4} Combined Wisconsin State, County, and Baseball Stadium District Use Tax Rate is 5.6%

Combined State and Local Tax Rate Imposed in Other State	Credit Against the 5% Wisconsin State Use Tax Imposed	Credit Against the 0.5% County Use Tax Imposed	Credit Against the 0.5% Football Stadium Use Tax Imposed	Credit Against the 0.1% Baseball Stadium Use Tax Imposed
Less Than 5.6%	50/56 (.8929) of the Amount of Combined State and Local Taxes Paid in the Other State	5/56 (.0893) of the Amount of Combined State and Local Taxes Paid to the Other State	N/A	1/56 (.0178) of the Amount of Combined State and Local Taxes Paid to the Other State
Equal to or Greater Than 5.6%	Amount of Wisconsin State Use Tax Imposed	Amount of Wisconsin County Use Tax Imposed	N/A	Amount of Wisconsin Baseball Stadium Use Tax Imposed

¹ The football stadium district is comprised of Brown County. Brown County does not currently impose a county sales or use tax.

² **Exception for construction materials stored in the Baseball Stadium District and later used in Brown County.**

A special computation is required in a situation where construction materials are first subject to a sales or use tax in another state, the materials are stored, used, or consumed in the baseball stadium district, and then used in real property construction in Brown County. The 0.5% football stadium district use tax imposed will be offset by a credit for the 0.1% baseball stadium district use tax imposed. The combined Wisconsin state and local taxes are then reduced by the credit for the other state's combined state and local sales taxes paid, with the credit being allocated as follows:

- (a) if the construction materials are first stored in Milwaukee, Ozaukee, or Washington counties, the Wisconsin state and local taxes owed, before applying the credit for taxes paid to the other state, are as follows:

Wisconsin state use tax:	5.0%
County use tax:	0.5%
Baseball stadium use tax:	0.1%
Football stadium use tax:	0.4% (0.5% rate less credit for the 0.1% baseball stadium district use tax)
<u>Total</u>	<u>6.0%</u>

The credit for the taxes paid to the other state is allocated as follows: 50/60 (.8333) is allocated against the Wisconsin state use tax imposed, 5/60 (.0833) is allocated to the Wisconsin county use tax imposed, 1/60 (.0167) is allocated to the baseball stadium district use tax imposed, and 4/60 (.0667) is allocated against the football stadium use tax imposed, or

- (b) If the construction materials are first stored in Racine or Waukesha counties, the Wisconsin state and local taxes owed, before applying the credit for taxes paid to the other state, are as follows:

Wisconsin state use tax:	5.0%
Baseball stadium use tax:	0.1%
Football stadium use tax:	0.4% (0.5% rate less credit for the 0.1% baseball stadium district use tax)
<u>Total</u>	<u>5.5%</u>

The credit for the taxes paid to the other state is allocated as follows: 50/55 (.9091) is allocated against the Wisconsin state use tax imposed, 1/55 (.0182) is allocated to the baseball stadium district use tax imposed and 4/55 (.0727) is allocated to the football stadium district use tax imposed.

³ The baseball stadium district is comprised of the following counties: Milwaukee, Ozaukee, Racine, Washington, and Waukesha. Milwaukee, Ozaukee, and Washington counties currently impose a county sales and use tax. Racine and Waukesha counties do not currently impose a county sales or use tax.

⁴ **Exception for Construction Materials Stored in Brown County and Later Used in the Baseball Stadium District.**

In a situation where construction materials are first subject to a sales or use tax in another state, are first stored, used, or consumed in Brown County, and then used in real property construction in the baseball stadium district, no baseball stadium taxes are due. The 0.1% baseball stadium district use tax is offset by a credit for the 0.5% football stadium district use tax imposed on the same purchase. The combined Wisconsin state and local taxes are then reduced by the credit for the other state's combined state and local sales taxes paid, with the credit being allocated as follows:

- (c) if the construction materials are used in real property construction in Milwaukee, Ozaukee, or Washington counties, 50/60 (.8334) is allocated against the Wisconsin state use tax imposed, 5/60 (.0833) is allocated to the county use tax imposed, and 5/60 (.0833) is allocated against the football stadium district use tax imposed, or
- (d) If the construction materials are used in real property construction in Racine or Waukesha counties, use Chart 3.

III. Examples

The following examples include various situations persons may encounter with respect to Wisconsin state, county, and stadium sales and use taxes, if they purchase items outside of Wisconsin and are required to pay sales or use taxes to the other state. The examples provide information as to the amount of sales tax paid to the other state which may be claimed as a credit against the Wisconsin state, county, and stadium use taxes imposed and how to compute and report the Wisconsin state, county, and stadium use taxes due. If you have a situation not covered in the following examples, please contact the Wisconsin Department of Revenue.

Facts 1 - Combined State and Local Sales Taxes Paid in Other State are Less Than Wisconsin State Use Taxes Imposed. Total Wisconsin Use Tax Rate is 5%.

- Company A, in Wisconsin, purchases equipment for \$1,000 from a supplier located in State B.
- Company A takes possession of the equipment in State B.

- Company A is properly charged State B's 4% state sales tax (\$40) and State B's 0.25% local sales tax (\$2.50).
- Company A brings the equipment into Wisconsin for use in a county which does not impose the 0.5% county sales and use tax, nor is the county a part of either the baseball or football stadium district.

Questions 1:

- May the combined 4.25% state and local sales taxes (\$42.50) paid to State B be claimed as a credit against the 5% Wisconsin state use tax (\$50.00) imposed?
- What amount of Wisconsin state use tax must be paid to Wisconsin on this transaction?
- How should Company A report the net use tax due (if any) to Wisconsin on this transaction?

Answers 1: (Refer to Chart 1)

- Yes. The combined 4.25% state and local sales taxes (\$42.50) paid to State B are allowed as a credit under secs. 77.53(16) and 77.54(1), Wis. Stats. (2005-06), against the 5% Wisconsin state use tax (\$50.00) imposed on the same purchase.
- The Wisconsin state use tax due is computed as follows:

	Combined State and Local Sales/Use Taxes
Wisconsin State Use Tax Imposed (\$1,000 x 5%)	\$50.00
Less: State B's State and Local Sales Taxes Paid (\$1,000 x 4.25%)	\$42.50
Wisconsin State Use Tax Due	\$ 7.50

- Company A should report the Wisconsin state use tax due as follows:

Measure of Wisconsin State Use Tax Due:

$$\$7.50 \text{ (State Use Tax Due)} \div 0.05 \text{ (State Tax Rate)} = \$150.00 \text{ (Measure of State Use Tax Due)}$$

\$150.00 (the measure of state use tax due) should be entered on line 21a of the Wisconsin Sales and Use Tax Return (Form ST-12).

Facts 2 - Combined State and Local Sales Taxes Paid to Other State are Less Than Combined Wisconsin State and County Use Taxes Imposed. Total Wisconsin Use Tax Rate is 5.5%.

- Company E, located in Wisconsin, purchases equipment for \$1,000 from a supplier located in State F.
- Company E takes possession of the equipment in State F.
- Company E is properly charged State F's 4% state sales tax (\$40) and State F's 1% local sales tax (\$10).
- Company E brings the equipment into Wisconsin for use in a county that imposes the 0.5% county sales and use tax, but the county is not part of either the baseball or football stadium district.

Questions 2:

- May the 4% state sales tax (\$40) and the 1% local sales tax (\$10) paid to State F be claimed as a credit against the combined 5.5% Wisconsin state and county use taxes (\$55.00) imposed?

- b. What amount of Wisconsin state and county use taxes must be paid to Wisconsin on this transaction?
- c. How should Company E report the use taxes due (if any) to Wisconsin on this transaction?

Answers 2: (Refer to Chart 2)

- a. Yes. The combined 5% state and local sales taxes (\$50) paid to State F are allowed as credit under secs. 77.53(16), 77.71(2), and/or 77.54(1), Wis. Stats. (2005-06), against the combined 5.5% Wisconsin state and county use taxes (\$55) imposed on the same purchase.
- b. The Wisconsin state and county use taxes due are computed as follows:

	Combined State and Local Sales/Use Taxes
Wisconsin State and County Use Taxes Imposed (\$1,000 x 5.5%)	\$55.00
Less: State F's State and Local Sales Taxes Paid (\$1,000 x 5%)	\$50.00
	\$ 5.00

- c. Company E should report the Wisconsin state and county use taxes due as follows:

Measure of Wisconsin State and County Use Taxes Due:

\$5.00 (Use Taxes Due) ÷ 0.055 (Combined Wisconsin Use Tax Rate) = \$90.91 (Measure of Wisconsin State and County Use Taxes Due)

\$90.91 (the measure of Wisconsin state use tax due) should be entered on line 21a of the Wisconsin Sales and Use Tax Return (Form ST-12).

\$90.91 (the measure of Wisconsin county use tax due) should be entered on line 22c, 23c, 24c, or 25c of Form ST-12, or on Schedule CT, as appropriate.

Facts 3 - State Sales Tax Paid to Other State is Less Than Combined Wisconsin State and Football Stadium District Use Taxes Imposed. Total Wisconsin Use Tax Rate is 5.5%.

- Company I, located in Wisconsin, purchases equipment for \$10,000 from a supplier located in State J.
- Company I takes possession of the equipment in State J.
- Company I is properly charged State J's 4.5% state sales tax (\$450). No local sales or use tax is imposed in State J on the sale of the equipment to Company I.
- Company I brings the equipment into Wisconsin for use in Brown County. Brown County comprises the football stadium district. The football stadium district tax rate is 0.5%. Brown County does not impose the 0.5% county sales and use tax.

Questions 3:

- a. May the 4.5% state sales tax paid to State J (\$450) be claimed as a credit against the combined 5.5% Wisconsin state and football stadium district use taxes (\$550) imposed?
- b. What amount of Wisconsin state and football stadium district use taxes must be paid to Wisconsin on this transaction?
- c. How should Company I report the use taxes due (if any) to Wisconsin on this transaction?

Answers 3: (Refer to Chart 3)

- a. Yes. The amount of state sales tax paid to State J (\$450) is allowed as a credit under secs. 77.53(16), 77.71(2), and/or 77.54(1), Wis. Stats. (2005-06), against the combined 5.5% Wisconsin state and football stadium district use taxes (\$550) imposed on the same purchase.
- b. The Wisconsin state and football stadium district use taxes due are computed as follows:

	Combined State and Local Sales/Use Taxes

Wisconsin State and Football Stadium District Use Taxes Imposed (\$10,000 x 5.5%)	\$550.00
Less: State J's State Sales Tax Paid (\$10,000 x 4.5%)	\$450.00

Wisconsin State and Football Stadium District Use Taxes Due:	<u>\$100.00</u>

- c. Company I should report the Wisconsin state and football stadium district use taxes due as follows:

Measure of Wisconsin State and Football Stadium District Use Taxes Due:

$\$100.00$ (Use Taxes Due) \div 0.055 (Combined Wisconsin Use Tax Rate) = $\$1,818.18$ (Measure of Wisconsin State and Football Stadium Use Taxes Due).

$\$1,818.18$ (the measure of Wisconsin state use tax due) should be entered on line 21a of the Wisconsin Sales and Use Tax Return (Form ST-12).

$\$1,818.18$ (the measure of Wisconsin football stadium district use tax due) should be entered on line 29a of the Wisconsin Sales and Use Tax Return (Form ST-12).

Facts 4 - State Sales Tax Paid to Other State is Less Than Combined Wisconsin State and Baseball Stadium District Use Taxes Imposed. Total Wisconsin Use Tax Rate is 5.1%.

- Company O, located in Wisconsin, purchases equipment for \$10,000 from a supplier located in State P.
- Company O takes possession of the equipment in State P.
- Company O is properly charged State P's 5% state sales tax (\$500). No local sales or use tax is imposed in State P on the sale of the equipment to Company O.
- Company O brings the equipment into Wisconsin for use in Racine County. Racine County is a part of the baseball stadium district. The baseball stadium district tax rate is 0.1%. Racine County does not impose the 0.5% county sales and use tax.

Questions 4:

- a. May the 5% state sales tax paid to State P (\$500) be claimed as a credit against the combined 5.1% Wisconsin state and baseball stadium district use taxes (\$510) imposed?
- b. What amount of Wisconsin state and baseball stadium district use taxes must be paid to Wisconsin on this transaction?
- c. How should Company O report the use taxes due (if any) to Wisconsin on this transaction?

Answers 4: (Refer to Chart 4)

- a. Yes. The amount of state sales tax paid to State P (\$500) is allowed as a credit under secs. 77.53(16), 77.71(2), and/or 77.54(1), Wis. Stats. (2005-06), against the combined 5.1% Wisconsin state and baseball district use taxes (\$510) imposed on the same purchase.
- b. The Wisconsin state and baseball stadium district use taxes due are computed as follows:

	Combined State and Local Sales/Use Taxes
Wisconsin State and Baseball Stadium District Use Taxes Due (\$10,000 x 5.1%)	\$510.00
Less: State P's Sales Tax Paid (\$10,000 x 5.0%)	\$500.00
Wisconsin State and Baseball Stadium District Use Taxes Due:	\$ 10.00

- c. Company O should report the Wisconsin state and baseball stadium district use taxes due as follows:

Measure of Wisconsin State and Baseball Stadium District Use Taxes Due:

\$10.00 (Use Taxes Due) ÷ .051 (Combined Wisconsin Use Tax Rate) = \$196.08 (Measure for State and Baseball Stadium District Use Taxes Due)

\$196.08 (the measure of state use tax due) should be entered on line 21a of the Wisconsin Sales and Use Tax Return (Form ST-12).

\$196.08 (the measure of baseball stadium district use tax due) should be reported on line 28a of the Wisconsin Sales and Use Tax Return (Form ST-12).

Facts 5 - State Sales Tax Paid to Other State is Less Than Combined Wisconsin State, County, and Baseball Stadium District Use Taxes Imposed. Total Wisconsin Use Tax Rate is 5.6%.

- Company S, located in Wisconsin, purchases equipment for \$10,000 from a supplier located in State T.
- Company S takes possession of the equipment in State T.
- Company S is properly charged State T's 4.5% state sales tax (\$450). No local sales or use tax is imposed in State T on the sale of the equipment to Company S.
- Company S brings the equipment into Wisconsin for use in Ozaukee County. Ozaukee County imposes the 0.5% county sales and use tax. Ozaukee County is part of the baseball stadium district. The baseball stadium district sales and use tax rate is 0.1%.

Questions 5:

- a. May the 4.5% state sales tax paid to State T (\$450) be claimed as a credit against the combined 5.6% Wisconsin state, county, and baseball stadium district use taxes (\$560) imposed?
- b. What amount of Wisconsin state, county, and baseball stadium district use taxes must be paid to Wisconsin on this transaction?
- c. How should Company S report the use taxes due (if any) to Wisconsin on this transaction?

Answers 5: (Refer to Chart 5)

- a. Yes. The amount of state sales tax paid to State T (\$450) is allowed as a credit under secs. 77.53(16), 77.71(2), and/or 77.54(1), Wis. Stats. (2005-06), against the combined 5.6% Wisconsin state, county, and baseball stadium district use taxes (\$560) imposed on the same purchase.
- b. The Wisconsin state, county and baseball stadium district use taxes due are computed as follows:

	Combined State and Local Sales/Use Taxes
Wisconsin State, County, and Baseball Stadium District Use Taxes Imposed (\$10,000 x 5.6%)	\$560.00
Less: State T's Sales Tax Paid (\$10,000 x 4.5%)	\$450.00
	\$110.00
Wisconsin State, County, and Baseball Stadium District Use Taxes Due	\$110.00

- c. Company S should report the Wisconsin state, county, and baseball stadium district use taxes due as follows:

Measure of Wisconsin State, County, and Baseball Stadium District Use Taxes Due:

\$110.00 (Use Taxes Due) ÷ .056 (Combined Wisconsin Use Tax Rate) = \$1,964.29 (Measure for State, County, and Baseball Stadium District Use Taxes Due)

\$1,964.29 (the measure of Wisconsin state use tax due) should be entered on line 21a of the Wisconsin Sales and Use Tax Return (Form ST-12).

\$1,964.29 (the measure of Wisconsin county use tax due) should be entered on line 22c, 23c, 24c, or 25c of Form ST-12, or on Schedule CT, as appropriate.

\$1,964.29 (the measure of Wisconsin baseball stadium district use tax due) should be entered on line 28a of the Wisconsin Sales and Use Tax Return (Form ST-12).

Facts 6 - State Sales Tax Paid to Other State is Equal to or Greater Than Wisconsin State Use Tax Imposed. Total Wisconsin Use Tax Rate is 5%.

- Company C, located in Wisconsin, purchases equipment for \$10,000 from a supplier located in State D.
- Company C takes possession of the equipment in State D.
- Company C is properly charged State D's 6% state sales tax (\$600). No local sales or use tax is imposed in State D on the purchase of the equipment by Company C.
- Company C brings the equipment into Wisconsin for use in a county which does not impose the 0.5% county sales and use tax, nor is the county a part of either the baseball or football stadium district.

Questions 6:

- a. May the 6% state sales tax (\$600) paid to State D be claimed as a credit against the 5% Wisconsin state use tax (\$500) imposed?
- b. What amount of Wisconsin state use tax must be paid to Wisconsin on this transaction?
- c. How should Company C report the use tax due (if any) to Wisconsin on this transaction?

Answers 6: (Refer to Chart 1)

- a. Yes. The 6% state sales tax (\$600) paid to State D is allowed as a credit under secs. 77.53(16) and 77.54(1), Wis. Stats. (2005-06), against (but not in excess of) the 5% Wisconsin state use tax (\$500) imposed on the same purchase.

b. The Wisconsin state use tax due is computed as follows:

	Combined State and Local Sales/Use Taxes
Wisconsin State Use Tax Imposed (\$10,000 x 5%)	\$500.00
Less: State D's State Sales Tax Paid (\$10,000 x 6%)	\$500.00*

Wisconsin State Use Tax Due:	\$ 0.00

* **Note:** The amount of credit for the state sales tax (\$600) paid to State D is limited to the amount of Wisconsin state use tax imposed (\$500) on the same property or service.

c. Since the state sales tax paid to State D is equal to or greater than the Wisconsin state use tax imposed, no entry is required on the Wisconsin Sales and Use Tax Return (Form ST-12) to report the purchase by Company C or the credit for sales tax paid to State D on that same purchase.

Facts 7 - State Sales Tax Paid to Other State is Equal to or Greater Than Combined Wisconsin State and County Use Taxes Imposed. Total Wisconsin Use Tax Rate is 5.5%.

- Company G, located in Wisconsin, purchases equipment for \$10,000 from a supplier located in State H.
- Company G takes possession of the equipment in State H.
- Company G is properly charged State H's 6% state sales tax (\$600). No local sales or use tax is imposed in State H on the purchase of the equipment by Company G.
- Company G brings the equipment into Wisconsin for use in a county that imposes the 0.5% county sales and use tax, but the county is not part of either the baseball or football stadium district.

Questions 7:

- a. May the 6% state sales tax paid to State H (\$600) be claimed as a credit against the combined 5.5% Wisconsin state and county use taxes (\$550) imposed?
- b. What amount of Wisconsin state and county use taxes must be paid to Wisconsin on this transaction?
- c. How should Company G report the use taxes due (if any) to Wisconsin on this transaction?

Answers 7: (Refer to Chart 2)

- a. Yes. The amount of state sales tax paid to State H (\$600) is allowed as a credit under secs. 77.53(16), 77.71(2), and/or 77.54(1), Wis. Stats. (2005-06), against (but not in excess of) the combined 5.5% Wisconsin state and county use taxes (\$550) imposed on the same purchase.
- b. The Wisconsin state and county use taxes due are computed as follows:

	Combined State and Local Sales/Use Taxes
Wisconsin State and County Use Taxes Imposed (\$10,000 x 5.5%)	\$550.00
Less: State H's State Sales Tax Paid (\$10,000 x 6.0 %)	\$550.00*

Wisconsin State and County Use Taxes Due:	\$0.00

***Note:** The amount of credit for the state sales tax paid to State H is limited to the combined Wisconsin state and county use taxes imposed on that same property or service.

- c. Since the state sales tax paid to State H is equal to or greater than the Wisconsin state and county use taxes imposed, no entry is required on the Wisconsin Sales and Use Tax Return to report the purchase by Company G or the credit for state sales tax paid to State H on that same purchase.

Facts 8 – Combined State and Local Sales Taxes Paid to Other State are Equal to or Greater Than Combined Wisconsin State and Football Stadium District Use Taxes Imposed. Total Wisconsin Use Tax Rate is 5.5%.

- Company K, located in Wisconsin, purchases equipment for \$10,000 from a supplier located in State L.
- Company K takes possession of the equipment in State L.
- Company K properly remitted State L's 5% state use tax (\$500) and a local 1% use tax (\$100) to State L.
- Company K brings the equipment into Wisconsin for use in Brown County. Brown County comprises the football stadium district. The football stadium district tax rate is 0.5%. Brown County does not impose the 0.5% county sales and use tax.

Questions 8:

- a. May the combined state and local use taxes paid to State L (\$600) be claimed as a credit against the combined 5.5% Wisconsin state and football stadium district use taxes (\$550) imposed?
- b. What amount of Wisconsin state and football stadium district use taxes must be paid to Wisconsin on this transaction?
- c. How should Company K report the use taxes due (if any) to Wisconsin on this transaction?

Answers 8: (Refer to Chart 3)

- a. Yes. The combined amount of state and local use taxes paid to State L (\$600) is allowed as a credit under secs. 77.53(16), 77.71(2), and/or 77.54(1), Wis. Stats. (2005-06), against the combined 5.5% Wisconsin state and football stadium district use taxes (\$550) imposed on the same purchase.
- b. The Wisconsin state and football stadium district use taxes due are computed as follows:

	Combined State and Local Sales/Use Taxes
Wisconsin State and Football Stadium District Use Taxes Imposed (\$10,000 x 5.5%)	\$550.00
Less: State L's State and Local Sales Taxes Paid (\$10,000 x 6.0%)	\$550.00*

Wisconsin State and Football Stadium District Use Taxes Due:	\$ 0.00

* **Note:** The amount of credit for the state and local use taxes paid to State L is limited to the amount of combined Wisconsin state and football stadium district use taxes imposed on that same property or service.

- c. Since the combined state and local use taxes paid to State L are equal to or greater than the combined Wisconsin state and football stadium district use taxes imposed, no entry is required on the Wisconsin Sales and Use Tax Return (Form ST-12) to report the purchase by Company K or the credit for state and local use taxes paid to State L.

Facts 9 - Combined State and Local Sales Taxes Paid to Other State are Equal to or Greater Than Combined Wisconsin State and Baseball Stadium District Use Taxes Imposed. Total Wisconsin Use Tax Rate is 5.1%.

- Company M, located in Wisconsin, purchases equipment for \$10,000 from a supplier located in State N.
- Company M takes possession of the equipment in State N.
- Company M properly remitted State N's 6% state use tax (\$600), and a local 0.25% use tax (\$25) to State N.
- Company M brings the equipment into Wisconsin for use in Waukesha County. Waukesha County is a part of the baseball stadium district. The baseball stadium district tax rate is 0.1%. Waukesha County does not impose the 0.5% county sales and use tax.

Questions 9:

- a. May the combined state and local use taxes paid to State N (\$625) be claimed as a credit against the combined 5.1% Wisconsin state and baseball stadium district use taxes (\$510) imposed?
- b. What amount of Wisconsin state and baseball stadium district use taxes must be paid to Wisconsin on this transaction?
- c. How should Company M report the use taxes due (if any) to Wisconsin on this transaction?

Answers 9: (Refer to Chart 4)

- a. Yes. The combined amount of state and local use taxes paid to State N (\$625) is allowed as a credit under secs. 77.53(16), 77.71(2), and/or 77.54(1), Wis. Stats. (2005-06), against the combined 5.1% Wisconsin state and baseball stadium district use taxes (\$510) imposed on the same purchase.
- b. The Wisconsin state and baseball stadium district use taxes due are computed as follows:

	Combined State and Local Sales/Use Tax
Wisconsin State and Baseball Stadium District Use Taxes Imposed (\$10,000 x 5.1%)	\$510.00
Less: State N's State and Local Use Taxes Paid (\$10,000 x 6.25%)	\$510.00*
Wisconsin State and Baseball Stadium District Use Taxes Due:	\$ 0.00

* **Note:** The amount of credit for the state and local use taxes paid to State N is limited to the amount of combined Wisconsin state and baseball stadium district use taxes imposed on that same property or service.

- c. Since the combined state and local sales taxes paid to State N are equal to or greater than the state and baseball stadium district use taxes due to Wisconsin, no entry is required on the Wisconsin Sales and Use Tax Return (Form ST-12) to report the purchase by Company M or the credit for state and local use taxes paid to State N.

Facts 10 - Combined State and Local Use Taxes Paid to Other State are Equal to or Greater Than Combined Wisconsin State, County, and Baseball Stadium District Use Taxes Imposed. Total Wisconsin Use Tax Rate is 5.6%.

- Company Q, located in Wisconsin, purchases equipment for \$10,000 from a supplier located in State R.
- Company Q takes possession of the equipment in State R.
- Company Q properly remitted State R's 6.0% state use tax (\$600), and a local 0.25% use tax (\$25) to State R.

- Company Q brings the equipment into Wisconsin for use in Milwaukee County. Milwaukee County imposes the 0.5% county sales and use tax. Milwaukee County is a part of the baseball stadium district. The baseball stadium district tax rate is 0.1%.

Questions 10:

- May the combined state and local use taxes paid to State R (\$625) be claimed as a credit against the combined 5.6% Wisconsin state, county, and baseball stadium district use taxes (\$560) imposed?
- What amount of Wisconsin state, county, and baseball stadium district use taxes must be paid to Wisconsin on this transaction?
- How should Company Q report the use taxes due (if any) to Wisconsin on this transaction?

Answers 10: (Refer to Chart 5)

- Yes. The combined amount of state and local use tax paid to State R (\$625) is allowed as a credit under secs. 77.53(16), 77.71(2), and/or 77.54(1), Wis. Stats. (2005-06), against the combined 5.6% Wisconsin state, county, and baseball stadium district use taxes (\$560) imposed on the same purchase.
- The Wisconsin state, county, and baseball stadium district use taxes due are computed as follows:

	Combined State and Local Sales/Use Taxes

Wisconsin State, County, and Baseball Stadium District Use Taxes Imposed (\$10,000 x 5.6%)	\$560.00
Less: State R's State and Local Use Taxes Paid (\$10,000 x 6.25%)	\$560.00*

Wisconsin State, County, and Baseball Stadium District Use Taxes Due:	\$0.00
	=====

* **Note:** The credit for the state and local use taxes paid to State R is limited to the combined Wisconsin state, county, and baseball stadium district use taxes imposed on that same property or service.

- Since the combined state and local use taxes paid to State R is equal to or greater than the Wisconsin state, county, and baseball stadium district use taxes imposed, no entry is required on the Wisconsin Sales and Use Tax Return (Form ST-12) to report the purchase by Company Q or the credit for state and local use taxes paid to State R.

Facts 11 - Other State's State and Local Sales Taxes Improperly Paid.

- Company W, located in Wisconsin, purchases \$200 of office supplies from Vendor Q located in State X.
- The office supplies are shipped by common carrier from Vendor Q to Company W's offices located in a Wisconsin county that has adopted the 0.5% county sales and use tax, but the county is not a part of either the baseball or football stadium district.
- Vendor Q charges State X's 6% state sales tax (\$12) and State X's 0.5% local sales tax (\$1) on the transaction.

Questions 11:

- May the combined 6.5% state and local sales taxes (\$13) paid to State X be claimed as a credit against the combined 5.5% Wisconsin state and county use taxes (\$11) imposed?
- What amount of Wisconsin state and county use taxes must be paid to Wisconsin on this transaction?
- How should Company W report the use taxes due (if any) to Wisconsin on this transaction?

Answers 11:

- a. No. State X's combined 6.5% state and local sales taxes paid (\$13) on this transaction may not be claimed as a credit under secs. 77.53(16), 77.54(1), and/or 77.71(2), Wis. Stats. (2005-06), against the combined 5.5% Wisconsin state and county use taxes imposed (\$11) because the sales taxes paid to Vendor Q cannot be properly imposed by State X. The sale occurred in Wisconsin, not in State X.

To obtain a refund of State X's state and local sales taxes improperly collected on the transaction, Company W should contact Vendor Q or State X.

- b. Company W must pay the combined 5.5% Wisconsin state and county use taxes (\$11) imposed on this transaction.
- c. Company W should report the Wisconsin state and county use taxes due as follows:
\$200 (the measure of Wisconsin state use tax due) should be entered on line 21a of the Wisconsin Sales and Use Tax Return (Form ST-12).

\$200 (the measure of Wisconsin county use tax due) should be entered on line 22c, 23c, 24c, or 25c of Form ST-12, or on Schedule CT, as appropriate.

Facts 12 - Other State's State Sales or Use Tax Imposed AFTER Wisconsin State, County, and Baseball Stadium District Sales or Use Taxes Imposed.

- Company Y, located in Wisconsin, purchases materials for \$5,000 from Supplier S located in State Z. Supplier S ships the materials via common carrier to Company Y's location in Wisconsin. No state or local sales or use tax is imposed by State Z on this transaction.
- The materials are stored in Wisconsin in a county that has adopted the 0.5% county sales and use tax. The county is a part of the baseball stadium district. The baseball stadium district tax rate is 0.1%.
- Company Y pays the 5.6% combined Wisconsin state, county, and baseball stadium district use taxes (\$280) imposed on the storage of the materials in Wisconsin.
- Company Y transports the materials in Company Y's trucks into State Z and uses the materials in a real property construction activity there.
- State Z imposes a 6% use tax on the materials used in real property construction in State Z. Company Y pays State Z's use tax (\$300), since the materials were consumed in State Z in a real property construction activity.

Question 12:

May State Z's 6% state use tax be claimed as a credit against the combined 5.6% Wisconsin state, county, and baseball stadium district use taxes imposed?

Answer 12:

No. State Z's 6% use tax paid (\$300) may not be claimed as a credit under sec. 77.53(16), 77.54(1), and/or 77.71 (2), Wis. Stats. (2005-06), against the combined 5.6% Wisconsin state, county, and baseball stadium district use taxes imposed on the materials stored in Wisconsin because the Wisconsin taxes were properly imposed **before** State Z's taxes were imposed.

Facts 13 - Construction Contractors: Combined State and Local Sales Taxes Paid to Other State are Equal to or Greater Than Combined Wisconsin State and County Use Taxes Imposed.

- Construction Contractor K purchases materials for \$1,000 from a supplier located in State L.
- Construction Contractor K takes possession of the materials in State L.
- Construction Contractor K is properly charged State L's 6% state sales tax (\$60) and a 0.25% local sales tax (\$2.50).
- Construction Contractor K brings the materials to Wisconsin and stores them in a county that has adopted the 0.5% county sales and use tax, but the county is not part of either the baseball or football stadium district.
- Construction Contractor K then uses the materials in a real property construction activity in the Wisconsin county indicated above.

Questions 13:

- a. May the combined 6.25% state and local sales taxes paid to State L (\$62.50) be claimed as a credit against the combined 5.5% Wisconsin state and county use taxes (\$55) imposed?
- b. What amount of Wisconsin state and county use taxes must be paid to Wisconsin on this transaction?
- c. How should Construction Contractor K report the use taxes due (if any) to Wisconsin on this transaction?

Answers 13: (Refer to Chart 2)

- a. Yes. The amount of state and local sales taxes paid to State L (\$62.50) may be claimed as a credit under secs. 77.53(16), 77.71(3), and/or 77.54(1), Wis. Stats. (2005-06), against the combined 5.5% Wisconsin state and county use taxes (\$55) imposed. The credit is limited to the amount of Wisconsin state and county use taxes imposed on the same purchase.
- b. The Wisconsin state and county use taxes due are computed as follows:

	Combined State and Local Sales/Use Taxes
Wisconsin State and County Use Taxes Imposed ($\$1,000 \times 5.5\%$)	\$55.00
Less: State L's State and Local Sales Taxes Paid ($\$1,000 \times 6.25\%$)	\$55.00*
Wisconsin State and County Use Taxes Due	\$ 0.00

* **Note:** The amount of credit for the combined state and local sales taxes paid to State L is limited to the amount of combined Wisconsin state and county use taxes imposed on that same property or service.

- c. Since the combined state and local sales taxes paid to State L is equal to or greater than the state and county use taxes due to Wisconsin, no entry is required on the Wisconsin Sales and Use Tax Return (Form ST-12) to report the purchase by Construction Contractor K or the credit for state and local sales taxes paid to State L.

Facts 14 - Registered Property (Boat): Combined State and Local Sales Taxes Paid to Other State are Less Than Wisconsin State Use Taxes Imposed.

Note: "Registered property" means a motor vehicle, boat, snowmobile, mobile home not exceeding 45 feet in length (applies prior to January 1, 2008), recreational vehicle as defined in sec. 340.01(48r), Wis. Stats. (applies after December 31, 2007), trailer, semitrailer, all-terrain vehicle, or aircraft, if that property must be registered or titled in the State of Wisconsin.

- Individual M, located in Wisconsin, purchases a boat (an item required to be registered or titled in Wisconsin) for \$10,000 from a supplier located in State N.
- Individual M takes possession of the boat in State N.
- Individual M is required to pay State N's 4% state sales tax (\$400) and State N's 1% local sales tax (\$100).
- The boat is customarily kept in a Wisconsin county that imposes the 0.5% county sales and use tax, but the county is not part of either the baseball or football stadium district.

Questions 14:

- a. May the combined 5% state and local sales taxes (\$500) paid to State N be claimed as a credit against the combined 5.5% Wisconsin state and county use taxes (\$550) imposed?
- b. What amount of Wisconsin state and county use taxes must be paid to Wisconsin on this transaction?
- c. How should Individual M report the use taxes due (if any) to Wisconsin on this transaction?

Answers 14: (Refer to Chart 2)

- a. Yes. The combined 5% state and local sales tax paid to State N (\$500) may be claimed as a credit under secs. 77.53(16), 77.71(4), and/or 77.54(1), Wis. Stats. (2005-06), against the combined 5.5% Wisconsin state and county use taxes imposed on the same purchase.
- b. The Wisconsin state and county use taxes due are computed as follows:

	Combined State and Local Sales/Use Taxes
Wisconsin State and County Use Taxes Imposed (\$10,000 x 5.5%)	\$550.00
Less: State N's State and Local Sales Taxes Paid (\$10,000 x 5%)	\$500.00
Wisconsin State and County Use Taxes Due	\$ 50.00

- c. Individual M should report the Wisconsin state and county use taxes due as follows:

Referring to Chart 2, the Wisconsin state use tax is \$45.45 (10/11 x \$50). \$45.45 should be entered in Section D, Line 4 (State Tax) of Wisconsin Department of Natural Resources (DNR) Form 9400-163, *Boat Registration and Titling Application* (Rev. 01/2008). Also, enter code "4" in the box to the right of line 4 and attach a bill of sale or other verification of tax payment to the other state to the form.

Referring to Chart 2, the Wisconsin county use tax due is \$4.55 (1/11 x \$50). \$4.55 should be entered in Section D, Line 5 (County Tax) of DNR Form 9400-163, *Boat Registration and Titling Application* (Rev. 01/2008).

Note: The Wisconsin state and county use taxes due may also be reported on Form ST-12, Form UT-5, or Form 1, when applicable.

Facts 15 - Registered Property (Vehicles) and Manufacturer's Rebates: State Sales Tax Paid to Other State is Greater Than Wisconsin State and County Use Taxes Imposed. Taxable Measure of the Sales Price in the Other State is Less Than Taxable Measure of the Sales Price in Wisconsin.

Note: "Registered property" means a motor vehicle, boat, snowmobile, mobile home not exceeding 45 feet in length (applies prior to January 1, 2008), recreational vehicle as defined in sec. 340.01(48r), Wis. Stats. (applies after December 31, 2007), trailer, semitrailer, all-terrain vehicle, or aircraft, if that property must be registered or titled in the State of Wisconsin.

- Individual P, a resident of Wisconsin, purchases a new automobile in State R from Dealer Z.
- Individual P purchased the automobile from Dealer Z for \$25,000.
- Manufacturer X allowed Individual P a \$5,000 rebate on the purchase of the automobile.
- Individual P properly paid State R's state sales tax of 6% on the net purchase price of \$20,000.
- Individual P subsequently registers the vehicle for use in Wisconsin. The applicable Wisconsin state and local use tax rate is 5.5%.

Questions 15:

- a. May the 6% state sales tax (\$1,200) paid to State R on a taxable measure of \$20,000 be claimed as a credit against the combined 5.5% Wisconsin state and county use taxes (\$1,375) imposed on a taxable measure of \$25,000?
- b. What amount of Wisconsin state and county use taxes must be paid to Wisconsin on this transaction?
- c. How should Individual P report the use taxes due (if any) to Wisconsin on this transaction?

Answers 15: (Refer to Chart 2)

- a. Yes. The 6% state sales tax (\$1,200) paid to State R may be claimed under secs. 77.53(16), 77.71(4), and/or 77.54(1), Wis. Stats. (2005-06), as a credit against the combined 5.5% Wisconsin state and county use taxes (\$1,375) imposed on the same purchase.
- b. The Wisconsin state and county use taxes due is computed as follows:

	Combined State and Local Sales/Use Taxes
Wisconsin State and County Use Taxes Imposed (\$25,000 x 5.5%)	\$1,375.00
Less: State R's State Sales Tax Paid (\$20,000 x 6%)	\$1,200.00
Wisconsin State and County Use Taxes Due	\$ 175.00

- c. Individual P should report the Wisconsin state and county use taxes due as follows:

Referring to Chart 2, the Wisconsin state use tax is \$159.09 (10/11 x \$175). \$159.09 should be entered in Section D, Line 4 (State Sales Tax) of Wisconsin Department of Transportation Form MV-1, *Wisconsin Title & License Plate Application* (Rev. 01/2008). Also, enter code "5" on the "If other, list reason" line to the right of line 4 and attach a bill of sale or other verification of tax payment to the other state to the form.

Referring to Chart 2, the Wisconsin county use tax due is \$15.91 (1/11 x \$175). \$15.91 should be entered in Section D, Line 5 (Local Sales Tax) of Form MV-1, *Wisconsin Title & License Plate Application* (Rev. 01/2008).

Note: The Wisconsin state and county use taxes due may also be reported on Form ST-12, Form UT-5, or Form 1, when applicable.

Facts 16 - Registered Property (Vehicles) and Extended Warranties: Vehicle and Extended Warranty Purchased From a Dealer in Other State. Combined State and Local Sales Taxes Paid to Other State on the Vehicle are Greater Than Wisconsin State, County, and Baseball Stadium District Use Taxes Imposed. Other State Does Not Impose Sales Tax on the Sale of the Extended Warranty Whereas Wisconsin Imposes Use Tax on the Purchase of the Extended Warranty.

Note: “Registered property” means a motor vehicle, boat, snowmobile, mobile home not exceeding 45 feet in length (applies prior to January 1, 2008), recreational vehicle as defined in sec. 340.01(48r), Wis. Stats. (applies after December 31, 2007), trailer, semitrailer, all-terrain vehicle, or aircraft, if that property must be registered or titled in the State of Wisconsin.

- Individual R, a resident of Wisconsin, purchases an automobile in State T from Dealer Z for \$30,000.
- Individual R also purchases an extended warranty contract from Dealer Z for this automobile for \$2,000.
- Individual R properly pays State T’s combined 6% state and local sales tax on the automobile’s sales price of \$30,000.
- State R does not impose its sales tax on the sale of the extended warranty contract.
- Individual R subsequently registers the vehicle for use in Wisconsin. The applicable Wisconsin state and local use tax rate is 5.6%. The applicable measure for Wisconsin use tax is \$32,000 (the \$30,000 sales price of the automobile plus the \$2,000 sales price of the extended warranty).

Questions 16:

- a. May State T’s combined 6% state and local sales taxes (\$1,800) on the \$30,000 sales price of the automobile be claimed as a credit against the combined 5.6% (\$1,680) Wisconsin state and local use tax imposed on the purchase of the automobile?
- b. May any portion of State T’s combined 6% state and local sales tax (\$1,800) on the \$30,000 sales price of the automobile be claimed against the combined 5.6% (\$112) Wisconsin state and local use taxes imposed on the \$2,000 sales price of the extended warranty contract?
- c. What amount of Wisconsin state, county, and baseball stadium district use taxes must be paid on the purchase of the automobile?
- d. What amount of Wisconsin state, county, and baseball stadium district use taxes must be paid on the purchase of the extended warranty?
- e. How should Individual R report the Wisconsin state and local use taxes due (if any) on the purchase of the automobile and the extended warranty?

Answers 16: (Refer to Chart 5)

- a. Yes. The combined 6% state and local sales taxes (\$1,800) paid to State T may be claimed as a credit under secs. 77.53(16), 77.71(4), and/or 77.54(1), Wis. Stats. (2005-06), against the combined 5.6% Wisconsin state and county use taxes (\$1,680) imposed on the purchase of the automobile.
- b. No. State T does not impose sales taxes on the sale of the extended warranty contract. No portion of State T’s combined state and local sales taxes imposed on the sale of the automobile may be used to offset the 5.6% combined Wisconsin use taxes (\$112) imposed on the \$2,000 sales price of the extended warranty contract.

- c. The Wisconsin state, county, and baseball stadium district use taxes due on the purchase of the automobile are computed as follows:

	Combined State and Local Sales/Use Taxes

Wisconsin State, County, and Baseball Stadium District Use Taxes Imposed (\$30,000 x 5.6%)	\$1,680.00
Less: State and Local Sales Tax Paid to State T (\$30,000 x 6%)	\$1,680.00*

Wisconsin State, County, and Baseball Stadium District Use Taxes Due:	\$0.00
	=====

* **Note:** The credit for the state and local sales tax paid to State T is limited to the amount of combined Wisconsin state, county, and baseball stadium district use taxes imposed on that same property or service.

- d. The Wisconsin state, county, and baseball stadium district use taxes due on the purchase of the extended warranty are computed as follows:

	Combined State and Local Sales/Use Taxes

Wisconsin State, County, and Baseball Stadium District Use Taxes Imposed (\$2,000 x 5.6%)	\$112.00
Less: Sales Taxes Paid to State T (not subject to tax)	\$0.00

Wisconsin State, County, and Baseball Stadium District Use Taxes Due:	\$112.00
	=====

- e. Individual R should report the Wisconsin state and county and baseball stadium district use taxes due as follows:

Referring to Chart 5, the Wisconsin state use tax is \$100.00 ($50/56 \times \112). \$100.00 should be entered in Section D, Line 4 (State Sales Tax) of Wisconsin Department of Transportation Form MV-1, *Wisconsin Title & License Plate Application* (Rev. 01/2008). Also, enter code "5" on the "If other, list reason" line to the right of line 4 and attach a bill of sale or other verification of tax payment on the sale of the automobile to the other state to the form.

Referring to Chart 5, the Wisconsin county and baseball stadium district use tax due is \$12.00 ($6/56 \times \112). \$12.00 should be entered in Section D, Line 5 (Local Sales Tax) of Form MV-1, *Wisconsin Title & License Plate Application* (Rev. 01/2008).

Note: The Wisconsin state, county, and baseball stadium district use taxes due may also be reported on Form ST-12, Form UT-5, or Form 1, when applicable.

Facts 17 - Registered Property (Aircraft): Sales or Use Taxes Paid to a State Other than the State in Which the Aircraft was Purchased.

Note: "Registered property" means a motor vehicle, boat, snowmobile, mobile home not exceeding 45 feet in length (applies prior to January 1, 2008), recreational vehicle as defined in sec. 340.01(48r), Wis. Stats. (applies after December 31, 2007), trailer, semitrailer, all-terrain vehicle, or aircraft, if that property must be registered or titled in the State of Wisconsin.

- Company A, a nonresident of State X, purchases an aircraft for \$250,000 in State X. State X does not impose sales or use taxes on Company A’s purchase of the aircraft.
- After Company A took possession of the aircraft in State X, Company A flew the aircraft to State Y. Company A registered the aircraft in State Y and properly paid State Y’s combined state and local 6% sales or use tax (\$15,000).
- Subsequent to the aircraft’s registration in State Y, Company A transferred the aircraft to, and registered the aircraft in, the State of Wisconsin. When not in use, the aircraft is usually kept in a Wisconsin county which imposes a county sales and use tax, but is not a part of either the baseball or football stadium district. The 5.5% combined Wisconsin state and county use taxes (\$13,750) are imposed on the original purchase price of the aircraft.

Questions 17:

- a. May Company A claim a credit for the combined 6% sales or use taxes (\$15,000) paid to State Y against the combined 5.5% Wisconsin state and local use taxes (\$13,750) imposed?
- b. What amount of Wisconsin state and county use taxes must be paid to Wisconsin on this transaction?
- c. How should Company A report the use taxes due (if any) to Wisconsin on this transaction?

Answers 17: (Refer to Chart 2)

- a. Yes. The combined 6% state and local sales or use taxes (\$15,000) paid by Company A to State Y may be claimed as a credit under secs. 77.53(16), 77.71(4), and/or 77.54(1), Wis. Stats. (2005-06), against the combined 5.5% Wisconsin state and county use taxes (\$13,750) imposed on the purchase of the aircraft.
- b. The Wisconsin state and county use taxes due are computed as follows:

	Combined State and Local Sales/Use Taxes
Wisconsin State and Local Use Taxes Imposed ($\$250,000 \times 5.5\%$)	\$13,750.00
Less: State Y’s State and Local Use Taxes Paid ($\$250,000 \times 6.0\%$)	\$13,750.00*
Wisconsin State and County Use Taxes Due:	0.00

* **Note:** The amount of credit for the state and local use taxes paid to State Y is limited to the combined Wisconsin state and county use taxes imposed on that same property or service.

- c. Since the state and local use taxes paid to State Y are equal to or greater than the Wisconsin state and county use taxes imposed, no Wisconsin state or county use taxes are due. Using the Wisconsin Department of Transportation’s Form DT1556, *Aircraft Registration or Exemption* (Rev. 2/2008), in section F enter “zero” on line 9 (state sales tax), line 10 (county sales tax), and line 11 (local tax). Also, check the “Tax paid to another state” box in the Tax Exemption section, submit proof of purchase price of the aircraft, and submit evidence of the tax paid to the other state.

Note: The Wisconsin state, county, and baseball stadium district use taxes due may also be reported on Form ST-12, Form UT-5, or Form 1, when applicable.