

SALES AND USE TAX REPORT

2-96

June 1996

I. SALES AND USE TAX RETURN REVISED

Effective for returns filed for reporting periods that end on or after July 1, 1996, the Wisconsin State and County Sales and Use Tax Return (Form ST-12) has been revised. The following changes have been made:

- Lines are added to the front of the return to report stadium sales and use taxes.
- Columns are added to the back of the return to report sales and purchases subject to the stadium taxes.
- The title of Form ST-12 is changed to "Wisconsin Sales and Use Tax Return."

II. REPORTING STADIUM TAX — QUARTERLY AND ANNUAL FILERS

Stadium taxes will be reported on a revised Wisconsin sales and use tax return (Form ST-12) for reporting periods ending on or after July 1, 1996. See Part I above.

Table 1 on page 2 of this report indicates (a) the Form ST-12 on which you will first report stadium taxes and (b) the period for which the stadium taxes will be reported on that Form ST-12.

Example 1 - Annual Filer: Company A currently files its Wisconsin sales and use tax return (Form ST-12) on an annual basis. Company A's fiscal year ends March 31. Sales and purchases subject to the stadium sales and use taxes from January 1, 1996 through March 31, 1997, will be reported on Form ST-12 for the fiscal year ending March 31, 1997. No stadium taxes will be reported on Form ST-12 for the fiscal year ending March 31, 1996.

Example 2 - Quarterly Filer: Company B files its Wisconsin sales and use tax returns (Form ST-12) on a calendar quarter basis. Sales and purchases subject to the stadium sales and use taxes from January 1, 1996 through September 30, 1996 will be reported on Form ST-12 for the quarter ending September 30, 1996. No stadium taxes will be reported on Form ST-12 for the quarters ending March 31, 1996 and June 30, 1996. Stadium taxes for the

period October 1, 1996 through December 31, 1996 will be reported on Form ST-12 for the quarter ending December 31, 1996.

III. NEW SALES AND USE TAX LAWS

The following new sales and use and other related tax laws have been enacted. The effective date of each law is shown in parenthesis.

- A. Retailer's Discount Changed** (1995 Act 280, repeal sec. 77.61(4)(b) and amend secs. 25.40(1)(a)1 and 77.61(4)(c), effective for taxes payable on returns filed for periods that end on or after January 1, 1997.)

The retailer's discount deducted on a sales and use tax return (e.g., Form ST-12) is computed by multiplying the sales or use tax payable on retail sales by 0.5%, with the following exception.

Exception: If multiplying the sales or use tax payable on retail sales by 0.5% results in \$10 or less, the retailer's discount is the lesser of the following:

1. \$10, or
2. Sales or use tax payable on retail sales

Example 1: Company A files its sales and use tax return (Form ST-12) on a monthly basis. On Form ST-12 for the month ending January 31, 1997, Company A reports taxable receipts of \$60,000. The sales tax payable on those receipts is \$3,000 (\$60,000 X 5%).

Multiplying the sales tax payable (\$3,000) by 0.5% equals \$15. Since this amount (\$15) is more than \$10, the exception described above does not apply. Company A may deduct a retailer's discount of \$15.

Example 2: Company B files its sales and use tax return (Form ST-12) on an annual basis. On Form ST-12 for the year ending December 31, 1997, Company B reports taxable receipts of \$1,120. The sales tax payable on those receipts is \$56 (\$1,120 X 5%).

Multiplying the sales tax payable (\$56) by 0.5% equals 28¢. Since this amount (28¢) is \$10 or less, the exception described above applies. Company B may deduct a retailer's discount of \$10 (the lesser of \$10 or the \$56 of sales tax payable on retail sales).

Example 3: Company C files its sales and use tax return (Form ST-12) on a quarterly basis. On Form ST-12 for the quarter ending March 31, 1997, Company C reports taxable receipts of \$120. The sales tax payable on those receipts is \$6 (\$120 X 5%).

Multiplying the sales tax payable (\$6) by 0.5% equals 3¢. Since this amount (3¢) is \$10 or less, the exception described above applies. Company C may deduct a retailer's discount of \$6 (the lesser of \$10 or the \$6 sales tax payable on retail sales).

B. Receipts from Coin-Operated Telephones Taxable (1995 Act 351, amend sec. 77.52(2)(a)5, effective August 1, 1996.)

Telecommunications services paid for by the insertion of coins in a coin-operated telephone, when such services originate in Wisconsin, are subject to Wisconsin sales or use tax. Previously, such services were not subject to Wisconsin sales or use tax.

C. Definition of Motor Vehicle Dealer Expanded (1995 Act 329, amend sec. 218.01(1)(n)1 and 2 and create sec. 218.01(1)(o)5, effective October 1, 1996.)

The definition of "motor vehicle dealer" in sec. 218.01(1)(n), Wis. Stats., used by the Department of Transportation for licensing purposes, has been expanded to include any person, firm, or corporation, with certain exceptions, who:

1. For commission, money, or other thing of value, leases, offers, or attempts to negotiate a consumer lease of a motor vehicle.
2. Is engaged wholly or in part in the business of leasing motor vehicles, including motorcycles, whether or not such motor vehicles are owned by such person, firm, or corporation.

"Motor vehicle dealer" under sec. 218.01(1)(o), Wis. Stats., does not include sales finance companies when engaged in purchasing or otherwise acquiring consumer leases from a motor vehicle dealer.

The following sales and use tax provisions in ch. 77, Wis. Stats., specifically relate to motor vehicle dealers:

1. Section 77.53(1m), Wis. Stats., as created by 1995 Wis. Act 27, relating to use tax on motor vehicles used by motor vehicle dealers for a purpose, in addition to retention, demonstration, or display, while holding them for sale or lease in the regular course of business.
2. Section 77.56(2), Wis. Stats., relating to exemption from use tax for the loan of a motor vehicle to any school or school district for a driver training educational program conducted by the school or school district.
3. Section 77.61(1) and 77.785(2), Wis. Stats., relating to who is required to remit Wisconsin state, county, and stadium sales or use tax on the sale, lease, or rental of motor vehicles.

| Table 1 — Stadium Tax Reporting for Quarterly and Annual Filers | | |
|---|--|---|
| Current State and County Sales and Use Tax Filing Status | Stadium Tax Is First Included on the Revised Form ST-12 for the Following Period | On the First Revised Form ST-12 Filed, Stadium Tax Is Reported for the Following Period |
| Quarters ending 1/31/96, 4/30/96, and 7/31/96 | Quarter ending 7/31/96 | 1/1/96 through 7/31/96 |
| Quarters ending 2/29/96, 5/31/96, and 8/31/96 | Quarter ending 8/31/96 | 1/1/96 through 8/31/96 |
| Quarters ending 3/31/96, 6/30/96, and 9/30/96 | Quarter ending 9/30/96 | 1/1/96 through 9/30/96 |
| For quarters ending 10/31/96 and thereafter, the stadium tax reported on Form ST-12 is only for purchases and sales in that quarter. | | |
| Year ending 1/31/96 | Year ending 1/31/97 | 1/1/96 through 1/31/97 |
| Year ending 2/29/96 | Year ending 2/28/97 | 1/1/96 through 2/28/97 |
| Year ending 3/31/96 | Year ending 3/31/97 | 1/1/96 through 3/31/97 |
| Year ending 4/30/96 | Year ending 4/30/97 | 1/1/96 through 4/30/97 |
| Year ending 5/31/96 | Year ending 5/31/97 | 1/1/96 through 5/31/97 |
| Year ending 6/30/96 | Year ending 6/30/97 | 1/1/96 through 6/30/97 |
| For years ending 7/31/96 and thereafter, the stadium tax reported on Form ST-12 is only for purchases and sales occurring on or after January 1, 1996 through the end of that year (e.g., for the fiscal year ending 7/31/96, stadium tax is reported for sales and purchases occurring on 1/1/96 through 7/31/96). | | |