



Wisconsin Department of
Revenue

TAX BULLETIN

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If you would like to receive notification when a new *Wisconsin Tax Bulletin* is available, [subscribe](#) to the sales and use tax or tax professional electronic mailing list.

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Sheboygan County Tax, Effective January 1, 2017

Beginning January 1, 2017, the county sales and use tax will be in effect in Sheboygan County. This brings the number of counties that have adopted the 0.5% county tax to 63.

Information about which sales and purchases are subject to the county sales or use tax and transitional provisions that apply to Sheboygan County sales can be found in Wisconsin [Publication 201](#), *Wisconsin Sales and Use Tax Information*.

City of Rhinelander Premier Resort Area Tax, Effective January 1, 2017

Beginning January 1, 2017, the 0.5% premier resort area tax will be in effect in the City of Rhinelander. The authority to impose this tax is provided in [2015 Wis. Act 55](#).

Sellers who (1) make taxable sales of products or services within the City of Rhinelander and (2) are classified under one of the Standard Industrial Classification numbers noted in the department's Premier Resort Area Tax [Common Questions](#), must remit premier resort area tax on such sales.

For more information about the premier resort area tax, see [Publication 403](#), *Premier Resort Area Tax*.

If you are a seller who meets both of the conditions above, you must register with the department. To register, send us your legal name, address and 15-digit sales tax number by:

Email: DORRegistration@wisconsin.gov

Fax: (608) 327-0235, or

Mail: Wisconsin Department of Revenue
Attn: Registration Unit
PO Box 8902
Madison, WI 53708-8902

Premier resort tax is filed separately from sales and use tax. Use *My Tax Account* to file premier resort area tax. Those not required to file electronically will use the appropriate version of the premier resort area return available on the department's website.

If you have questions, please contact us at (608) 266-2776.

Kewaunee County Tax, Effective April 1, 2017

Beginning April 1, 2017, the county sales and use tax will be in effect in Kewaunee County. This brings the number of counties that have adopted the 0.5% county tax to 64.

Information about which sales and purchases are subject to the county sales or use tax and transitional provisions that apply to Kewaunee County sales can be found in [Publication 201](#), *Wisconsin Sales and Use Tax Information*.

My Tax Account Security Contact Information (Two-Step Authentication)

What is changing?

To keep your confidential tax information safe, the Wisconsin Department of Revenue added an additional security step for *My Tax Account* in July of this year. *My Tax Account* users are prompted electronically to provide an email address and/or cell phone number (if text is chosen) to receive a security code for future logins.

What do you need to do?

If you have not logged into your profile since the two-step authentication was implemented on *My Tax Account* in July, a profile page will appear when you log in. Verify your information, and fill in your new security contact information. It is very important to include a cell number and/or email address you can easily access. *My Tax Account* sends a security code to that security contact information for each subsequent log in and you will need the security code to access *My Tax Account* in the future.

The next time you log in, you will be prompted to request a security code by text or email. Choose your preferred contact method to receive the security code. Note: It could take several minutes for the text or email to arrive.

Once you receive the security code, enter the six character code into the Authorization Security Code field on the login screen. Remember, a security code is only good once.

You can check the "Remember My Computer" box when you log in using a security code to avoid requesting a new code each time you log in from the same computer.

Tip: There are help videos on the *My Tax Account* login page as well as embedded within *My Tax Account*. Use these videos to view how certain steps in *My Tax Account* work.

My Tax Account Email Address Update

The Wisconsin Department of Revenue (DOR) will occasionally send you emails using the address you provide with your *My Tax Account* logon Id. To keep your logon Id secure and ensure you receive our communications, you will be expected to update your email address the next time you log on to *My Tax Account*. Please do not share your logon Id or password with others. If you need access to another person's account, create your own *My Tax Account* logon Id and password and request access to the account with their permission. If you have questions or need help, please contact us at DORMyTaxAccountHelp@wisconsin.gov.

New Website Coming Soon

Over the next few months you will see some big changes on the Department of Revenue website. We are moving to a new platform that is consistent with other Wisconsin state agencies. The new site will bring an elegant design, enhanced search capability, and mobile-friendly experience. Although the site will have a new design, access to the information should generally be the same.

If you have webpages saved as favorites in your Internet browsers from the department's website, you will likely have to update them when the new site is rolled out. Look for enhancements to come in mid-November.

Publication 82, *Unclaimed Property Holder Report Guide*

The [Unclaimed Property Holder Report Guide](#) has been updated for 2016. Here's what is new for 2016:

- Safe keeping box contents can now be sent at the same time as your holder report but should be submitted no later than February 15, 2017.
- Guidelines have been provided for correcting previously submitted reports.
- There are new account numbers for reporting securities.

Reminder: Holder reports are due by November 1, 2016. Online training videos for holder reporting in *My Tax Account* are available on the department's website: revenue.wi.gov/ucp/holder.html.

Do You Have Unclaimed Property?

Unclaimed property is generally any financial asset that is deemed by law to have been abandoned by its owner. Examples of unclaimed property include: certificates of deposit, matured life insurance policies, stocks, uncashed checks, wages, and safe deposit box contents. Property becomes abandoned when the owner of the property has had no activity for a period of one to five years (depending on the property). Once the property is deemed abandoned by the owner, the holder of the property is required to turn it over the Department of Revenue. Holder reports are due by November 1st.

The department acts as the custodian of the property and has a number of methods to locate owners. It advertises annually in newspapers throughout the state, cross-matches names of owners with public records of other state and federal agencies, and most recently, the department has implemented a matching program using income tax records. If there is a match between an individual and an unclaimed property, the department first offsets any debts before paying a refund on the unclaimed property and then a notice is sent to the owner. If the amount payable is under \$2,000, a check is sent directly to the owner. If the amount payable is more than \$2,000, the owner is sent to a letter with instructions to file a claim for the property.

The department also maintains a free, online searchable database of unclaimed property. Since the holder reports are filed annually, it is recommended to search the database annually after the November 1st due date for any new unclaimed property the department may have received. See the [Unclaimed Property](#) page on the department's website.

If you have unclaimed property questions, please call: (608) 264-4594 (Mon-Fri, 7:45 a.m. – 4:30 p.m.) or email: DORUnclaimedProperty@wisconsin.gov.

New Filing Requirement for Schedule FC-A: Certification of Compliance Number

In order to claim the farmland preservation credit using Schedule FC-A for taxable years beginning after December 31, 2015, you will need to provide the 7 digit identification number(s) located on your Certificate(s) of Compliance with Soil & Water Conservation Standards issued by your county. For more information about obtaining your Certification of Compliance (COC) number, contact DATCP at (608) 224-4633.

As shown in the image below, Step 1 on the Qualifying Acres Schedule, page 2 and 3 of Schedule FC-A, has been changed to allow entry of up to four COC numbers. If the farm is located in more than four counties, complete a separate Qualifying Acres Schedule(s) to include the additional COC number(s) with the corresponding parcel number(s) and acres. Do NOT include more than one farm per Qualifying Acres Schedule.

DRAFT 9-28-16

2016 Schedule FC-A	Name _____ SSN or FEIN _____	Page 2 of 4
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Note: Fill in below the number of farms on which your claim is based. Complete a separate schedule for each farm (see page 3). ↓

QUALIFYING ACRES SCHEDULE 1 OF _____

Step 1 Enter the 7 digit identification number from your certificate of compliance for each county in which the farm is located:

a _____ b _____ c _____ d _____

If the farm is located in more than 4 counties, see Qualifying Acres Schedule, Step 1 on page 3 of the instructions.

Schedule FC and FC-A No Longer Supported Through Wisconsin E-File

Wisconsin e-file will no longer be available for electronically filing Schedule FC or FC-A to claim the farmland preservation credit. However, you will still be able to electronically file Schedule FC or FC-A using modernized e-file software. Please visit the department's website for a list of available [e-file software products](#).

Schedule QI, Sale of Investment in a Qualified Wisconsin Business

What is the Purpose of Schedule QI?

[Schedule QI](#) is used to claim a capital gain exclusion on the sale of an investment in a qualified Wisconsin business.

For taxable years that begin on or after January 1, 2016, Wisconsin law ([sec. 71.05\(25\), Wis. Stats. \(2013-14\)](#)) provides for a capital gain exclusion when an investment is held for at least five years in a qualified Wisconsin business.

Who May File Schedule QI?

The exclusion is only available to individuals, including individual partners or members of a partnership, limited liability company, or limited liability partnership, or an individual shareholder of a corporation.

For more information on the qualified Wisconsin business capital gain exclusion, see the following [Common Questions](#) located on the Wisconsin Department of Revenue website.

Registration to be a Qualified Wisconsin Business for Wisconsin's Capital Gain Exclusion and Deferral Programs

Benefits of registering to be a qualified Wisconsin business

For Wisconsin income tax purposes, an individual may defer a long-term capital gain if the gain is reinvested in a qualified Wisconsin business. An individual may also exclude certain long-term capital gains from the sale of an investment in a qualified Wisconsin business. The exclusion applies if the business was a qualified Wisconsin business for the year of the investment and for at least 2 of the 4 subsequent years, the investment was made after December 31, 2010, and held for at least 5 uninterrupted years.

Registration must occur each year

A business must register in each year for which it desires to be a qualified Wisconsin business. Registration for 2016 must be completed by January 2, 2017.

A business may register as a qualified Wisconsin business if, in the business's tax year ending immediately before the date of registration:

- the business has at least 2 full-time employees,
- the amount of payroll compensation paid by the business in Wisconsin is at least 50% of all payroll compensation paid by the business, and
- the value of real and tangible personal property owned or rented and used by the business in Wisconsin is at least 50% of the value of all real and tangible personal property owned or rented and used by the business.

For more information on registering to be a qualified Wisconsin business, see the following [Common Questions](#) located on the Wisconsin Department of Revenue website.

Combined Group Reporting - Foreign Entities without a Federal Employer Identification Number (FEIN)

If a foreign company does not have a FEIN because they are not required to obtain one, the foreign company should enter all 9's in the FEIN field of Form 6, *Wisconsin Combined Corporation Franchise or Income Tax Return*.

Corporation Name:	<u>FOREIGN COMPANY</u>	_____	_____	Elimination	Combined
FEIN:	<u>99-99999999</u>	-	-	Adjustments	Totals

Combined Group Reporting - Intercompany Sales between Members

Intercompany sales are required to be reported by each member of the combined group on Form 6, Part I, Lines 1 and 1a.

In addition, intercompany sales are required to be reported on each member's apportionment form.

Form A-1, Wisconsin Apportionment Data for Single Factor Formulas

Intercompany sales between combined group members must be included on lines 1 through 10. The intercompany sales are then excluded by entering them on Line 11. For additional information, see the [Form A-1 instructions](#).

Form A-2, Wisconsin Apportionment Data for Multiple Factor Formulas

Intercompany sales must be excluded from columns a and b of Part I. When completing Part II, intercompany sales are entered on Line 3 if they were included on Lines 1a through 11. Intercompany sales are also included on Line 7 if the sales were previously eliminated from Part II because of a deferred gain or loss that is now recognized. For additional information, see the [Form A-2 instructions](#).

Election Worker Exemption from Income Tax Withholding

Wages paid to an election worker are not subject to income tax withholding. However, all wages earned by the election worker are subject to income tax.

Wisconsin Treatment

Wages paid to election workers for services performed in national, state, county, and municipal elections are not subject to Wisconsin income tax withholding. Employers must report payments of \$600 or more to election workers on Form W-2. Do not use federal Form 1099 or Wisconsin Form 9b.

Federal Treatment

Internal Revenue Service [Publication 15](#), *Employer's Tax Guide*, directs governments to report payments of \$600 or more to election workers for services performed in national, state, county, and municipal elections on Form W-2. Governments must report payments less than \$600 to election workers on Form W-2 if social security and Medicare taxes were withheld. Wages paid to election workers are not subject to federal income tax withholding.

See [Election Workers: Reporting and Withholding](#) for additional information on federal reporting requirements.

My Tax Account Webinars - Filing Annual Reconciliation and Information Returns

We offer a *My Tax Account* webinar for new users the second Tuesday of even numbered months. The next webinar is scheduled for December 13, 2016, 9:30 a.m. to 10:30 a.m. (CST). The webinar covers topics including, but not limited to, filing and paying sales and use tax returns, withholding deposits, withholding annual reconciliation and Wage Statements (W2s and 1099s). Visit revenue.wi.gov/training for more information.

We are also offering an Annual Filer Refresher webinar on January 17 and January 24, 2017 (the same information is provided in each webinar). Check the training page on revenue.wi.gov for registration availability in late November.

The Annual Filer Refresher webinar covers a variety of topics, including:

- ****NEW FOR 2016**** Security Contact Information (2-Step Authentication)
- Filing a Withholding Deposit Report Form WT-6
- Filing an Annual Reconciliation Form WT-7
- Filing W-2s and 1099s
- Filing a Sales and Use Tax Return Form ST-12
- Ceasing Accounts
- Updating profile information
- Requesting an extension and much more

Pass-through Withholding Filing Requirements

Pass-through entities must withhold and pay tax on income from Wisconsin sources that passes through to nonresidents.

Form PW-ES, Wisconsin Pass-Through Entity Withholding Estimated Payment

Payments must be made electronically pursuant to [sec. Tax 1.12\(4\)\(a\)13](#).

For more information on making electronic pass-through withholding payments, please visit the department's website [here](#).

Payments are required on a quarterly basis on the 15th day of the 3rd, 6th, 9th, and 12th months of the taxable year.

A paper voucher of Form PW-ES to submit quarterly payments may **only** be used if an electronic payment waiver has been granted.

Form PW-1, Wisconsin Nonresident Income or Franchise Tax Withholding on Pass-Through Entity Income

Use Form PW-1 to compute a pass-through entity's withholding tax liability for the taxable year.

Pass-through entities not required to file a PW-1 are joint ventures that have elected not to be treated as a partnership under section 761 of the Internal Revenue Code and publicly traded partnerships as defined under section 7704(b) of the Internal Revenue Code.

Every other pass-through entity that does business in Wisconsin or derives income from property located in Wisconsin, and that has one or more nonresident partners, members, shareholders, or beneficiaries, who will be allocated \$1,000 or more of income from the entity, must file Form PW-1.

Interest, penalties, and fees may apply if a pass-through entity files Form PW-1 later than the un-extended due date of its income or franchise tax return or files after the extended due date.

Form PW-1 filing due dates with the Department of Revenue:

- Tax-option (S) corporations - the 15th day of the 3rd month following the close of the entity's taxable year.
- Partnerships - the 15th day of the 4th month following the close of the entity's taxable year.
- Trust and Estates - the 15th day of the 4th month following the close of the trust's or estate's taxable year.

The department allows an automatic 7 month extension to file Form PW-1; however, if tax is due, interest will be assessed on the tax due during the extension period.

A \$50 late filing fee applies if Form PW-1 is filed after the extension date.

Multi-tiered partnership structures

Pass-through entities need to timely file Form PW-1 to report the pass-through withholding that flows from "lower-tier" entities.

For example, Partnership ABC has ownership interest in partnership DEF which has ownership interest in partnership GHJK. If partnership GHJK pays withholding and a portion of the withholding passes-through to partnership DEF which in-turn passes-through to ABC, all three partnerships are required to file Form PW-1, even if ABC and DEF did not pay additional pass-through withholding or incur taxable income.

Form PW-2, Wisconsin Nonresident Partner, Member, Shareholder, or Beneficiary Withholding Exemption Affidavit

In order to be relieved from submitting pass-through withholding for non-resident individuals and entities with Wisconsin income of \$1,000 or greater, a pass-through entity must be in possession of a timely filed PW-2 that is approved by the department.

Form PW-2 filing due dates with the department:

- Tax-option (S) corporations - on or before the last day of the first month after the fiscal or calendar year end.
- Partnerships - on or before the last day of the second month after the fiscal or calendar year end.
- Trust and Estates - on or before the last day of the second month after the fiscal or calendar year end.

Sales Price of Tangible Personal Property Cannot be Allocated

Sales of tangible personal property that take place in Wisconsin are subject to Wisconsin sales tax. The amount that is subject to tax is the total sales price, regardless of whether the property will be used all or some of the time in another state.

Example 1: Retailer has a store located in Wisconsin. Retailer sells a book at its store to Customer for \$25. Retailer's sales price of \$25 is subject to Wisconsin sales tax. No deduction from sales price is allowed if Customer later uses the book in another state.

The storage, use, or other consumption of tangible personal property in Wisconsin is subject to Wisconsin use tax, unless sales or use tax has previously been paid on that property.

Wisconsin use tax is due on the purchase price of tangible personal property that is used, stored, or consumed in Wisconsin when sales tax has not previously been paid on that property. The amount that is subject to tax is the total purchase price, regardless of whether the property will be used all or some of the time in another state. **Note:** A credit for taxes previously paid is allowed when sales or use tax was first due and paid to another state.

Example 2: Customer purchases a new jacket for \$100 in Minnesota, where clothing is not subject to tax. Customer brings the jacket to her home in Wisconsin. Customer's purchase price of \$100 is subject to Wisconsin use tax. No deduction from purchase price is allowed if Customer later uses the jacket in another state.

Prewritten computer software is tangible personal property for purposes of Wisconsin sales and use taxes. Therefore, the amount that is subject to Wisconsin sales or use tax is the total sales price or purchase price, regardless of whether the prewritten computer software will be used all or some of the time in another state.

Example 3: Company purchases prewritten computer software from Retailer, who installs the prewritten computer software on Company's server in Wisconsin. The software license allows for 20 users to be able to access the software at any one time. Company has 10 employees in Wisconsin and 10 in Iowa, all of whom access the software on the server in Wisconsin. Wisconsin use tax is due on 100% of the purchase price of the prewritten computer software, even though only half of the employees who access it are located in Wisconsin.

Example 4: Same as *Example 3*, except that the agreement states that Company is purchasing 20 licenses to the software. However, Company only receives one copy of the software itself, which resides on Company's server in Wisconsin. Wisconsin use tax is due on 100% of the purchase price of the prewritten computer software, even though only half of the software "licenses" are used in Wisconsin.

Example 5: Prewritten computer software is purchased and installed on a server in a state that does not tax sales or purchases of prewritten computer software. Users in Wisconsin access the software from locations in Wisconsin. Wisconsin use tax is due on 100% of the purchase price of the prewritten computer software, even though the prewritten computer software is also accessed by users located in other states.

Example 6: Prewritten software is purchased and installed on a server in a state that does not tax sales or purchases of prewritten computer software. Prior to the prewritten computer software otherwise being stored, used, or consumed in Wisconsin, the software is transferred to a server in Wisconsin. Wisconsin use tax is due on 100% of the purchase price of the prewritten computer software, regardless of how many users who access the software are in or outside of Wisconsin.

Example 7: Purchaser buys 100 licenses for prewritten computer software, at \$50 per license. An invoice is sent for all 100 licenses in the amount of \$5,000. Each license allows for a copy of the software to be installed on each of 100 desktop computers located around the country, including some in Wisconsin. Taxpayer has records to show that, of the 100 desktop computers, only 5 are located in Wisconsin. Wisconsin use tax is due on 5 of the software licenses, because 5 copies of the software are delivered to computers located in Wisconsin, with the remaining 95 licenses delivered outside the state. Each license is a separate sale of tangible personal property. The purchase price of the prewritten computer software is not allocated; the sale of each license is taxable or not taxable to Wisconsin, depending on where it was delivered.

Software as a Service (SaaS) is not treated as the sale or license of software. SaaS resides on "the cloud" (the vendor's server), and the customer is purchasing a service, rather than software, even though the vendor may call its fee a "licensing fee." SaaS is not taxable, unless the service that is being provided is a taxable service (e.g., telecommunications service, telecommunications message service, conference bridging service).

Gasoline Purchased by Foreign Missions is Exempt From Tax

Purchases by certain foreign officials are exempt from Wisconsin sales and use tax, as provided by federal law. Foreign officials may also be exempt from gasoline and diesel fuel taxes.

The federal Office of Foreign Missions (OFM) authorizes an exemption from taxes imposed on purchases of gasoline and diesel fuel for foreign missions and their personnel by means of a tax-exempt fuel company credit card. With OFM's authorization, the credit card issuers are expected to exempt, on a mission's or an individual's monthly credit card bills, the taxes imposed on the purchase of fuel. Most tax-exempt fuel credit cards held by foreign missions and their members are issued by third parties, such as Citi (for Exxon and Shell), Fleetcor (for Chevron), or WEX (for Gulf and Sunoco).

Wisconsin allows an exemption from Wisconsin gasoline and diesel fuel taxes when the purchaser presents the appropriate exemption card sanctioned by the OFM or an OFM-approved credit card. Although a refund of the tax may not be claimed by the credit card company, the permitted fuel supplier (e.g., Exxon) may claim a credit on a subsequently filed [Form MF-002](#). Complete Line 6 of Form MF-002 and attach the "Schedule of Transactions" ([Form MF-002T](#), Box "8" checked).

Additionally, the sale of motor and diesel fuel is exempt from Wisconsin sales and use taxes if the Wisconsin excise tax (i.e., motor fuel tax) has been paid, regardless of whom the fuel is sold to (i.e., sold to either an exempt entity or a nonexempt entity).

If the excise tax has not been paid on the fuel (e.g., dyed diesel fuel for off-road use), the sale of the fuel would be subject to Wisconsin sales or use tax, except when an exemption applies. For example, if a foreign official that is exempt from Wisconsin sales and use taxes on his or her personal purchases provides the seller with his or her Diplomatic Tax Exemption Card, the fuel is not subject to Wisconsin sales tax.

Deer Processing and Taxidermy Services

Deer hunting is a longstanding tradition in Wisconsin, and hunters are heading into the woods. The lucky ones will bring home a trophy buck.

The hunt is not complete until you process the meat. A butcher's charge to process venison is not subject to Wisconsin sales tax. However, taxidermy services, such as mounting and tanning, are taxable services to tangible personal property.

Nonprofit Organizations - Occasional Sale Exemption Standards Increase for 2017

A nonprofit organization is required to charge Wisconsin sales tax on sales of taxable products, unless such sales are exempt occasional sales or are otherwise exempt. Certain standards, including an entertainment standard, a receipts standard, and a number of days of sales standard, must be met for a nonprofit organization's sales to qualify as exempt occasional sales. Beginning with sales made in calendar year 2017, these standards have been increased.

Number of Days and Receipts Standards

The standard relating to a nonprofit organization's taxable receipts will increase from \$25,000 to \$50,000, and the standard relating to the number of days on which sales of taxable products can occur will increase from 20 to 75 days. A nonprofit organization engaged in a trade or business is required to hold a seller's permit if its sales of taxable products and services exceeds \$50,000 **and** its sales of taxable products and services are made on more than 75 days in a calendar year.

Entertainment Standard

The standard to determine whether entertainment is involved at an event will increase from \$500 to \$10,000. "Entertainment," for purposes of this exemption, means entertainment provided at an admission event by all persons or groups who are paid in the aggregate more than \$10,000 for performing, for reimbursement of expenses, or prize money. A nonprofit organization is required to hold a seller's permit if it makes sales of taxable products or services at an entertainment event in which admissions are charged, even if the *Number of Days and Receipts Standards* described above have not been exceeded.

Additional information regarding nonprofit organizations and standards for the occasional sales exemption can be found in [Publication 206](#), *Sales Tax Exemption for Nonprofit Organizations*.

Exemption for Fuel Sold for Residential Use Does Not Apply to Secondary Residences

Oil, propane, coal, peat, steam, wood, and fuel cubes produced from solid waste sold as fuel for residential use are exempt from Wisconsin sales and use tax.

"Residential use" means in a structure or portion of a structure which is a person's permanent principal residence, but does not include use in transient accommodations, motor homes, travel trailers, or other recreational vehicles. Use in a residence includes heating or cooling the premises, heating water, operating fans or other motors, providing lighting, and other ordinary uses by the purchaser in a residence.

"Residential use" includes use in single-family homes, duplexes, townhouses, condominiums, mobile homes, rooming houses, apartment houses, nursing homes, and farm houses, if the structure is used as a person's permanent principal residence. "Residential use" includes apartment houses, nursing homes, and farm houses, even if they are on a commercial or rural meter.

Fuel that is used in a person's secondary residence (e.g., summer home, cabin) does not qualify for exemption. However, if the secondary residence is another person's primary permanent residence, the exemption may apply.

Example: An individual owns two houses. The first house is the individual's permanent principal residence. The second house serves as a primary permanent residence for another family. Since both houses are used as a person's primary permanent residence, the exemption for fuel sold for residential use applies to fuel for both houses.

The following are examples of fuel that *is* sold for "residential use" that is exempt if used in a person's permanent principal residence (this list is not all-inclusive):

- A garage heater
- A backyard swimming pool
- A gas grill
- A whirlpool or sauna

The following are examples of fuel that *is not* sold for "residential use" (this list is not all-inclusive):

- A garage heater at a secondary residence
- A recreational vehicle
- A pool at a health club
- A garage where a trade or business is carried on

What records should a seller obtain?

If 100% of the fuel sold to a customer in Wisconsin is for use in a person's primary permanent residence or for farm use, an exemption certificate is not required. However, the seller must maintain adequate records to identify which

sales are exempt. If for any reason the fuel is not 100% exempt from Wisconsin sales and use tax, then an exemption certificate must be completed by the customer and kept on file by the seller. Sellers of fuel should always have an exemption certificate on file for sales to manufacturers who claim some or all of their fuel is exempt from Wisconsin sales and use tax.

When a sales and use tax exemption certificate is not required to be obtained by the seller, the seller is still required to maintain adequate records to identify which sales are exempt. Acceptable "adequate records" would include asking each customer if the fuel is being purchased for use in the person's permanent residence and doing one of the following:

- Recording that the sale of the fuel is for "residential use" on the invoice;
- Pushing a certain register key that keeps a record indicating that the sale of the fuel is for residential use; or
- Noting on the customer's credit application that the customer states the fuel is for use in his or her permanent residence.

Winter Storage and Parking

Sales tax applies to parking or providing parking space for motor vehicles, unless an exemption applies. A motor vehicle is a self-propelled vehicle, such as an automobile, truck, truck-tractor, or motorcycle, designed or used primarily for transporting persons or property on a highway.

The following explains tax treatment of parking and storage for different types of vehicles:

Aircraft

Providing parking space for aircraft is taxable. Parking includes occupying space in a hanger when an aircraft is available for use without requiring substantial expenditure of time or effort to make it operational. See the article titled "[Aircraft Parking](#)" for additional examples.

Boats

Docking or providing storage space, including winter storage, for boats is taxable.

Campers

Providing camper parking or storage is not taxable. This assumes the camper is not self-propelled. Vehicles that are not self-propelled do not meet the definition of "motor vehicle." However, admissions to campgrounds and recreational vehicles setup on campsites are taxable. See [Publication 239, Campgrounds](#), for more information.

Motor vehicles

Parking includes the temporary storage of a motor vehicle that is ready and available for immediate use. If the vehicle is not ready for immediate use (for example, it is damaged and cannot be driven), the charge for storing the vehicle is not taxable.

Recreational vehicles

Providing parking for a self-propelled recreational vehicle is taxable. "Motor vehicle" includes a recreational vehicle that is self-propelled. Parking includes the temporary storage of a self-propelled recreational vehicle that is ready and available for immediate use.

Renters

A separate charge for parking, docking, or boat storage is taxable. Landlords who charge tenants higher rent for parking, docking, or boat storage, in comparison to those tenants who do not have parking, docking or boat storage privileges, are liable for tax on the amount attributable to parking.

Example: A landlord charges \$750 per month for an apartment with one parking space included. If the renter does not want the parking space, the renter is charged \$700 per month. The \$50 difference in rent is the amount attributable to parking.



Report on Litigation

Summarized below are recent significant Wisconsin Tax Appeals Commission (WTAC) and Wisconsin Court decisions.

The following decisions are included:

Sales and Use Tax	
Laundry Services - long-term care support service provider	
<i>Healthcare Services Group, Inc.</i>	13

SALES AND USE TAX

Laundry Services - long-term care support service provider. *Healthcare Services Group, Inc. vs. Wisconsin Department of Revenue* (Wisconsin Tax Appeals Commission, July 27, 2016).

At issue in this case is whether the taxpayer is providing a taxable laundry service.

Healthcare Services Group, Inc. ("HSG"), a long-term care facility support service provider, provides services to nursing homes, retirement centers, and rehabilitation facilities for "management, supervision and labor necessary to perform...laundry services on the premises of the Facility." The department asserted that HSG was providing a taxable laundry service to its clients, as provided in sec. 77.52(2)(a)6, Wis. Stats. (2013-14), and assessed sales tax for a four-year period.

The taxpayer agrees it is providing a service, but disagrees that it is providing a laundry service. The taxpayer argued that it is providing the client's managerial and administrative functions for the laundry department, which is more than providing a laundry service.

The Commission stated that the very essence of HSG's activity is to provide laundry services. HSG's client disbands its own laundry department and hires HSG to perform the services that its own laundry department used to do. HSG is responsible for client laundry and without its services, the clients' dirty laundry would not be cleaned.

Therefore, the Commission concluded that the taxpayer is providing laundry services and has failed to meet the burden to show that the department's assessment was incorrect.

The taxpayer has appealed this decision to the Circuit Court.