

**Wisconsin Use Tax
Fact Sheet 2104**

revenue.wi.gov

Do I Owe Use Tax?

Use tax is the counterpart of sales tax. Use tax applies when Wisconsin sales tax (state or county) is not charged, and no exemption applies. If you purchase taxable items from a retailer who does not collect Wisconsin sales tax or bring taxable items into Wisconsin from another state or country, you owe use tax.

What Is the Use Tax Rate?

The state use tax rate is 5%. If the item purchased is used, stored or consumed in a county that imposes county tax or a city that imposes city tax, you must pay an additional 0.5% or 0.9% county tax and/or 2% city tax. Note: Beginning January 1, 2024, the city of Milwaukee imposes a new 2% sales and use tax, and the Milwaukee County sales and use tax rate increases from 0.5% to 0.9%.

State	5%
County	0.5% or 0.9%
City	2%

See the [sales and use tax rate](#) for each county and the city of Milwaukee at revenue.wi.gov (enter "tax rate" in search box). For more information, see the [county and city](#) sales and use tax common questions.

Special Rules for County and City Use Tax

If an item is purchased in a county or city that has not adopted a county or city tax and is later brought to a taxable county or city where it is used, stored, or consumed, the item is not subject to the county or city use tax.

Exceptions: Construction materials, titled items and certain purchases by nonresidents:

- *Construction materials* purchased in a county that has not adopted the county tax and later used to improve real property in a county that has adopted the county tax are subject to county use tax unless an exemption applies.
- *Construction materials purchased in a city that has not adopted the city tax and later used to improve real property in a city that has adopted the city tax are subject to city use tax unless an exemption applies.*
- *Purchases of motor vehicles, boats, [recreational vehicles](#), and aircraft* are taxed, for county and city sales and use tax purposes, based on the county and city in which the item is [customarily kept](#).
- *Purchases of snowmobiles, trailers, semi-trailers and all-terrain vehicles* are taxed, for county and city sales and use tax purposes, based on where the buyer receives possession of the items.
- *Purchases of motor vehicles, aircraft and truck bodies (including semitrailers) by nonresidents* who do not use the property other than to remove it from Wisconsin are exempt from Wisconsin sales and use tax.

Credit for Tax Paid in Another State

Wisconsin state, county, and city use tax due may be offset by tax properly paid in another state. See *Credit for Sales and Use Taxes Paid to Other States and Their Local Units of Government* in [Wisconsin Tax Bulletin # 157](#) for more information. Foreign taxes and customs duty charges are not eligible for this credit.

Why Is There a Use Tax?

Use tax protects in-state businesses from unfair competition. When sales or use tax is not collected on taxable purchases used in your community, local businesses are operating at a competitive disadvantage.

Why Don't All Out-Of-State Retailers Collect Use Tax?

An out-of-state retailer that does not have a physical presence in Wisconsin ([remote seller](#)) is not required to collect and remit Wisconsin sales or use tax if it qualifies for the small seller exception. The small seller exception applies if the remote seller has Wisconsin gross sales of \$100,000 or less in both the current and prior year. If the small seller exception does not apply, the remote seller is required to collect and remit tax on taxable sales in Wisconsin.

Exception: A person with a wine direct shipper's permit under sec. 125.535, Wis. Stats., must pay Wisconsin sales/use and excise taxes on the sale of wine that is shipped directly to Wisconsin consumers (sec. 139.035, Wis. Stats.).

An out-of-state business that has a physical presence (such as a store or warehouse) or activities in Wisconsin is required to collect and remit Wisconsin tax on its taxable sales.

What Is Taxable?

Sales, licenses, leases, and rentals of the following products are subject to Wisconsin state and county sales taxes:

- Tangible personal property
- Coins or stamps of the United States that are sold, licensed, leased, rented, or traded as collector's items above their face value
- Certain leased property affixed to real property
- Certain digital goods. Digital goods are transferred electronically to the purchaser. Examples include greeting cards, finished artwork, periodicals, video or electronic games, and newspapers or other news or information products. See [Publication 240](#) for more information.

In addition, certain services are subject to Wisconsin sales and use taxes. For a listing of taxable products and services visit revenue.wi.gov (enter "what is taxable" in search box).

Following are examples of purchases which frequently result in a use tax liability.

- **Mail order and Internet purchases.** Businesses and individuals owe Wisconsin use tax if the business or individual buys taxable products such as cigarettes, computers, digital music or videos, electronic games, furniture, prewritten computer software, office supplies online or by mail order from a retailer who is not registered to collect Wisconsin tax.

Example: An accounting firm located in Milwaukee County and the city of Milwaukee purchases \$20,000 of computers, stationery, and reference books online from out-of-state retailers who do not collect sales or use tax. These purchases are stored or used in Milwaukee County and the city of Milwaukee. The accounting firm owes Wisconsin use tax of \$ 1,580 (\$20,000 x 7.9%).

- **Out-of-state and out-of-country purchases.** A business or individual owes Wisconsin use tax if the business or individual purchases taxable products or services in another state or outside the United States, and subsequently bring the product, or the property on which a taxable service was performed, into Wisconsin. Businesses and individuals also owe Wisconsin use tax on orders placed with a retailer in another state or outside the United States, for delivery to a location in Wisconsin if the retailer does not charge tax.

Example: A Wisconsin resident living in Marathon County purchases a digital camera for \$700 at a store in the State of Oregon while on vacation. Oregon does not impose a sales or use tax. The Wisconsin resident brings the camera home to Marathon County, Wisconsin. The individual owes Wisconsin use tax of \$38.50 (\$700 X 5.5%).

Example: An individual purchases a painting while vacationing in Canada. The retailer ships the painting to the individual's home in Bayfield County. The retailer charges the individual \$2,500, including shipping and handling. The individual owes \$137.50 Wisconsin use tax of (\$2,500 X 5.5%).

- **Inventory.** If a business buys inventory without tax for resale, and then uses the inventory, the business owes use tax.

Example: A retailer of office furniture buys a desk and places it in its inventory. Rather than selling the desk, the retailer uses the desk in its office. The retailer owes use tax on its purchase price of the desk.

- **Giveaways.** Generally, if a business purchases an item without tax and then gives it away in Wisconsin, the business owes use tax.

Example: To advertise its business, an insurance agency gives pens and calendars to its Wisconsin customers. The agency's purchase of the pens and calendars is subject to tax.

Use tax applies to the total purchase price of a taxable item, including charges by the retailer for shipping and handling.

How Do I Keep Track of My Purchases?

The Department of Revenue has developed a free [Use Tax Calculator](#) (in an Excel spreadsheet) to help individuals and businesses track and calculate use tax owed to Wisconsin.

How Do I Pay Use Tax?

- A business **registered** to collect Wisconsin sales or use taxes must report tax due on its Wisconsin sales and use tax return.
- A business **not registered** to collect Wisconsin sales or use taxes has two options to report its tax:
 - If you regularly make purchases subject to use tax, apply for a Wisconsin tax number at tap.revenue.wi.gov/btr and use your Wisconsin sales and use tax return to report use tax, or
 - If you do not make purchases subject to use tax on a regular basis, report your use tax quarterly on [Form UT-5, Consumer Use Tax Return](#).

- Individuals have two options:
 - Pay use tax on your Wisconsin income tax return (Form 1 or 1NPR). A special line titled "*Sales and use tax due on Internet, mail order, or other out-of-state purchases*" is on Wisconsin income tax returns to allow you to report your annual use tax liability, or
 - Report and pay use tax quarterly on the Wisconsin Form UT-5, *Consumer Use Tax Return*.

What if I Don't Pay the Use Tax Owed?

Failure to timely pay use tax is very costly. In addition to the tax, you may be subject to late filing fees, interest, penalties of up to 50% of the tax owed, delinquent collection fees, and collection actions.

The department obtains purchase information through audits of businesses and agreements with other states to ensure use tax owed on purchases is paid.

Any Questions?

If you are unable to find an answer to your question about sales and use taxes, visit our website at revenue.wi.gov or contact us.

Visit our website: revenue.wi.gov
Email: DORSalesandUse@wisconsin.gov
Write: Mail Stop 5-77
Wisconsin Department of Revenue
Customer Service Bureau
P.O. Box 8949
Madison, WI 53708-8949
Telephone: (608) 266-2776
Fax: (608) 267-1030

Last updated February 1, 2024

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of February 1, 2024: secs. 73.03, 77.51, 77.52, 77.522, 77.524, 77.53, 77.54, 77.58, 77.60, 77.61, 77.70, 77.701, 77.705, 77.71, 77.72, 77.73, 125.535, 139.035, and 340.01, Wis. Stats., and secs. Tax 11.001, 11.01, 11.50, 11.66, and 11.945, Wis. Adm. Code.

Laws enacted and in effect after this date, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to this date, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a) Wis. Stats.