State of Wisconsin

Department of Revenue

Important Change

The football stadium district tax in Brown County ends on September 30, 2015.

Wisconsin Sales and Use Tax Information

(Reflects the Streamlined Sales and Use Tax Provisions)

Includes information regarding —

- **5% state sales and use tax**
- **0.5% county sales and use tax**
- **0.1% baseball stadium sales and use tax**
- **0.5% football stadium sales and use tax**

Publication 201 (04/12)

Printed on Recycled Paper

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IMPORTANT CHANGES
(Changes added per September 1, 2011 Revision)

- **Discounts Given by Retailers.** The law that limited the type of discounts given by retailers was repealed, effective June 8, 2011. Page 15.
- **Products Provided Free of Charge.** The law relating to the tax treatment of a retailer's provision of an item free of charge with the required purchase of another taxable product changed, effective September 1, 2011. Page 16.
- **Electronic Buyer's Claims for Refunds.** Refund claims are now being accepted by the department electronically. Page 27 and Appendix A on page 86.
- **Exemption for Certain Manufactured and Modular Homes.** An exemption is created for manufactured homes and modular homes that are used in real property construction activities outside Wisconsin, effective September 1, 2011. Pages 47 - 48.
- **Exemption for Advertising and Promotional Direct Mail.** An exemption is created for advertising and promotional direct mail, effective July 1, 2013. Page 50-51.
- **Exemption for Snowmaking and Snow-Grooming Machines and Equipment.** An exemption is created for snowmaking and snow-grooming machines and equipment, including accessories, attachments, and parts for such machines and equipment, effective July 1, 2013. Page 58.
- **Exemption for Certain Oil or Fat Converted to Fuel.** An exemption is created for vegetable oil or animal fat that is converted into motor vehicle fuel that is exempt from Wisconsin excise taxes, effective September 1, 2011. Page 58.
- **Exemption for Wisconsin Economic Development Corporation.** Exemption created for the newly created Wisconsin Economic Development Corporation, effective February 24, 2011. Page 61.
- **Repeal of Regional Transit Authorities.** The existing Dane County and Southeastern Regional Transit Authorities are terminated and the authorization to create the Chequamegon Bay and Chippewa Valley Regional Transit Authorities is repealed. Page 83.
- **Taxes Due on Items Registered or Titled in Wisconsin.** The chart titled "State, County, and Stadium Sales and Use Taxes Due on Items Registered or Titled in Wisconsin" has been updated as it relates to the sales and use tax treatment for snowmobiles, trailers, semi-trailers, and all-terrain vehicles. APPENDIX I on page 103.

IMPORTANT CHANGES

(These changes were also included in the November 2010 revision) Many law changes became effective October 1, 2009, when Wisconsin conformed its laws to the requirements of the Streamlined Sales and Use Tax Agreement. The version of Publication 201 that reflects the law prior to October 1, 2009 will continue to be available on the Department of Revenue's web site.

- **Updates for streamlined sales tax.** The Wisconsin Legislature has passed the legislation necessary to conform Wisconsin's sales and use tax laws to the requirements of the Streamlined Sales and Use Tax Agreement (SSUTA) as part of 2009 Wisconsin Act 2. The conforming legislation, known as the Main Street Equity Act, became effective in Wisconsin on October 1, 2009. Changes include:
  - **What is subject to tax?** Tangible personal property, items, property, goods, and taxable services that are subject to tax are explained. Part I. on page 3 and Part X.A., beginning on Page 32.
  - **"Gross receipts" replaced with "sales price."** Sales tax is imposed on a seller's taxable "sales price" rather than "gross receipts." Part II.A. on page 3 and Part VI.A. beginning on page 12.
  - **"Sales price" replaced with "purchase price."** Use tax is imposed on a purchaser's taxable "purchase price" rather than

"sales price." Part II.B. on page 4 and Part VI.B. beginning on page 13.

- **Products given away for free.** Retailers owe use tax on products provided free of charge in conjunction with the required purchase of another product. Part II.B. on page 4 and Part VI.G. on page 16.
- **Information about registering through the Streamlined web site.** Retailers may register to collect sales or use tax through the web site of the Streamlined Sales Tax Governing Board. Part III.M. on page 9.
- **Computing tax on items previously purchased using an exemption certificate.** Use tax is owed on the purchase price of items previously purchased exempt from tax and later used in a taxable manner. Part VI.B., Exception 2, on page 14.
- **Collecting tax from customers.** Additional information added to explain how to determine the amount of sales tax that may be collected from customers. Part VI.C. on page 14.
- **Where a sale takes place.** Information added to explain where a sale takes place (i.e., is "sourced to"). General Sourcing Rules and exceptions are discussed in Part VII.C., D., and E., beginning on page 18, and Part XIII.D. on page 69.
- **Direct mail.** Information about sales and purchases of direct mail provided. Part VII.D. beginning on page 19.
- **Drop shipment sales.** A vendor who makes a sale to an unregistered out-of-state retailer who directs the vendor to drop ship the product to a Wisconsin address may now accept an exemption certificate from the unregistered out-of-state retailer. Part IX.B. on page 31.
- **Bundled transactions.** The tax treatment of bundled transactions is discussed. Part X.C. beginning on page 40.
- **Exempt sales.** The section detailing exemptions and when an exemption certificate is required has been updated. Part XI., beginning on page 42.
  - **Food and food ingredients.** Changes in which food and food ingredients are exempt from tax is explained. Part XI.B.3. on page 43.
  - **Durable medical equipment, mobility-enhancing equipment, and prosthetic devices.** Changes in exempt medical equipment and devices are described. Part XI.B.7. on page 46.
  - **Cloth diaper exemption repealed.** The exemption for the sale, lease, or rental of cloth diapers was repealed, but laundry services to cloth diapers continue to be exempt. Part XI.B.14. on page 48.
  - **Exemption for items sold as digital goods.** Exemption created for digital goods when such goods would be exempt if sold in a tangible form. Part XI.C.29. on page 60.
  - **Equipment provided with an operator.** The provision of equipment with an operator is generally a service, rather than a lease. Part XIII.C. on page 68.
  - **County and stadium taxes.** Information about how county and stadium taxes are imposed has been updated. Part XVIII., beginning on page 76.
  - **All registered retailers are subject to sales and use taxes on sales made in all Wisconsin counties and stadium districts.** Information added to explain this new requirement. Part XVIII.A. on pages 76 and 77.
  - **County and stadium tax transitional provisions.** Changes in local tax transitional provisions have been addressed. Part XVIII.E. beginning on page 79.

- **Retailer's discount.** The retailer's discount will be limited to $1,000, first applicable to the taxes payable on October 1, 2009. Part VIII.I. on page 26.
- **Offsets.** The Department of Revenue will enter into agreements with the federal Department of the Treasury to offset state payments against federal nontax obligations, effective August 1, 2010. Part VIII.L. on page 28.

- **Internet posting of revoked seller's permits.** Information about the Department of Revenue's requirement to post revoked seller's permit information has been included. Part VIII.M. on page 29.
- **New manufacturing and biotechnology exemptions.** New exemptions were created for certain products used in manufacturing and in the biotechnology industry, effective January 1, 2012. Part XI.C.28. on page 59-60 and Part XIV.E. on page 72.

I. INTRODUCTION

This publication provides information about Wisconsin sales and use taxes. It explains who must have a seller's permit or use tax certificate, how sales tax is charged to customers, and how use tax is paid by purchasers. It also includes information on how to file returns, compute the amount of tax owed, and the importance of keeping proper records, including exemption certificates.

Sales and use tax applies to sales of tangible personal property, certain coins and stamps, certain leased property affixed to realty, certain digital goods, and specified services, as explained in Part X.A. and B.

Part II. explains common situations involving sales and use tax. Parts X. and XI. explain what types of products and services are taxable or exempt.

The tax treatment of contractors, lessors, and manufacturers is described in Parts XII., XIII., and XIV. Information about the 0.5% county and 0.1% and 0.5% stadium sales and use taxes is found in Part XVIII.

The Department of Revenue has many resources available to assist you with your sales and use tax questions. Part XXI. lists available aids to research tax issues and to keep you informed of changes to the sales and use tax laws. For questions that you are unable to find answers to, refer to Part XXII. for information about how to contact the Department of Revenue.

Each of the sales and use tax publications and forms that are referred to within this publication are listed in Part XXI.B. and C. Links to the publications on the Department of Revenue's web site are provided in Part XXI. and throughout this publication.

CAUTION

The information in this publication reflects interpretations by the Wisconsin Department of Revenue of laws enacted by the Wisconsin Legislature and in effect as of April 1, 2012. Laws enacted and in effect after that date, new administrative rules, and court decisions may change the interpretations in this publication.

The examples and lists of taxable and nontaxable sales and purchases are not all-inclusive. They merely set forth common examples.

Effective October 1, 2009 (as part of 2009 Wis. Acts 2 and 28), a number of changes were made to Wisconsin's sales and use tax laws which affect Wisconsin retailers. These changes include (1) the legislation necessary to conform Wisconsin's sales and use tax laws to the requirements of the Streamlined Sales and Use Tax Agreement (SSUTA); and (2) the imposition of Wisconsin sales and use taxes on digital goods.

The version of Publication 201 that reflects the law prior to October 1, 2009 will continue to be available on the Department of Revenue's web site and has been renamed as Publication 201-PS.

II. DIFFERENCE BETWEEN WISCONSIN SALES TAX AND USE TAX

A. Sales Tax: The Wisconsin sales tax is a 5% tax imposed on the sales price* of retailers making taxable retail sales in Wisconsin. The sales tax applies to retail sales, but not sales for resale. See Part X., "What is Taxable?"

*Sales tax is imposed on a seller's taxable "sales price" rather than "gross receipts," effective October 1, 2009.

Common examples of retail sales include the following:

- A Wisconsin clothing store sells a dress to a customer in Wisconsin. (The sale of the dress by the clothing manufacturer to the retail clothing store is not a retail sale because the clothing store is going to resell the dress.)

- A Wisconsin car dealer sells a car to a customer in Wisconsin for his or her use.
- A Wisconsin lumber yard sells lumber to a carpenter in Wisconsin who uses the lumber to construct a house or make other real property improvements.

B. Use Tax: The Wisconsin use tax is a 5% tax imposed on the purchase price* of taxable products or taxable services that are stored, used, or consumed within Wisconsin, and upon which a Wisconsin sales or use tax has not previously been paid. An exception to computing use tax based on the purchase price of tangible personal property applies to motor vehicles used by licensed motor vehicle dealers for any purpose in addition to retention, demonstration, or display (refer to Publication 202, *Sales and Use Tax Information for Motor Vehicle Sales, Leases, and Repairs*).

If Wisconsin did not have a use tax, persons could buy items in another state and avoid paying Wisconsin sales tax on such purchases.

*Use tax is imposed on a purchaser's taxable "purchase price," rather than "sales price," effective October 1, 2009.

Common use tax situations include the following:

- Property to be used in Wisconsin is purchased outside the state and the property would have been subject to sales tax if purchased in Wisconsin.

  Example: A Wisconsin company purchases an office machine for $10,000 from an Illinois seller who has not charged the Wisconsin 5% sales or use tax on the transaction. The machine is used in Wisconsin. The buyer (Wisconsin company) is liable for Wisconsin use tax of $500 ($10,000 x 5% = $500) less any Illinois sales tax the buyer properly paid to the seller.

- Building materials are purchased by a nonresident contractor from a seller located in another state and the seller either does not charge sales tax or charges a tax at a rate less than 5%. The nonresident contractor uses the materials in a real property job in Wisconsin. The nonresident contractor owes the 5% Wisconsin use tax on its "purchase price" at either the full 5% rate or the difference between 5% and any lesser rate of sales tax properly paid to its supplier.

- Property is purchased for resale (to sell to others) or for an exempt use and then is used by the purchaser in a taxable manner. Sales tax was not paid when purchasing the property.

  A common situation is a Wisconsin contractor who constructs buildings and also makes retail sales of construction materials. The contractor does not know how the materials will be used (in buildings or resold to others). The contractor may purchase such materials without payment of sales tax by giving an exemption certificate to the seller claiming resale. However, if the materials are used by the contractor for purposes other than for resale, the contractor must report the "purchase price" of such materials as subject to use tax.

  Example: A contractor constructs buildings and also makes retail sales of construction materials. He purchases lumber costing $12,000 without payment of the sales tax by giving an exemption certificate claiming resale to the seller. However, the contractor then uses $10,000 of the lumber in constructing a building. The contractor owes $500 use tax ($10,000 x 5% = $500) on the lumber which is used in constructing a building. The remaining lumber which cost $2,000 is sold to a customer for $3,000 (a retail sale). Sales tax of $150 ($3,000 x 5% = $150) should be collected from the customer on this retail sale of $3,000.

- Property is purchased without payment of the Wisconsin sales tax and is then given away free.

  Examples of such items which may have been acquired without sales tax are:

  a. A bank's or savings and loan's purchase of coin savings banks, calendars, or other items to be given free to the customer. Checking account or savings account forms furnished to customers free of charge are also subject to use tax.

     Example: A bank or savings and loan company purchases clocks and blankets for $10,000 which it gives to its customers if they deposit a specified amount in an ac-

count. The bank or savings and loan owes $500 use tax ($10,000 x 5% = $500) on such items.

b. A retailer's purchase of advertising materials, except catalogs, which the retailer distributes free of charge to Wisconsin customers.

c. A retailer's purchase of grand opening gifts which are distributed free to customers.

d. A paint retailer's purchase of color cards which are distributed free to customers.

- Property is purchased from a supplier outside Wisconsin without payment of the Wisconsin sales tax and the supplier ships the property to the purchaser's Wisconsin locations at the direction of the purchaser.
- Property (other than printed advertising material and raw materials incorporated into printed materials) is purchased from a supplier outside Wisconsin without payment of the Wisconsin tax. The supplier ships the property to Wisconsin where it is stored by the purchaser until subsequently shipped outside Wisconsin for use solely outside Wisconsin.

Important: Failure to report Wisconsin use tax is the most common error discovered in audits by the Department of Revenue. Be sure to keep proper records of purchases made which are subject to use tax and report this information on your sales and use tax return. Filing incorrect returns can result in very costly penalties which are described in Part VIII.M.

III. OBTAINING A SELLER'S PERMIT

A. Who Must Obtain a Seller's Permit? Every individual, partnership, corporation, or other organization making taxable sales in Wisconsin, regardless of whether its sales are mercantile in nature, is required to have a seller's permit, unless all sales by the seller are exempt from sales or use tax. See Part X. for "What is Taxable?"

B. Disregarded Entities: A single-owner entity that is disregarded as a separate entity (i.e., the single-owner entity and its owner are treated as a single entity) for Wisconsin income and franchise tax purposes under Chapter 71 of the Wisconsin Statutes ("disregarded entity") is disregarded as a separate entity for purposes of Wisconsin sales and use taxes. Therefore, the owner and the disregarded entity are treated as a single entity. For Wisconsin sales and use tax purposes, there cannot be transactions between the owner and the disregarded entity, because they are treated as a single entity.

Prior to July 1, 2009, a single-owner entity that was disregarded as a separate entity for Wisconsin income and franchise tax purposes was treated as an entity separate from its owner for Wisconsin sales and use tax purposes, except for reporting purposes.

Transitional Provisions: The law includes the following transitional provisions to ensure that, solely due to the July 1, 2009 law change, the owner of a single-owner entity that is disregarded as a separate entity under Chapter 71, will not incur a use tax liability on purchases made prior to the effective date of the law change or on real property contracts entered into prior to the effective date of the law change:

- A single-owner entity that is disregarded as a separate entity for Wisconsin income and franchise tax purposes on July 1, 2009 shall be treated for Wisconsin sales and use tax purposes as an entity separate from its owner for purposes of the sale, lease, or rental of and the storage, use, or other consumption of tangible personal property; and items, property, and goods described in Part X.A.2. to 4.; purchased by the single-owner entity or its owner prior to July 1, 2009.
- A single-owner entity that is disregarded as a separate entity for Wisconsin income and franchise tax purposes on July 1, 2009 shall be treated for Wisconsin sales and use tax purposes as an entity separate from its owner for purchases of building materials, if the materials are affixed and made a structural part of real estate, and the amount payable to the contractor is fixed without regard to the costs incurred in performing a written contract that was irrevocably entered into prior to July 1, 2009 or that resulted from the acceptance of a formal written bid accompanied by a bond or other perfor-

mance guaranty that was irrevocably submitted before July 1, 2009.

Filing Provisions: An owner that chooses to file electronic returns for its disregarded entities separate from the owner's return must separately register each disregarded entity that makes taxable sales in Wisconsin. See Part VIII.D. for additional information.

For additional information, see the article on pages 38-39 of Wisconsin Tax Bulletin #162 (July 2009).

C. Multi-Level Marketing Companies and Their Distributors: The Wisconsin Department of Revenue regards each multi-level marketing company as a retailer required to remit Wisconsin sales tax on sales to its distributors. In the absence of data showing the exact selling price, the retailer must assume that their distributors will make the sale to the ultimate consumers at the suggested retail price and collect the sales tax accordingly. Since the multi-level marketing company must register with the department, as well as collect and remit the tax, the individual distributors are relieved of these responsibilities.

Note: If the multi-level marketing company does not collect the tax from its distributor, the distributor is liable for Wisconsin sales or use tax on its sales price of products sold and its purchase price of products that it uses or gives away, rather than resells, in Wisconsin.

D. Caution: Buying a Business – Successor's Liability: The purchaser of a business (the successor) is liable for any unpaid sales and use taxes of the seller for that business. The purchaser should withhold a sufficient amount from the purchase price to cover any unpaid sales and use taxes of the seller. The purchaser may write to the Department of Revenue to request a *Sales and Use Tax Clearance Certificate* indicating that all Wisconsin sales and use tax liabilities of the seller for that business are satisfied.

Requests for a clearance certificate must include the following:

- Legal name of the seller
- Business name of seller
- Seller's tax account number
- Seller's current mailing address
- Name of the purchaser
- Purchaser's tax account number
- Purchaser's mailing address
- Date of sale
- Sale price

Requests for clearance certificates may be mailed, e-mailed, or faxed to the department by the purchaser as follows:

Special Procedures Unit
Wisconsin Department of Revenue
P.O. Box 8901
Madison, WI 53708-8901
E-Mail: delnqtax@revenue.wi.gov
FAX: (608) 267-1037

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

E. When Should You Apply For a Seller's Permit? Apply for a seller's permit at least three weeks before you open your business. If you buy an existing business, the seller's permit cannot be transferred to you. You must apply for a new permit. If you applied for a seller's permit before you opened your business but did not receive the permit at the time of opening the business, you are allowed to make retail sales. However, you are liable for the sales and use taxes and for keeping proper records from the date of opening the business.

F. How Do You Apply for a Seller's Permit? Application for a seller's permit may be made using one of the following methods:

- Use the Department of Revenue's online Business Tax Registration Process to submit the application electronically.
- Register through the Streamlined Sales Tax Governing Board's web site. (See Part III.M.)
- Complete Form BTR-101, *Application for Business Tax Registration*, and mail it to the Department of Revenue. Keep a copy of the completed application for your records.

Note: It is important that you fill in all the requested information on the online application, on the application on the Streamlined Sales Tax Governing Board's web site, or on Form BTR-101.

If two or more activities are conducted by you at the same business location, only one permit is required. For example, if you have a service station and a restaurant at the same location, but in different buildings, only one seller's permit is required for both businesses.

If you have more than one business location where you make retail sales, a separate seller's permit is needed for each location. You should, however, file only one application for all locations.

"Location" is determined by the address. A different street address means a separate location.

A seller's permit is not transferable and is not valid at any other location.

- If you are applying on a Form BTR-101, complete a Schedule 1 of Form BTR-101 for each separate business location.
- If you are applying using the online registration system, you will be directed to enter the information for each business location.

A business tax registration fee of $20 may be required. For more information, see Part V.

G. Security May Be Required: Before or after the Department of Revenue issues you a seller's permit, it may require you to make a security deposit of up to $15,000. If you do not make a security deposit as requested, the department may refuse to issue you a seller's permit or may revoke your permit.

In determining whether or not security will be required and the amount of security, the department may consider the applicant's payment of all taxes administered by the department and any other relevant facts. Security is most commonly required when there has been a history of delinquent taxes associated with the applicant.

If security is required, the department will send a notice of the requirement and additional information about the calculation of the amount. Included will be information about the types of security that can be deposited.

Return of Security Deposit: Any security deposit will be returned to you if for 24 consecutive months you complied with the sales and use tax law.

Refer to sec. Tax 11.925, Wis. Adm. Code, "Sales and use tax security deposits," for more information.

H. Issuance of the Seller's Permit: After receiving the application for business tax registration, and the security deposit (if required), a seller's permit will be issued to you by the Department of Revenue. You must display the seller's permit in a prominent location at your place of business. If that is not a fixed location, it should be displayed at or carried to the various events. A personal wallet copy will be sent with your Business Tax Registration Certificate to provide you with easy access to your permit number.

I. Notifying Department of Changes to Your Account: You should notify the Department of Revenue of changes in your address and/or ownership, or if you cease operating your business, in one of the following ways:

1. Write to the department indicating the address or ownership changes, or if you cease operating your business. Be sure to include in the correspondence the following information:
   - Tax account number. Include the business name and address if you have more than one location.
   - Federal employer identification number (FEIN).
   - Effective date of changes.
   - Explanation of changes to your legal name, if applicable.

   E-mail this information to DORSalesBusinessTaxandWithholding@wisconsin.gov or send to the Madison address given in Part XXII.

   If you change your form of ownership, such as from a sole proprietorship to a partnership or to a corporation, you must apply for a new seller's permit. Partnerships that add or drop partners

must notify the department in writing of the change in partners involved.

If you change the legal form of your business and a new FEIN is assigned, you must apply for a new Wisconsin seller's permit.

If you change the legal form of your business entity (e.g., C corporation to limited liability company) and the Internal Revenue Service does not require a new FEIN, you must still notify the Department of Revenue of the change in the legal form of your business. As a new legal entity, your business will be assigned a new tax account number and the old account number will be inactivated, with one exception.

Exception: A change from a sole proprietorship to a single member limited liability company (LLC) that is disregarded for Wisconsin income tax purposes will result in no change in the tax account number, unless the owner elects to file a separate return for the disregarded entity. (See "Filing Provisions" in Part III.B.) However, the LLC will be added to the account of the sole proprietor for purposes of issuing a seller's permit or use tax registration certificate if the LLC makes sales of tangible personal property; items, property, or goods described in Part X.A.2. to 4.; or taxable services.

Be sure to include the information listed in III.I.1., above, in your correspondence to the Department of Revenue.

2. If you sell your business, your seller's permit is not transferable to the buyer. You should return your seller's permit to the department.

   Refer to Part XV. for additional information on the sale of a business.

3. You may use the online registration system when (1) adding an additional location(s) to your existing seller's permit tax account; (2) changing an account mailing address; or (3) changing a contact person for an account. You may not use the online registration system when changing a business location, changing a legal name or business name, or closing or reopening an existing account.

   If you have been granted a waiver which allows you to file paper returns (see Part VIII.A.), your Form ST-12, *Wisconsin Sales and Use Tax Return*, may be used to make changes to your account. Check the box on page 1 of Form ST-12 at the upper right and make changes to your name or mailing address. If your business is discontinued, check the box on page 1 of Form ST-12 and enter the date the business ceased making sales of tangible personal property; items, property, or goods described in Part X.A.2. to 4.; or taxable services.

4. For other changes, check the "correspondence included" box on page 1 of Form ST-12 and enclose a letter of explanation with the Form ST-12.

J. Your Seller's Permit Can Be Revoked: Wisconsin law gives the Department of Revenue authority to revoke your seller's permit if you fail to file returns or pay taxes when due or if you do not deposit security as required. In such a case, the department will notify you of a hearing to show cause why your seller's permit should not be revoked.

If you make retail sales after your seller's permit has been revoked, you may be subject to criminal prosecution.

K. Temporary Events: You are required to have a seller's permit if you conduct business as a retailer at a "temporary event." A "temporary event" is an activity at one place of operation (e.g., fair, carnival, festival, portable roadside stand) for a brief duration where taxable sales are made.

For additional information, see Publication 228, *Temporary Events*, which can be downloaded from the department's web site or from the department's "Temporary Events" web page.

L. Reporting Requirement for Operators of Swap Meets, Flea Markets, Craft Fairs, or Similar Events: An operator of a swap meet, flea market, craft fair, or similar event must report to the Department of Revenue the name, address, and seller's

permit number (social security number is required if no Wisconsin seller's permit number is listed) of each vendor selling merchandise at the swap meet, flea market, craft fair, or similar event. Form S-240, *Wisconsin Temporary Event Operator and Seller Information*, may be used to obtain the required information and forwarded to the department. Form S-240 may be obtained from any Department of Revenue office or online.

For additional information, see Publication 228, *Temporary Events*, and the department's "Temporary Events" web page.

M. Registering Through the Streamlined Web Site:

Retailers may register through the Streamlined Sales Tax Governing Board's (SSTGB) web site. The use of this system will register a seller in each of the member states and those associate member states chosen by the seller.

Once registered, the seller must collect and remit sales and use taxes for all taxable sales into the member states and those chosen associate member states. This requirement includes all the states that become member states after the seller's registration.

A seller that has a legal obligation to collect a state's sales tax (and is not already registered in that state) may be required to complete additional registration forms for that state. This registration system has a web link, e-mail address, or telephone number for each state for those sellers who need to complete additional registration forms.

A seller already registered in member or associate states may still use the registration system. Choosing "already registered" on the registration form will inform those states that a seller is "already registered." States will not issue a duplicate registration, but will just add the Streamlined Sales Tax ID to the current registration.

IMPORTANT NOTE: Retailers are not required to register through the Streamlined Sales Tax Governing Board's web site. Only those sellers that want the benefits of the Streamlined Sales and Use Tax Agreement must register on this site. Benefits include:

- The ability to use certified sales tax administration software, the cost of which states may subsidize for certain sellers.
- One identification number to be used to file and pay taxes for the registered member states.
- The ability to update registration data with all registered states at one time and in one place.

Note: Sellers that registered through the Streamlined Sales Tax Governing Board's web site prior to October 1, 2010 may also have qualified for amnesty. See Part III.N.

Additional information regarding the Streamlined Sales Tax Project is provided at both of the following web pages:

The Department of Revenue's Streamlined Sales and Use Tax web page;

and

The Streamlined Sales Tax Governing Board's (SSTGB) web site.

N. Amnesty:

Wisconsin offered a sales tax amnesty program to all businesses that were not registered to collect Wisconsin sales tax, if certain eligibility requirements were met. Businesses participating in this amnesty program must have voluntarily registered between July 1, 2009 and September 30, 2010 to collect and remit not only Wisconsin sales taxes, but also any sales taxes due on the sales they make in any of the states whose laws have been found to be in compliance with the requirements of the Streamlined Sales and Use Tax Agreement (SSUTA). The Wisconsin amnesty period began July 1, 2009, the date Wisconsin became an associate member of the Streamlined Sales Tax Governing Board (SSTGB), and ended September 30, 2010.

Persons who met the eligibility requirements and registered for amnesty between July 1, 2009 and September 30, 2010 are not liable for any Wisconsin sales tax on sales made prior to registration. Persons granted amnesty agreed to collect and remit sales tax to Wisconsin and all of the other SSUTA member states (including those states that join the SSUTA after you register) for at least 36 months after the date of registration.

Note: The sales tax amnesty program does **not** apply to (1) any Wisconsin taxes that are owed in the capacity as a purchaser (i.e., use tax due on purchases made) or (2) any Wisconsin sales taxes that were previously collected from customers, regardless of whether or not such taxes have been remitted Wisconsin.

If you have any questions regarding the Streamlined Sales Tax Project, including questions about the sales tax amnesty program required under the SSUTA, please visit the Streamlined Sales Tax Governing Board's (SSTGB) web site. If you have questions specific to Wisconsin's sales tax amnesty program, please send an e-mail to DORStreamlinedSalesTax@revenue.wi.gov.

IV. REGISTERING FOR USE TAX

A. Out-of-State Retailers – Use Tax Registration: Although a retailer may have no location in Wisconsin from which retail sales are made, the retailer is engaged in business in Wisconsin, for purposes of the sales and use tax law, if one or more of the following conditions exist:

- The retailer owns any real property in Wisconsin.
- The retailer leases or rents out any taxable products located in Wisconsin.
- The retailer maintains, occupies or uses, permanently or temporarily, directly or indirectly, or through a subsidiary, agent, or other person, an office, place of distribution, sales or sample room or place, warehouse or storage place, or other place of business in Wisconsin. (See exception below for foreign corporation publishers.)
- The retailer has any representative, agent, salesperson, canvasser, or solicitor operating in Wisconsin under the authority of the retailer or its subsidiary for the purpose of selling, delivering, or taking orders for any taxable products.
- The retailer services, repairs, or installs products in Wisconsin.
- The retailer delivers goods into Wisconsin in company operated vehicles.
- The retailer performs construction activities in Wisconsin.

An out-of-state retailer with no Wisconsin location from which sales are made, but who is engaged in business in Wisconsin based on any of the above conditions, must apply to the Department of Revenue for a use tax certificate. The retailer must report Wisconsin use tax on sales that are sourced to Wisconsin. See Part VII.C through E.

The definition of "retailer engaged in business in this state" was expanded, effective July 1, 2009, to specifically include any person who has an affiliate in Wisconsin, if the person is related to the affiliate and if the affiliate uses facilities or employees in Wisconsin to advertise, promote, or facilitate the establishment of or market for sales of items by the related person to purchasers in Wisconsin or for providing services to the related person's purchasers in Wisconsin, including accepting returns of purchases or resolving customer complaints. Two persons are "related" if any of the following apply:

1. One person, or each person, is a corporation and one person and any person related to that person in a manner that would require a stock attribution from the corporation to the person or from the person to the corporation under section 318 of the Internal Revenue Code owns directly, indirectly, beneficially, or constructively at least 50% of the corporation's outstanding stock value.

2. One person, or each person, is a partnership, estate, or trust and any partner or beneficiary; and the partnership, estate, or trust and its partners or beneficiaries; own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the profits, capital, stock, or value of the other person or both persons.

3. An individual stockholder and the members of the stockholder's family, as defined in section 318 of the Internal Revenue Code, owns directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of both persons' outstanding stock value.

Refer to sec. Tax 11.97, Wis. Adm. Code, " 'Engaged in business' in Wisconsin," for more information about use tax obligations of out-of-state retailers.

Exception: A publisher that is a foreign corporation (i.e., a corporation that is not organized under Wisconsin law) is not considered to be a retailer engaged in business in Wisconsin if its activities in Wisconsin do not exceed:

1. The storage of the publisher's raw materials for any length of time in Wisconsin in or on property owned by a person other than the publisher and the delivery of the publisher's raw materials to another person in Wisconsin if that storage and delivery are for printing by that other person.

2. The purchase from a printer of a printing service or of printed materials in Wisconsin for the publisher.

3. The storage of the printed materials for any length of time in Wisconsin in or on property owned by a person other than the publisher.

4. Maintaining, occupying, and using, directly or by means of another person, a place that is in Wisconsin, that is not owned by the publisher, and that is used for the distribution of printed materials.

   Therefore, a publisher that is a foreign corporation is not required to collect Wisconsin use tax on its sales or delivery of tangible personal property; items, property, or goods described in Part X.A.2. to 4.; or taxable services in Wisconsin if no more than the above activities occur in Wisconsin.

B. Voluntary Registration: Out-of-state retailers who are not engaged in business in Wisconsin, but who desire to collect use tax for the convenience of their Wisconsin customers, may also register for use tax to relieve their customers from filing returns and paying the taxes directly to the Department of Revenue. Such out-of-state retailers, if they voluntarily register for use tax, must then collect use tax from purchasers and pay the tax in the same manner as other retailers engaged in business in Wisconsin.

For more information on such agreements, write to Wisconsin Department of Revenue, Mail Stop 3-107 P.O. Box 8906, Madison, WI 53708-8906, call (608) 266-3969, or e-mail witaxlink@revenue.wi.gov.

C. Consumer Use Tax Registration: Every person who regularly has use tax obligations because purchases are made without sales or use tax being charged by the seller, should apply for a consumer's use tax certificate, unless the person is required to have a seller's permit or use tax certificate. Persons who have a consumer's use tax certificate are sent a Form ST-12, *Wisconsin Sales and Use Tax Return*, near the end of each reporting period.

Any person (whether in business or not) who does not regularly purchase or lease taxable property or services for storage, use, or other consumption in Wisconsin without sales or use tax being charged by the seller is not required to apply for a consumer's use tax certificate. However, the person must pay use tax to the Department of Revenue on those purchases. The person, if not required to be registered for sales and use tax purposes, may report the use tax on either: (1) the individual Wisconsin income tax return on the line titled "Sales and use tax due on out-of-state purchases," or (2) a Form UT-5, *Consumer's Use Tax Return*.

If the sale was also subject to sales or use tax in another state in which the purchase was made, the amount of sales or use tax paid to the other state, not to exceed the amount of Wisconsin tax, may be credited against the Wisconsin use tax due.

D. Application: Application for a use tax certificate or a consumer's use tax certificate is made on Form BTR-101, *Application for Business Tax Registration* or online. See Part III.E.

A business may also register through the web site of the Streamlined Sales Tax Governing Board's (SSTGB) web site. (See Part III.M.)

A business tax registration (BTR) fee of $20 may be required from persons applying for a use tax certificate. Persons applying for a consumer's use tax certificate are not required to pay a business tax registration fee. For more information on business tax registration, see Part V. below.

V. BUSINESS TAX REGISTRATION

Persons applying for certain permits or certificates issued by the Department of Revenue may be required to pay a business tax registration (BTR) fee of $20, as explained below.

The $20 BTR fee applies only to the first permit or certificate a person applies for. Subsequent registrations for other permits or certificates issued by the Department of Revenue do not require additional BTR fees.

Note: For sales and use tax purposes only, the BTR application and renewal fee is waived for persons who do not have a legal requirement to register for sales and use tax purposes (e.g., certain persons voluntarily registering through the Streamlined Sales Tax Governing Board's web site).

All types of entities, including state and local governmental agencies, are subject to the BTR fee. However, United States governmental agencies are not subject to the BTR fee.

A. Permits/Certificates Covered by BTR: The BTR fee applies to most permits or certificates issued by the Department of Revenue, including seller's permits and use tax certificates. The $20 BTR fee is not required for a Certificate of Exempt Status (CES), consumer's use tax certificate, or local exposition district tax registration.

The BTR fee is $20, regardless of the number of locations for which you need seller's permits.

B. Renewals: The initial $20 BTR fee covers a period of two years. At the end of that period, a $10 BTR renewal fee applies. The renewal fee applies to all persons holding permits or certificates subject to BTR provisions, except certain retailers who voluntarily registered through the Streamlined Sales Tax Governing Board's web site.

The BTR renewal fee is $10 regardless of the number of locations for which you hold seller's permits.

C. Expedited Fee: Persons may receive expedited service on their application for a seller's permit or use tax certificate (not a consumer's use tax certificate). This service is available only at the department office located at 2135 Rimrock Road, Madison or may be done by faxing Form BTR-101, *Application for Business Tax Registration*, as explained below or by applying through the online registration system (as explained in Part III.).

A $10 "expedited fee" is charged for this service. The fee is charged for each entity applying.

D. Faxing the Application: Form BTR-101 may be faxed to the department at (608) 264-6884. The following steps should be taken when faxing the application:

- Include a cover sheet with the contact person's name and fax and telephone numbers.
- Use black ink.
- Indicate estimates in Part E., line 1 of the application.
- Complete all pages of the application.
- If you want the processing of your application expedited as described above, write "Expedited" in the upper left-hand corner of the application (there is an additional fee for this service).

VI. COMPUTING THE AMOUNT OF SALES AND USE TAX

A. Sales Tax Imposed on "Total Sales": The 5% sales tax is imposed on a retailer's "sales price" ("Total sales" on the sales and use tax return). "Total sales" is the total amount of the sale, license, lease, or rental price from retail sales of tangible personal property; items, property, and goods described in Part X.A.2. to 4.; and taxable services, whether received in money or something other than money. If the purchaser is charged by the seller for the delivery of the tangible personal property; item,

property, or good described in Part X.A.2. to 4.; or the service, the transportation charges must be included in "total sales." "Total sales" also includes charges made by a retailer which the retailer separately states as fuel surcharges, energy surcharges, service calls, and mileage charges, rather than increasing its selling price of the products or services sold.

Example: You sell furniture for $950 and charge an additional $50 for delivering the furniture to the customer. Your "total sales" subject to sales tax are $1,000 ($950 + $50). The 5% sales tax on these total sales is $50 ($1,000 x 5% = $50 tax). See Part X.B.13. for more information on transportation charges.

The 5% sales tax is imposed on taxable "total sales," regardless of whether the tax is collected from the customer.

Note: If the total sales are subject to the 0.5% county sales tax, the total tax rate is 5.5%. If the total sales are subject to the 0.1% baseball stadium tax, the total tax rate is 5.1% (5.6% if the county tax also applies). If the total sales are subject to the 0.5% football stadium tax, the total tax rate is 5.5%. See Part XVII. for information about county and stadium taxes.

"Total sales" do not include:

- Charges for interest, financing, or insurance, if such charges are separately stated on the invoice given to the purchaser.
- Cash or term discounts taken on sales.

  Example: You sell a refrigerator for $500 but gave the customer a 2% discount of $10 because payment was made within ten days. The "total sales" subject to tax are $490 ($500 less $10 discount) on which the 5% sales tax is $24.50 ($490 x 5% = $24.50 tax).

- Any taxes legally imposed directly on the purchaser that are separately stated on the invoice given to the purchaser.
- Delivery charges for "direct mail" that are separately stated on the invoice given to the purchaser. "Direct mail" is defined in Part VII.D.

If an article of tangible personal property; or item, property, or good described in Part X.A.2. to 4.; is traded in, "total sales" is the difference between the price of the item, property, or good purchased and the amount allowed for the item, property, or good traded in.

Example: If a customer receives a $4,000 trade-in allowance for an old car when purchasing a new car selling for $20,000, the "total sales" subject to tax are $16,000 ($20,000 less $4,000 trade-in) and the 5% sales tax on this sale is $800 ($16,000 x 5% = $800).

For additional information about trade-ins, see the tax release titled "Trade-ins," which was published on pages 30-33 of *Wisconsin Tax Bulletin #124* (April 2001).

In cases where the tax has been collected from customers and they have been notified of that fact, the amount of the tax so collected should not be included in the base to which the 5% applies in computing the tax due to the state. (See Part VI.D.).

B. Use Tax Imposed on "Purchase Price": The 5% use tax is imposed on the "purchase price" of taxable products and services purchased from any retailer. "Purchase price" is computed in the same manner as "total sales," that is, it is the total amount of the sale, license, lease, or rental price from retail sales of tangible personal property; items, property, and goods described in Part X.A.2. to 4.; and taxable services, whether received in money or something other than money.

Example 1: If you buy equipment with a purchase price of $10,000 from an out-of-state retailer who does not charge the Wisconsin 5% sales or use tax on the transaction, you are liable for a 5% use tax of $500 on the "purchase price" of $10,000.

Example 2: You lease property from an out-of-state lessor. You pick up the property from the lessor's out-of-state business location; therefore, the lease is sourced to that state. The other state does not impose a tax on the lease of that type of property. You bring the property to Wisconsin for use in Wisconsin. Wisconsin imposes a sales or use tax on the lease of that type of property. You are liable for a 5% Wisconsin

use tax on your "purchase price" of the lease of the property that you use, store, or consume in Wisconsin, even though the lease was originally sourced to the other state.

Exceptions:

1. Wisconsin licensed motor vehicle dealers who use motor vehicles for a purpose in addition to retention, demonstration, or display while holding them for sale report use tax on a certain dollar amount or lease value per month. For more information, refer to Wisconsin Publication 202, *Sales and Use Tax Information for Motor Vehicle Sales, Leases, and Repairs*.

2. If tangible personal property; or an item, property, or good described in Part X.A.2. to 4.; is purchased without sales or use tax using a valid exemption certificate, and the buyer later uses that item in a taxable manner, use tax is owed based on the original purchase price of the product.

   If the first taxable use was prior to October 1, 2009 and occurred more than six months after the purchase, the purchaser was allowed to measure the use tax due by (1) the fair market value of the item at the time that first taxable use occurred, or (2) the "sales price."

   Example 1: Computer Store A buys and sells computers. A laptop computer was purchased without tax for resale on January 1, 2008 for $550. On November 1, 2009, Computer Store A took the laptop out of inventory and gave it away as a promotional item (i.e., taxable use). The fair market value of the laptop at the time that the first taxable use occurred was $300. Since the first taxable use occurred after October 1, 2009, Company A's use tax liability is based on its purchase price of $550.

   Example 2: Same as *Example 1*, except that Computer Store A took the laptop out of inventory and gave it away as a promotional item (i.e., taxable use) on September 1, 2009. The fair market value of the laptop at the time that the first taxable use occurred was $300. Since the first taxable use occurred more than six months after Company A purchased the laptop and the first taxable use occurred before October 1, 2009, Company A may choose to measure its use tax liability by its purchase price of $550 or by the laptop's fair market value of $300.

C. Collecting Tax from Customers: Although Wisconsin sales tax is imposed on the retailer's sale, Wisconsin law allows the retailer to pass the tax along to the consumer (buyer). To separately state the tax and pass the tax on to its customers, a retailer must use a straight mathematical computation. As an alternative, bracket charts that represent the straight mathematical computation may be used in computing the amount of the tax which may be collected from customers.

The customer should be provided with a receipt that separately itemizes the tax. The tax due to the Department of Revenue is based on a retailer's total taxable sales multiplied by the tax rate, regardless of the amount of tax collected from customers.

Straight Mathematical Computation

A retailer must determine the tax due on a transaction either by multiplying the applicable tax rate by the sales price of each taxable product individually or by multiplying the applicable tax rate by the aggregate sales price of all taxable products sold in a single transaction. The tax collectible from the customer should be rounded to the nearest cent as follows:

a. For amounts less than $0.005, the amount should be rounded down to the next lowest penny.

b. For amounts equal to or greater than $0.005, the amount should be rounded up to the next highest penny.

   Example 1: Tax computed at $.085000 would be rounded up to $.09.

   Example 2: Tax computed at $6.455001 would be rounded up to $6.46.

   Example 3: Retailer A sells Customer B three different taxable items in one transaction: Item 1's selling price is $14.70, item 2's selling price is $8.30, and item 3's selling price is

$7.10. The aggregate selling price of the taxable items is $30.10. The tax on the invoice provided to the customer may either be calculated by multiplying the 5% tax rate by the selling price of each item individually (($14.70 x 5% = $0.74) + ($8.30 x 5% = $0.42) + ($7.10 x 5% = $0.36) = $1.52) or by multiplying the 5% tax rate by the aggregate selling price ($30.10 x 5% = $1.51).

Bracket Charts

The Department of Revenue has prepared bracket charts that may be used by retailers to determine the amount of tax that may be collected from its customers.

The bracket charts in Appendix G represent a straight mathematical computation using the rounding convention described above. Tables of the rate combinations are in Publication 229, *Brackets for Collecting Wisconsin Sales or Use Tax on Retail Sales.*

Refer to sec. Tax 11.32, Wis. Adm. Code, " 'Sales price' and 'purchase price'," for more information.

D. Including Tax in the Price

A retailer may choose to include the tax in the price of the product. When the tax is collected from customers who are notified of that fact, the amount of the tax collected is not included in the base to which the tax applies. The notification may be by any one of the following methods:

1. Providing the customer a receipt which states "Prices Include Sales Tax."

2. Conspicuously posting the bracket card, Form S-213 or Form S-218, issued by the department.

3. Conspicuously posting a sign which states "Prices Include Sales Tax."

Effective June 8, 2011, it is no longer illegal for retailers to advertise that they will absorb or pay the sales tax for their customers. Prior to June 8, 2011, retailers could not advertise or hold out that the tax would not be added to the selling price of the property sold or that if added, the tax would be refunded. Any person who violated this practice was guilty of a misdemeanor. Examples of advertising phrases that violated Wisconsin law prior to June 8, 2011 are as follows:

"Pay no sales tax!"

"We'll pay your sales tax."

"Receive a discount equal to the sales tax."

E. Credit for Taxes Paid to Another 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 tangible personal property; items, property, or goods described in Part X.A.2. to 4.; 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 Wisconsin state, county, and special district (baseball stadium and football stadium) use taxes imposed on the same items, property, or goods., or services purchased in the other state.

Examples of the credit are provided in the tax release titled "Credit for Sales and Use Taxes Paid to Other States and Their Local Units of Government," which was published on pages 28-49 of *Wisconsin Tax Bulletin* #157 (July 2008).

F. Credit for Taxes Paid to a Tribe

A credit against Wisconsin use tax is provided in certain circumstances for sales tax paid to a federally recognized American Indian tribe or band in Wisconsin for purchases of tangible personal property; items, property, and goods described in Part X.A.2. to 4.; and taxable services that occurred on tribal lands.

If the purchase, license, rental, or lease of tangible personal property; an item, property, or good described in Part X.A.2. to 4.; or service subject to Wisconsin sales and use taxes occurred on tribal lands and, prior to imposing the tax under this subchapter, was subject to a sales tax by a federally recognized American Indian tribe or band in Wisconsin, the amount of sales tax paid to the tribe or band may, as determined by an agreement between the Department of Revenue and the tribal council

under sec. 73.03(65), Wis. Stats., be applied as a credit against and deducted from the sales and use tax. For purposes of this credit, "sales tax" includes a use or excise tax imposed on the use of tangible personal property or taxable service by the tribe or band.

As of the date this publication was printed, no Wisconsin American Indian tribe or band has imposed a sales tax.

G. Products Given Away for Free

Effective September 1, 2011, a retailer is the consumer of the products it provides free of charge in conjunction with the required purchase of another product and is required to pay Wisconsin sales or use tax on its purchases of these free products if the other product that is required to be purchased is exempt from or not subject to Wisconsin sales and use tax (sec. 77.52(21), Wis. Stats. (2009-10), as affected by 2011 Wis. Act 32). However, if the other product that is required to be purchased from the retailer is a "taxable product," the retailer generally may purchase the products provided free of charge to customers who purchase the required taxable product without paying Wisconsin sales and use tax because they are for resale.

A product is provided free of charge with the required purchase of another product if the customer does not have to pay an additional amount to receive the second product (i.e., the sales price of the transaction does not vary depending upon whether or not the second product is included in the transaction).

For the period of October 1, 2009 through August 31, 2011, a retailer was the consumer of the products it provided free of charge in conjunction with the required purchase of another product and was required to pay Wisconsin sales or use tax on its purchases of these free products, as provided in sec. 77.52(21), Wis. Stats. (See the following *Exception*.) This was true regardless of whether the customer was required to purchase a separate taxable or nontaxable product before getting the free product.

> **Exception:** Products that were purchased without tax for resale prior to October 1, 2009 that were intended to be transferred to customers who were required to purchase some other product in order to receive the "free" product did not become subject to use tax solely due to the sec. 77.52(21), Wis. Stats., law change in 2009 Wis. Act 2 that was effective October 1, 2009. This included such products that were transferred to customers October 1, 2009 through August 31, 2011. However, if a customer received a taxable "free" product when purchasing a nontaxable product, the seller may have used its purchase price of the "free" product to determine the amount that is subject to sales tax.

Prior to October 1, 2009, retailers were considered to have made a retail sale of the products they transferred to customers who were required to purchase some other product in order to receive the "free" product. In addition, retailers were allowed to purchase such "free" products without tax for resale.

The following examples illustrate these changes.

Example 1: *Taxable Product Given Away with Required Purchase of Nontaxable Product* – Retailer A provides a hat free of charge to any customer that purchases a certain number of gallons of gasoline subject to excise tax under ch. 78, Wis. Stats. (2009-10) (i.e., a nontaxable product). The price of the gasoline does not vary depending on whether the hat is included in the transaction. The receipt given by Retailer A to the customer indicates the sales price of the gasoline but does not mention the hat at all. Since Retailer A is giving a hat at no charge to any customer that purchases the required number of gallons of gasoline (i.e., a nontaxable product), Retailer A is the consumer of these hats, as provided in sec. 77.52(21)(a), Wis. Stats. (2009-10), as renumbered and amended by 2011 Wis. Act 32, and is required to pay Wisconsin sales or use tax on its purchases of the hats.

In *Example 1*, the Wisconsin sales and use tax treatment of the hats for the period of **October 1, 2009 through August 31, 2011** is the same as the Wisconsin sales and use tax treatment of the hats on and after September 1, 2011. (**Note:** Hats that were purchased without tax for resale prior to October 1, 2009 and that are "given away" between October 1, 2009 and August 31, 2011 do not become subject to

use tax solely due to the law change that was effective October 1, 2009.)

For sales made **prior to October 1, 2009**, Retailer A was required to allocate its selling price between the taxable product (i.e., the hat) that was "given away" and the nontaxable product (i.e., the gasoline) that was sold. Retailer A was liable for the sales tax on the portion of its selling price allocated to the taxable product (i.e., the hat) that was "given away." Retailer A could have purchased the hats without tax for resale and used the cost of the hats to determine the amount that was subject to sales tax.

Example 2: *Taxable Product Given Away with Required Purchase of a Different Taxable Product* – Retailer B provides a bicycle free of charge to every customer that purchases a new couch (i.e., a taxable product). The price of the couch does not vary depending on whether the bicycle is included in the transaction. The receipt given by Retailer B to the customer indicates that the bicycle is given to the customer for no charge. Although Retailer B is providing a bicycle free of charge, Retailer B may purchase the bicycle without tax for resale since the customer is required to purchase the couch (i.e., a taxable product) in order to receive the bicycle.

For sales made during the period of **October 1, 2009 through August 31, 2011**, the retailer is the consumer of the bicycles and is required to pay Wisconsin sales or use tax on its purchases of these bicycles. (**Note:** Bicycles that were purchased without tax for resale prior to October 1, 2009 and that are "given away" between October 1, 2009 and August 31, 2011 do not become subject to use tax solely due to the change in law effective October 1, 2009. In these situations, Retailer B is liable for Wisconsin sales tax on its sale of the couch, but is not liable for Wisconsin use tax on its purchase of the bicycle.)

For sales made **prior to October 1, 2009**, since both the product that was being purchased (i.e., the couch) and the product that was being "given away" (i.e., the bicycle) were taxable products, no specific allocation between the selling prices of the products would have been made (i.e., Retailer B would have charged sales tax on the entire selling price, regardless of any allocation of the selling price between the two products). Retailer B could have purchased the bicycles without tax for resale.

Example 3: *Retailer Advertises Fourth Tire Free with Purchase of Three Other Tires* – Retailer K operates an automotive repair facility. Retailer K offers a promotion in which a customer is provided a free tire if the customer purchases three other tires (i.e., taxable products). If the customer does not want the free tire, the sales price of the other three tires does not change. The receipt given by Retailer K to the customer indicates that the fourth tire is given to the customer for no charge. Although Retailer K is providing a tire free of charge to every customer that purchases three other tires (i.e., taxable products), Retailer K may still purchase the tires provided free of charge for this promotion without tax for resale since the customer is required to purchase the three other tires (i.e., taxable products) in order to receive the free tire.

For sales made during the period of **October 1, 2009 through August 31, 2011**, the sales tax treatment of the tire is the same as that described for the bicycle in *Example 2* for the period of October 1, 2009 through August 31, 2011.

For sales made **prior to October 1, 2009**, the Wisconsin sales tax treatment of the tire is the same as that described for the bicycle in Example 2 for the period prior to October 1, 2009.

VII. ACCOUNTING METHODS, WHEN A SALE OCCURS, AND WHERE A SALE TAKES PLACE ("SOURCING" RULES)

A. Accounting Methods

The accrual method of accounting must be used by all retailers to determine and report their total sales, with one exception. The Department of Revenue may, if it is satisfied that an undue hardship would result from using the accrual method, permit some other method such as the cash method of accounting. Before using some other method, written approval must be obtained from the department. Written approval is not required to use the accrual method.

Under the accrual method of accounting, all cash, credit, installment, and conditional sales are included in total sales on the return for the reporting period in which the sale occurs, even though all or part of the payments for such sales are not received until a later reporting period. (See Part VIII.B.)

> **Example:** If you are on a monthly reporting basis (file monthly returns) and a sale occurs in January, the sales price of the sale must be reported on the January return, even though payment is not received until February or a later month.

If a retailer cannot reasonably separate and account for individual sales of taxable products or services, the Department of Revenue may authorize the use of a formula method for determining taxable and exempt sales. The retailer must request and receive written approval from the Department of Revenue before using a formula method. The formula must be designed to approximate the correct tax liability. In addition, the use of the formula is subject to review and redetermination by the Department of Revenue at a later date.

B. When a Sale Occurs

A sale involving the transfer of ownership of tangible personal property; or items or property described in Part X.A.2. and 3.; occurs at the time when possession is transferred by the seller or the seller's agent to the purchaser or the purchaser's agent, regardless of when payment is made. For this purpose, a common carrier or the United States Postal Service is an agent of the seller.

A sale or purchase involving a digital good described in Part X.A.4. occurs when possession is transferred by the seller or the seller's agent to the purchaser or the purchaser's agent or when the digital good is first used, whichever comes first. A sale or purchase of a product transferred electronically, including a digital good, that is sold by "subscription," occurs at the time when the payment for the "subscription" is due to the seller.

"Subscription" means an agreement with a seller that grants the consumer the right to obtain products transferred electronically from within one or more product categories having the same tax treatment, in a fixed quantity or for a fixed period of time, or both.

A sale of a taxable service is considered to occur when the service is sold, furnished, or performed by the seller.

C. Where a Sale Takes Place – "General Sourcing Rules"

In order to determine where a sale takes place for Wisconsin sales and use tax purposes (where a sale is "sourced"), a specific hierarchy is used. The hierarchy is referred to as the "General Sourcing Rules." The "General Sourcing Rules" should be used to determine the location of a sale, with the following exceptions:

- **Leases, licenses, and rentals –** Information about how to determine the location where these transactions take place (i.e., where lease, license, or rental payments are "sourced") is provided in Part XIII.D.
- **Direct mail –** Information about how to determine the location where a sale of direct mail takes place (i.e., where the sale is "sourced"), is provided in Part VII.D.
- **Telecommunications services -** Please refer to sec. Tax 11.66, Wis. Adm. Code, "Telecommunication and telecommunications message services," for information explaining where these services take place (i.e., where these services are "sourced").
- **Retail florists –** Information about how to determine where sales by retail florists take place (i.e., where these sales are "sourced") is provided in Part VII.E.

General Sourcing Rules (Where the Sale Takes Place)

Except as provided above, the location where a sale takes place is determined in Part VII.C., 1. through 5., below:

(**Note:** For purposes of determining where a sale takes place, "receive" means taking possession of tangible personal property; or items or property described in Part X.A.2. and 3.; taking possession or making first use of digital goods described in Part X.A.4., whichever comes first; or making first

use of services. "Receive" does not include a shipping company taking possession of tangible personal property; or items or property described in Part X.A.2. and 3.; on a purchaser's behalf.)

1. If a purchaser receives the product at a seller's business location, the sale takes place at that business location. *If 1. does not apply, go to 2.*

2. If 1. does not apply, the sale takes place at the location where the purchaser, or the purchaser's designated donee receives the product. This includes the location indicated by instructions known to the seller for delivery to the purchaser or the purchaser's designated donee. *If 2. does not apply, go to 3.*

3. If 1. and 2. do not apply, the sale takes place at the purchaser's address as indicated by the seller's business records, if the records are maintained in the ordinary course of the seller's business and if using that address to establish the location of the sale is not in bad faith. *If 3. does not apply, go to 4.*

4. If 1., 2., and 3. do not apply, the sale takes place at the purchaser's address as obtained during the consummation of the sale, including the address indicated on the purchaser's payment instrument, if no other address is available and if using that address to determine the location of the sale is not in bad faith. *If 4. does not apply, go to 5.*

5. When 1., 2., 3., and 4. do not apply, including when there is not sufficient information to determine the location of the sale, the sale takes place as follows:

- If the item sold is ***tangible personal property;*** or an ***item*** or ***property*** described in Part X.A.2. and 3.; the sale takes place at the location from which the tangible personal property, item, or property is shipped.
- If the item sold is a ***digital good*** described in Part X.A.4., or ***computer software*** delivered electronically, the sale takes place at the location from which the digital good or computer software was first available for transmission by the seller, not including any location that merely provides the digital transfer of the product sold.
- If a ***service*** is sold, the sale takes place at the location from which the service was provided.

D. Where a Sale Takes Place - Direct Mail

There are special provisions in the law for determining where the sale of "direct mail" takes place. "Direct mail" means printed material that is delivered or distributed by the U.S. Postal Service or other delivery service to a mass audience or to addressees on a mailing list provided by or at the direction of the purchaser of the printed material, if the cost of the printed material or any tangible personal property; or items, property, or goods described in Part X.A.2. to 4.; included with the printed material is not billed directly to the recipients of the printed material. "Direct mail" includes any tangible personal property; or items, property or goods described in Part X.A.2. to 4.; provided directly or indirectly by the purchaser of the printed material to the seller of the printed material for inclusion in any package containing the printed material, including billing invoices, return envelopes, and additional marketing materials. "Direct mail" does not include multiple items of printed material delivered to a single address.

Note: Sales of catalogs and their mailing envelopes that are designed to advertise and promote the sale of merchandise or to advertise the services of individual business firms are exempt from tax. An exemption also applies to printing or imprinting services that result in such catalogs and their mailing envelopes. "Catalog" means *a printed and* bound, stitched, sewed, or stapled book containing a list and description of property or services for sale, regardless of whether a price is specified. Printed materials that are not bound, stitched, sewed, or stapled, cannot meet the definition of "catalog." For example, an advertising pamphlet that is printed on a single sheet of paper and simply folded one or more times, without being bound, stitched, sewed or stapled, does not meet the definition of "catalog," and the exemption does not apply.

The sales price of direct mail does not include separately stated delivery charges. For purposes of the sale of direct mail, "separately stated delivery charges" means charges by a seller to prepare and deliver the direct mail to a location designated by the purchaser of the direct mail, including charges for transportation, shipping, postage, handling, crating, and packing, that are separately stated on the invoice, bill of sale, or similar document that the seller gives to the purchaser.

1. Sales from October 1, 2009 through May 26, 2010

Parts a. through c., below, give the location of a sale of direct mail. Part d., below, provides the location of a sale of services (e.g., the customer provides the paper and a printer provides the printing and mailing services).

a. Purchaser does not provide a direct pay permit, exemption certificate claiming direct mail, or certain other information. The sale of direct mail takes place at the location from which the direct mail is shipped if the purchaser does not provide the seller one of the following:

- A direct pay permit,
- An exemption certificate (Form S-211 or Form S-211-SST) claiming direct mail, or
- Other information that indicates the appropriate taxing jurisdiction to which the direct mail is delivered to the ultimate recipients.

If the seller ships the direct mail from Wisconsin, the seller's entire charge for the direct mail is subject to tax, excluding separately stated delivery charges.

If the seller ships the direct mail from a location outside of Wisconsin, the purchaser is liable for the use tax on its purchase price of direct mail, excluding any separately stated delivery charges, that relate to direct mail shipped to addresses in Wisconsin. No credit for taxes paid to another state is allowed as a credit against the Wisconsin use tax due.

b. Purchaser provides direct pay permit or exemption certificate claiming direct mail. If the purchaser provides an exemption certificate claiming direct mail or a direct pay permit to the seller, the purchaser shall pay or remit, as appropriate, to the department the use tax on all purchases for which the tax is due. The seller is relieved from liability for collecting sales tax. Wisconsin tax is due for charges by the seller for the direct mail, excluding any separately stated delivery charges, that relate to direct mail shipped to addresses in Wisconsin.

c. Purchaser provides delivery information. If the purchaser provides delivery information indicating the jurisdictions to which the direct mail is to be delivered to the recipients, the sale takes place in those jurisdictions. The seller must collect and remit the tax according to the delivery information provided by the purchaser and, in the absence of bad faith, the seller is relieved of any further obligation to collect tax on the sale of direct mail based on information provided by the purchaser. Wisconsin tax is based on charges by the seller for the direct mail, but excluding any separately stated delivery charges, that relate to direct mail shipped to addresses in Wisconsin.

d. Charges for the sale of taxable services. The seller's charges for the sale of taxable services that result in the production of direct mail (e.g., printing services when the customer provides the paper) are subject to Wisconsin tax to the extent the direct mail is shipped to addresses in Wisconsin. The portion of the charges for services relating to direct mail that is shipped to addresses outside of Wisconsin is not subject to Wisconsin sales tax. **Note:** For the period of October 1, 2009 through May 26, 2010, the location of the sale of a taxable service relating to direct mail is determined under the General Sourcing Rules. See Part VII.C.

2. Sales occurring on and after May 27, 2010

Effective May 27, 2010, the law was amended to adopt definitions of "advertising and promotional direct mail" and "other direct mail."

"Advertising and promotional direct mail" means direct mail that has the primary purpose of attracting public attention to a product, person, business, or organization or to attempt to sell, popularize, or

secure financial support for a product, person, business, or organization.

"Other direct mail" means any direct mail that is not advertising and promotional direct mail, regardless of whether advertising and promotional direct mail is included in the same mailing. "Other direct mail" includes all of the following:

- Transactional direct mail that contains personal information specific to the addressee, including invoices, bills, account statements, and payroll advices.
- Any legally required mailings, including privacy notices, tax reports, and stockholder reports.
- Other nonpromotional direct mail, including newsletters and informational pieces, that is delivered to existing or former shareholders, customers, employees, or agents.

"Other direct mail" does not include printed materials that result from developing billing information or providing any data processing service that is more than incidental to producing the other direct mail.

a. Charges for advertising and promotional direct mail or services that are an integral part of the production and distribution of advertising and promotional direct mail

1. **Purchaser does not provide a direct pay permit, exemption certificate claiming direct mail, or certain other information.** The sale of advertising and promotional direct mail, or services that are an integral part of the production and distribution of advertising and promotional direct mail, takes place at the location from which the advertising and promotional direct mail is shipped if the purchaser does not provide to the seller one of the following:
    - A direct pay permit,
    - An exemption certificate (Form S-211 or Form S-211-SST) claiming direct mail, or
    - Other information that indicates the appropriate taxing jurisdiction to which the advertising and promotional direct mail is delivered to the ultimate recipients.

    If the seller ships the advertising and promotional direct mail from Wisconsin, the entire charge for the advertising and promotional direct mail, or a service that is an integral part of the production and distribution of advertising and promotional direct mail, is subject to tax, excluding any separately stated delivery charges.

    If the seller ships the advertising and promotional direct mail from a location outside of Wisconsin, the purchaser is liable for use tax on its purchase price (excluding any separately stated delivery charges) of the advertising and promotional direct mail, or a service that is an integral part of the production and distribution of advertising and promotional direct mail, if the advertising and promotional direct mail is delivered to addresses in Wisconsin. No credit for taxes paid to another state is allowed as a credit against the Wisconsin use tax due.

2. **Purchaser provides direct pay permit or exemption certificate claiming direct mail.** If the purchaser provides an exemption certificate claiming direct mail or a direct pay permit to the seller, the purchaser must pay or remit, as appropriate, to the department the use tax on all purchases of advertising and promotional direct mail or services that are an integral part of the production and distribution of advertising and promotional direct mail delivered to Wisconsin, excluding any separately stated delivery charges. The tax is calculated at the rate imposed by the jurisdiction(s) where the advertising and promotional direct mail is delivered to the recipients.

3. **Purchaser provides delivery information.** If the purchaser provides delivery information indicating the jurisdictions to which the advertising and promotional direct mail is to be delivered to the recipients, the seller must collect and remit the tax according to the delivery information provided by the purchaser on all sales of advertising and promotional direct mail or services that are an integral part of the production and distribution of advertising and promotional direct mail delivered to Wisconsin, excluding any separately stated delivery charg-

es. The tax is calculated at the rate imposed by the jurisdiction(s) where the advertising and promotional direct mail is delivered to the recipients.

4. **Bundled transactions.** If a transaction is a bundled transaction that includes advertising and promotional direct mail, a.1. to 3., above, only apply if the primary purpose of the transaction is the sale of products or services that meet the definition of advertising and promotional direct mail.

b. Charges for other direct mail or services that are an integral part of the production and distribution of other direct mail

1. **Purchaser does not provide a direct pay permit, exemption certificate claiming direct mail, or certain other information.** The sale of other direct mail or services that are an integral part of the production and distribution of other direct mail takes place at the purchaser's address as indicated by the seller's business records, if using that address to establish the location of the sale is not in bad faith. If that address is a Wisconsin address, Wisconsin tax is due on the entire charge by the Wisconsin seller for the other direct mail or the services that are an integral part of the production and distribution of the other direct mail, but excluding any separately stated delivery charges.

2. **Purchaser provides direct pay permit or exemption certificate claiming direct mail.** If the purchaser provides an exemption certificate claiming direct mail or a direct pay permit to the seller, the purchaser must pay or remit, as appropriate, to the department the use tax (excluding any separately stated delivery charges) on all purchases of other direct mail or services that are an integral part of the production and distribution of other direct mail if the advertising and promotional direct mail is delivered to addresses in Wisconsin. The tax is calculated at the rate imposed by the jurisdiction(s) where the other direct mail is delivered to the recipients.

c. Single mailing including both advertising and promotional direct mail and other direct mail. If advertising and promotional direct mail and other direct mail are included in a single mailing, the location of the sale of that mailing is determined in same manner as a sale of other direct mail.

E. Where a Sale Takes Place – Retail Florists

Generally, sales by a retail florist follow the General Sourcing Rules in Part VII.C.

> **Example:** Retail Florist A located in Dane County receives an order from a customer who wants a floral arrangement delivered to a location in Jefferson County. Retail Florist A delivers the floral arrangement to Jefferson County. The sale takes place in Jefferson County.

However, when a retail florist receives an order from a customer and then transmits that order to a second retail florist who will prepare and deliver the order at the customer's direction, the sale takes place at the location where the first retail florist received the order from the customer. The sale from the second retail florist to the first retail florist is not subject to Wisconsin sales or use tax if the first retail florist provides the second retail florist an exemption certificate claiming resale.

> **Example:** Retail Florist B located in Wisconsin receives an order from a customer who wants the flowers delivered to a location in Kentucky. Retail Florist B contacts Retail Florist C, located in Kentucky, and has Retail Florist C prepare the order and deliver it to the location in Kentucky. The sale takes place at Retail Florist B's location in Wisconsin.

A "retail florist" is a person engaged in the business of selling cut flowers, floral arrangements, and potted plants and who prepares such flowers, floral arrangements, and potted plants. A person who sells cut flowers, floral arrangements, and potted plants primarily by mail or via the Internet is not a "retail florist."

Sales by persons who are not retail florists but who take orders for cut flowers, floral arrangements, and potted plants from customers and transmit those or-

ders to a person who is a retail florist follow the General Sourcing Rules.

VIII. FILING RETURNS AND PAYING THE TAX

A. How Often Must a Return Be Filed? If you have a seller's permit, use tax registration certificate, or consumer use tax registration certificate, you must file a return for each "reporting period," even if no tax is due for that period.* Your "reporting period" will be either monthly, quarterly, or annually. For example, if your reporting period is monthly, you must file a return for each month of the year, regardless of whether any tax is due for the month.

Generally, your reporting period will be quarterly unless the Department of Revenue notifies you in writing that your returns must be filed monthly or annually.

*Certain retailers who registered voluntarily through the Streamlined Sales Tax Governing Board's web site who indicate at the time of registration that they do anticipate making taxable sales in Wisconsin are not required to file returns in Wisconsin until such time that the retailer makes a taxable sale in Wisconsin.

Wisconsin sales and use tax returns must be filed using one of the electronic filing methods listed in Part VIII.B. A seller that is unable to file electronically may request a waiver from the Department of Revenue. A waiver will be granted if the requirement to file electronically causes an *undue hardship*. An example of an undue hardship is the onset of a disabling illness or injury.

Your request for a waiver must be **in writing**. The request should indicate the business name, tax account number, and the reason why your sales and use tax returns cannot be electronically filed. Requests can be made by e-mail at DORWaiverRequest@revenue.wi.gov; faxed to (608) 267-1030; or mailed to Wisconsin Department of Revenue, Mandate Waiver Request, Mail Stop 5-77, P.O. Box 8949, Madison, WI 53708-8949.

Additional information is available at www.revenue.wi.gov/eserv/rule.html#sales or you may contact the department by mail or e-mail at DORSalesBusinessTaxandWithholding@wisconsin.gov or by telephone at (608) 261-6261.

If you have been granted a waiver, a return will be mailed to you shortly before the end of each reporting period. If you do not receive your return within 15 days after the end of the reporting period, phone the Department of Revenue at (608) 266-2776.

B. Electronic Filing and Payment Options Available for Sales and Use Tax Return Filing

1. *My Tax Account*

My Tax Account is a free, secure online application that allows you to file and pay your sales and use taxes electronically. It performs the necessary computations of tax based on information that you enter and allows you to make your tax payment via electronic funds transfer, credit card or paper check. *My Tax Account* also allows you to:

- View business tax filing and payment history and identify any tax periods that need attention.
- Change your address, obtain an extension to file a return or inactivate your account.
- File a buyer's claim for refund of sales tax paid to a seller in error.
- Appeal adjustment notices.

To use *My Tax Account*, you must obtain a logon ID and password from the Department of Revenue. Go to the *My Tax Account Common Questions* on the Department of Revenue's web site for more information, including how to obtain your logon ID and password.

2. Sales TeleFile

You can file your Wisconsin sales and use tax return with any touch-tone telephone. This program accepts four payment types: Direct withdrawal (only available during the call in which you file your return), credit card, check, or money order. To use TeleFile, obtain a Sales TeleFile Worksheet & Payment Voucher. When you have completed the worksheet, call (608) 261-5340 to actually file your return.

3. *e*File Transmission

This program is a service for taxpayers using approved private vendors' software or who have the technical expertise to create a file in XML format. *e*File transmission places return data into a file format that can be directly processed into the Department of Revenue system. Using secure transmission over the Internet you can submit a payment at the same time that you file your return using ACH debit or ACH credit. You will receive an e-mail acknowledgement to confirm receipt of a successful file transmission. Information about file transmission can be found on the Department of Revenue's web site at www.revenue.wi.gov/eserv/eftgen.html.

4. Questions?

More information on all of the above services can be found under the "Businesses" or "Online Services" sections of the Department of Revenue web site. If you have questions about electronic filing or payments, contact the department by writing to Wisconsin Department of Revenue, Electronic Funds Transfer Assistance, Mail Stop 3-80, P.O. Box 8902, Madison, WI 53708-8902; calling (608) 266-2776; or e-mailing at DORSales-BusinessTaxandWithholding@wisconsin.gov.

C. Business at More Than One Location: If you are one legal entity engaged in business at more than one location, even though you hold a separate seller's permit for each location, you must file one consolidated return which includes the information and figures for all of your business locations.

Example: If you operate ten restaurants at ten different locations in Wisconsin, only one return should be filed for each reporting period. That return should include the total sales, deductions, use tax, etc., for all ten restaurants.

D. Single-Owner Entity Disregarded as Separate Entity: The owner of a single-owner entity that is disregarded as a separate entity for purposes of Chapter 71 ("disregarded entity") has the option to (1) include the information from the disregarded entity on the owner's return, or (2) file a separate electronic sales and use tax return for the disregarded entity. If an owner that owns more than one disregarded entity elects to file a separate return for one if its disregarded entities, the owner is required to file separate returns for all of its disregarded entities. Such returns shall be signed by the person required to file the return or by a duly authorized agent but need not be verified by oath.

Prior to September 1, 2009, if a single-owner entity was disregarded as a separate entity under sec. 7701 of the Internal Revenue Code, the owner was required to include the information from the entity on the owner's sales and use tax returns.

See the Disregarded Entities Common Questions on the Department of Revenue's web site for additional information.

E. Seasonal Retailers: If you are open for business only part of the year, you may be allowed to file returns on a seasonal basis. If you are in this situation and have not yet registered for a seller's permit, the Form BTR-101, *Application for Business Tax Registration,* you file with the Department of Revenue should indicate the beginning and ending months of your business season. If you are already registered for a seller's permit, you may submit a written request to the Department of Revenue, Mail Stop 3-80, P.O. Box 8902, Madison, WI 53708-8902, to file on a seasonal basis. This written request should include your Wisconsin tax account number, the beginning month of operation, and the closing month of operation. After a review of your account, a letter will be sent to you verifying your filing responsibility.

Note: Seasonal retailers are required to file returns monthly. During the months you are open for business, returns must be filed by the due date shown on the returns. If there is no change in your season, you are not required to file returns covering the periods in which you will not operate. You must notify the department of any change in your months of business operations.

F. Due Date for Filing: Returns must be filed by the last day of the month following the end of the reporting period. However, if the sales and use tax liability is more than $3,600 per quarter, returns may be due by the 20th day of the month following

the end of the reporting period. Persons required to file by the 20th of the month will receive a written notice from the Department of Revenue indicating their due date for filing returns.

Example: You file returns on a monthly basis and the returns are due by the last day of the month following the end of the reporting period. Your return for the month of January must be filed by February 28. However, if you were notified by the Department of Revenue to file by the 20th of the month because your tax liability is more than $3,600 per quarter, the January return must be filed by February 20.

Note: When the due date falls on a weekend or legal holiday, the due date is extended to the next business day immediately following the weekend or holiday.

To be considered timely, a return filed electronically with ACH Debit method of payment, must be filed prior to 4:00 pm (CST) one business day before the due date in order for the payment to transfer on the due date. A return filed electronically is considered timely if e-filed on or before the due date.

If mailed, a return is considered filed by the due date if (1) the return is mailed in a properly addressed envelope with the postage duly prepaid, (2) the envelope containing the return is postmarked on or before the due date, and (3) the return is received by the department within five days of the due date.

"Mailed" includes delivery by a delivery service designated under sec. 7502(f) of the Internal Revenue Code.

If you close your business or cancel your seller's permit because you no longer make sales or purchases that are subject to tax, you are required to file a final return within 30 days after closing your business or cancelling your permit, regardless of your filing frequency. The department will accept the final return as timely-filed as long as it is filed by the end of the month following the month in which the sales and use tax account was closed (20th day of the month for early monthly filers).

Example: If an account is closed effective June 15, the final sales and use tax return should be filed within 30 days, but no later than July 31.

G. Obtaining an Extension of Time to File: If you cannot file your return by the due date, you should write to the Department of Revenue, Mail Stop 5-77, P.O. Box 8949, Madison, WI 53708-8949, before the due date of the return and request an extension of time to file. The department may grant you an additional month from the due date of the original return to file the return. However, if the tax is not paid by the original due date, the tax will be subject to 1% interest per month during the extension period. You will not lose the retailer's discount or be subject to a late filing fee if you pay the total tax due within the extension period.

H. Payment of Tax: The tax may be paid by check, money order, or electronically. Do not use cash or postage stamps.

If you choose to pay electronically, the payment options available are the Automated Clearing House (ACH) debit and ACH credit.

- ACH Debit - The ACH debit method allows you to transfer funds by instructing the state to electronically debit a bank account you control by making a payment request at the time of filing your return electronically. If you choose to file your return electronically using *My Tax Account*, Sales Telefile or XML File Transmission you are given an option to instruct the state to debit your bank account for the amount owed on the return. You instruct the state (grant the state permission) to debit your bank account by supplying your Routing Transit Number (RTN), bank account number, requested payment date and payment amount at the time of filing the return. There is no cost for this type of payment transaction. This option is recommended because of the simplicity and cost savings to you.
- ACH Credit - The ACH credit method allows you to transfer funds by instructing your financial institution to debit your account and credit the state's bank account. Financial institutions may charge a fee for making ACH credit payments.

I. Retailer's Discount: As partial compensation for collecting, accounting for, and reporting the tax, retailers may take a credit, which is called the "retailer's discount." The discount is not allowed on any tax paid after the due date (or extended, in the case of an extension, after the due date) of the sales and use tax return.

The retailer's discount is 0.5% of a retailer's sales and use tax payable, with the exception listed below. For taxes payable on October 1, 2009 and thereafter, the retailer's discount that may be deducted on a sales and use tax return is limited to $1,000 per reporting period.

Exception: If multiplying the sales and use tax payable by 0.5% results in $10 or less, the retailer's discount is the lesser of (1) $10 or (2) the sales and use tax payable.

"Sales and use tax payable" includes the following amounts:

1. The amount of the 5% state (Wisconsin) sales and use tax payable on retail sales.

2. The amount of the 0.5% county sales and use tax payable on retail sales.

3. The amount of the 0.1% or 0.5% stadium sales and use tax payable on retail sales.

Note: The retailer's discount does not apply to use tax payable on purchases of tangible personal property; items, property, and goods described in Part X.A.2. to 4.; and taxable services.

J. Correcting an Error – Underpayments: If you file your return and then later become aware that you made an error on the return by underreporting the tax due, you should correct your error using *My Tax Account*, the Department of Revenue's Internet-based tax service. See Part VIII.B.1. for additional information about how to use *My Tax Account*..

In lieu of using *My Tax Account*, you may file correct your error by filing an amended paper Form ST-12, *Wisconsin Sales and Use Tax Return*. Refer to the instructions for Form ST-12 for more information.

K. Overpayments – Filing Claims for Refund: If you determine that you overpaid Wisconsin sales or use tax to the Department of Revenue or a seller, a claim for refund of the overpaid tax may be filed as explained below. Who may file the claim for refund depends on whether you are a seller or a buyer.

***Sellers*:**

If you overpaid Wisconsin sales or use tax on the sale of tangible personal property or taxable services to a buyer, you may file a claim for refund. It is suggested that you file the refund claim using Form ST-12, *Wisconsin Sales and Use Tax Return,* as an amended return. In lieu of Form ST-12, you may file a claim for refund in letter form, including your tax account number, the reporting period, and a statement giving the specific reasons for claiming the refund, as well as the amount requested.

Refer to the instructions for Form ST-12 for more information on how to use Form ST-12 as an amended return.

Claims for refund should be sent to Wisconsin Department of Revenue, Mail Stop 3-107, P.O. Box 8906, Madison, WI 53708-8906.

Caution: If you collected sales or use tax from buyers, you must return to the buyer the tax and interest refunded to you by the Department of Revenue as a result of your claim for refund. If you are unable to return the tax and interest to the buyer, you must return the refund to the Department of Revenue. Failure to return the refund may result in a penalty being imposed.

***Buyers*:**

A buyer may file a claim for refund with the Department of Revenue for sales or use tax paid in error to a seller if the claim for refund is $50 or more of tax.

If the tax paid in error is less than $50, a buyer may still file a claim for refund with the department for tax paid in error to a seller if (1) the seller is out-of-business, (2) the buyer is being field audited, or (3) the period covered in the claim for refund is within the statute of limitations for the buyer, but is closed to the seller. If none of these conditions are

met by the buyer and the claim for refund is under $50, the buyer may not file a claim for refund with the department, but may request the seller who paid the tax to the department to file a claim for refund.

A buyer may file a claim for refund with the Department of Revenue for sales or use tax paid in error to a seller if the claim for refund is $50 or more of tax.

If the tax paid in error is less than $50, a buyer may still file a claim for refund with the department for tax paid in error to a seller if (1) the seller is out-of-business, (2) the buyer is being field audited, or (3) the period covered in the claim for refund is within the statute of limitations for the buyer, but is closed to the seller. If none of these conditions are met by the buyer and the claim for refund is under $50, the buyer may not file a claim for refund with the department, but may request the seller who paid the tax to the department to file a claim for refund.

Buyers that overpaid sales or use tax to a seller can file a claim for refund using one of the following two methods:

- File an electronic Buyer's Claim for Refund; or
- File a paper Form S-220, *Buyer's Claim for Refund of Wisconsin State, County, and Stadium Sales Taxes* (also known as Form BCR). Form S-220a, *Attachment to Form BCR, Buyer's Claim for Refund of Wisconsin State, County, and Stadium Sales Taxes* (also known as Schedule P), must be completed and attached to Form S-220 for each seller to whom the buyer paid sales or use tax in error.

Whether you are a seller or a buyer, a claim for refund may generally be filed within four years after the unextended due date of your Wisconsin income or franchise tax return. If you are not required to file a Wisconsin income or franchise tax return, a claim for refund may be filed within four years of the 15th day of the 4th month of the year following the close of the taxable year. However, if you have been audited by the Department of Revenue, different time limits may apply.

For more information on claims for refund, including when a claim must be filed, obtain Publication 216, *Filing Claims for Refund of Sales or Use Tax*.

L. Refund of Tax From Seller to Buyer: A seller is required to refund taxes and related interest to the buyers from whom the taxes were collected, in the following situations:

Situation 1: The seller files a claim for refund with the Wisconsin Department of Revenue, for taxes that the seller has collected from buyers, and receives such refund.

Situation 2: The seller files a claim for refund with the Wisconsin Department of Revenue, for taxes that the seller has collected from buyers, and the seller is entitled to a refund of such taxes, but the refund is offset against deficiencies of the seller due and owing on the books of the Wisconsin Department of Revenue.

Situation 3: The seller collects amounts as taxes erroneously from buyers, but the seller does not remit such amounts to the state.

For *Situations 2* and *3,* the requirement to refund the tax to buyers first applies to notices of refunds or notices of amounts due dated, offsets taken, and the discovery of amounts collected erroneously as taxes on October 28, 2005, even if the notices, offsets, and amounts relating to sales that occurred as far back as September 1, 1994.

If the seller cannot locate the buyers, the seller must return the taxes and related interest to the Wisconsin Department of Revenue within 90 days after the date of the refund, within 90 days after the date of the offset, or within 90 days after discovering that the seller has collected taxes erroneously from the buyers.

A person who collects amounts as taxes erroneously from buyers for a real property construction activity or nontaxable service may reduce the taxes and interest that he or she is required to submit to the buyer or to the Department of Revenue under this provision for that activity or service by the amount of tax and interest subsequently due and paid on the sale of or the storage, use, or other consumption of tangible personal property; or item, property, or good described in Part X.A.2. to 4.; that is used by

the person in that activity or service and transferred to the buyer.

The department may offset the amount of any refund for a period, together with interest on the refund, against deficiencies for another period, and against penalties and interest on the deficiencies, or against any amount of whatever kind, due and owing on the books of the department from the person who is entitled to the refund.

Note: Effective August 1, 2010, the Department of Revenue is directed to enter into agreements with the federal Department of the Treasury that provide for offsetting state payments against federal nontax obligations. The Department of Revenue may charge a fee up to $25 per transaction for such offsets, offset federal payments against state tax and nontax obligations, and collect the offset cost from the debtor, if the agreements provide that setoffs under sec. 73.03(52)(a), Wis. Stats., and secs. 71.93 and 71.935, Wis. Stats., occur before the setoffs under this provision. The agreement shall provide that the federal Department of the Treasury may deduct a fee from each administrative offset and state payment offset. "Administrative offset" is any offset of federal payments to collect state debts and "state payment offset" is any offset of state payments to collect federal nontax debts.

M. Failing to File or Pay or Filing Incorrect Returns Is Costly: If you do not file returns or pay the tax by the due date or file incorrect returns, you can be assessed late filing fees, penalties, and interest. In addition, a lien can be filed against your property, your seller's permit can be revoked, and criminal charges can be filed against you. Listed below are some of the penalties, interest, and other actions that can take place if you fail to file or pay by the due date or file incorrect returns. (Also see the "Note" in Part VIII.I., above.)

Failure to File or Pay By the Due Date:

- Negligence penalty of 5% of the tax due for each month (or part of a month) the return is filed after the due date. The maximum negligence penalty for late filing is 25% of the tax due.
- $20 late filing fee for not filing a return by the due date because of neglect, unless the return was filed late because of the death of the person required to file the return.
- Interest of 18% per year on any unpaid taxes that are delinquent.
- Retailer's discount is not allowed if taxes are paid after the due date or extended due date.
- A lien is filed against your property. This lien is filed with the county clerk of court and is a public record. After the lien is filed, your property cannot be sold without the delinquent taxes, interest, penalties, and fees being paid to the Department of Revenue.
- Seller's permit may be revoked if you fail to file returns or pay taxes by the due date. Criminal charges may be brought against a person who operates without a seller's permit or after a permit is revoked.
- Estimated assessment may be issued which includes penalty of 25% of estimated tax.

Filing Incorrect Returns or Claims for Refund:

- Negligence penalty of 25% of the additional taxes due if there is negligence in filing the return.
- Negligence penalty of 25% of the difference between the amount of a refund claimed and the amount that should have been claimed if there is negligence in filing a claim for refund.
- Fraud penalty of 100% of the difference between the amount of a refund claimed and the amount that should have been claimed if there is fraud in filing a claim for refund.
- Fraud penalty of 50% of the additional taxes due if there was intent to defeat or evade the taxes in filing the return.
- Negligence penalty of 50% of tax finally determined if, due to neglect, an incorrect return is filed to report the purchase of a motor vehicle, boat, snowmobile, recreational vehicle, trailer, semitrailer, all-terrain vehicle, or aircraft.

Criminal Charges:

In addition to the civil penalties and other actions described above, criminal charges may be

brought against a person for the following violations:

- Failing or refusing to furnish a sales and use tax return or data required by the Department of Revenue.
- Filing a false or fraudulent sales and use tax return or failing to file by the due date with the intent to defeat or evade the tax.
- Aiding, abetting, or assisting another person in filing or making a false or fraudulent sales and use tax return with intent to defeat or evade the tax.
- Refusing or failing to keep records, receipts, invoices, or other documents in such form as the Department of Revenue requires.
- Giving a resale certificate or other exemption certificate to the seller when the purchaser knows at the time of purchase that the item is not to be resold or the property is not exempt and such resale certificate or exemption certificate is given for the purpose of evading payment of the tax to the seller.
- Operating as a seller of taxable property or services without a permit or after a permit has been suspended or revoked.
- Advertising or holding out to the public or any customer, directly or indirectly, that the tax or any part thereof will be assumed or absorbed by the retailer, or that it will not be added to the selling price or, if added, will be refunded.
- Intentionally failing or refusing to pay state and county sales and use tax money collected from a consumer, user, or purchaser to the Department of Revenue by the due date for payment, or fraudulently withholding, appropriating, or using these tax moneys, regardless of the person's interest in the tax moneys. Payments to creditors in preference to payment of the tax moneys to the Department of Revenue by any person is prima facie evidence of an intent to fraudulently use these tax moneys.

Penalties for Failing to Provide Records:

Effective July 1, 2009, a person who fails to produce records or documents, as provided by law, that support amounts or other information required to be shown on a return may be subject to any of the following penalties, as determined by the Department of Revenue, except that the Department of Revenue may not impose a penalty under this subsection if the person shows that under all facts and circumstances the person's response, or failure to respond, to the Department of Revenue's request was reasonable or justified by factors beyond the person's control:

(a) The disallowance of deductions, credits, exemptions, or inclusions of additional taxable sales or additional taxable purchases to which the requested records relate.

(b) A penalty for each violation of this subsection that is equal to the greater of $500 or 25% of the amount of the additional tax on any adjustment made by the Department of Revenue that results from the person's failure to produce the records.

(c) The Department of Revenue shall promulgate rules to administer this subsection and the rules shall include a standard response time, a standard for noncompliance, and penalty waiver provisions.

See sec. Tax 11.90, "Penalty for failure to produce records under s. 77.61(19), Stats.," Wis. Adm. Code (June 2010 Register), for additional information about this penalty.

Internet Posting of Seller's Permits that Have Been Revoked:

Effective October 1, 2009, the Department of Revenue is required by law to post on the Internet a list of every person who has had a seller's permit revoked. The Internet site lists the real name, business name, address, revocation date, type of tax due, and amount due, including interests, penalties, fees, and costs, for each person who has had a seller's permit revoked. The department is required to update the Internet site periodically to add revoked permits and to remove permits that are no longer revoked or for which the permit holder has made sufficient arrangements with the department so that the permit holder may be issued a monthly seller's permit. The department will update the Internet site quarterly to

remove revoked permits for entities that have been out of business for at least one year.

Personal Liability:

A person required to collect, account for, or pay sales or use taxes, who willfully fails to collect, account for, or pay those taxes to the Department of Revenue, is personally liable for such taxes, including interest and penalties, if that person's principal is unable to pay such amounts to the department.

IX. RECORD KEEPING

A. General Records to Keep: If you are required to file sales and use tax returns or consumer use tax returns, you must keep adequate records of business transactions to enable you and the Department of Revenue to determine the correct tax due. The required records include complete and accurate records of beginning and ending inventories, purchases, sales, canceled checks, receipts, invoices, bills of lading, and all other documents and books of account pertaining to the business.

See sec. Tax 11.92, Wis. Adm. Code, "Records and record keeping," in Appendix C for more information.

If you make retail sales and at the same time are engaged in some other nontaxable business, occupation, or profession, you must keep records to show separately the transactions used in determining the sales and use tax due. If separate records are not kept, the tax may be imposed upon the total sales from all of your business operations.

B. Records to Keep – Exempt Sales, Exemption Certificates: If you claim that part or all of your retail sales of tangible personal property; items, property, or goods described in Part X.A.2. to 4.; or taxable services are exempt from sales and use tax, you are required to keep a record of the name and address of the person to whom the exempt sale was made, the date of sale, the article sold, the amount of exemption, and the reason that the sale was exempt from tax. This record must be signed by the purchaser.

Exceptions: This information is not required for:

- Sales, as described in Part XI.B.
- Sales of commodities, as defined in 7 U.S.C. §2, that are consigned for sale in a warehouse in or from which the commodity is deliverable on a contract for future delivery subject to rules of a commodity market regulated by the U.S. Commodity Futures Trading Commission if upon the sale the commodity is not removed from the warehouse.
- Sales of cattle, sheep, goats, and pigs that are sold at a livestock market, as defined in sec. 95.68(1)(e), Wis. Stats. Section 95.68(1)(e), Wis. Stats., defines livestock market as any premises which are open to the public for the purpose of trading in livestock and on which facilities are maintained for their yarding, feeding and watering prior to sale.

The reason for keeping such records is that the sales and use tax law provides that the sales price from all sales of tangible personal property; items, property, and goods described in Part X.A.2. to 4.; and taxable services is subject to the tax until the contrary is established. (See "Penalties for Failing to Provide Records," in Part VIII.M.) The seller has the burden of proving that a sale of tangible personal property; items, property, or goods described in Part X.A.2. to 4.; or taxable services is exempt, unless the seller takes a fully completed exemption certificate (or other information as described in *Number 3,* below) from the purchaser which indicates that the property, item, good, or service being purchased is for resale or is otherwise exempt.

A seller or lessor who accepts a fully completed exemption certificate from the purchaser within 90 days of the sale is relieved of any liability for payment of tax upon transactions covered by the certificate.

If a retailer regularly sells the same kind of item to the same customer, a certificate known as a "continuous certificate," which is good indefinitely, may also be used for future transactions. Although continuous exemption certificates do not expire and are not required to be renewed at any prescribed interval, such certificates should be renewed at reasonable intervals in case of a business change, registration number change, or discontinuance of

the specific business claiming the exemption. The seller should periodically review exemption certificates on file to ascertain that the person claiming the exemption is the person who furnished the certificate.

If a purchaser provides an exemption certificate indicating that the property purchased will be used for activities or under circumstances which make the purchase of the property exempt from the sales tax or for resale, and the property is subsequently used by the purchaser in a manner that makes the property ineligible for exemption from tax, the purchaser is liable for payment of the applicable sales or use tax. A purchaser who uses an exemption certificate in a manner that is prohibited by or inconsistent with Wisconsin law or who provides incorrect information to a seller relating to an exemption being claimed will also be subject to a penalty of $250 for each invoice or bill of sale related to the prohibited or inconsistent use to which the incorrect information applies.

Three common reasons that sales of tangible personal property; items, property, or goods described in Part X.A.2. to 4.; or taxable services may be exempt are as follows:

1. The use to be made of the item purchased is exempt or the item is to be resold. For example, the machine is going to be used exclusively and directly in manufacturing or the tractor is going to be used exclusively and directly in farming and is, therefore, exempt.

   The seller should obtain a completed Form S-211, *Wisconsin Sales and Use Tax Exemption Certificate*, or Form S-211-SST, *Streamlined Sales and Use Tax Exemption Certificate*, from the purchaser.

   Drop Shipments – Sales for Resale
   Effective October 1, 2009, a manufacturer or other seller may accept an exemption certificate claiming resale from an out-of-state purchaser even when the manufacturer or other seller is directed to ship the product to a consumer in Wisconsin ("drop shipment") and the out-of-state purchaser does not have a Wisconsin seller's permit or Wisconsin use tax registration certificate.

   Prior to October 1, 2009, a manufacturer or other seller could not have accepted an exemption certificate claiming resale from an out-of-state business not holding a Wisconsin seller's permit or use tax certificate, if the manufacturer or other seller delivered the product to a consumer in Wisconsin.

2. The purchasing organization is an exempt entity, such as a Wisconsin public school, Wisconsin municipality, or a federal governmental unit. **Note:** All invoices and billings must be made in the name of the exempt organization.

   - Sales to a federal or Wisconsin governmental unit, federally recognized American Indian tribe or band in Wisconsin, Wisconsin municipality, or Wisconsin public school should be supported by one of the following:

     a. A purchase order or similar written document identifying the governmental unit, tribe, or band as the purchaser.

     b. Form S-211 or Form S-211-SST.

     c. Recording the federal or Wisconsin governmental unit's or Tribe's Certificate of Exempt Status (CES) number on the invoice.

   - Sales to nonprofit organizations organized and operated exclusively for religious, charitable, scientific or educational purposes, or for the prevention of cruelty to children or should be supported by one of the following:

     a. Form S-211 or Form S-211-SST.

     b. Recording the organization's Certificate of Exempt Status (CES) number on the invoice.

   Nonprofit organizations organized and operated exclusively for religious, charitable, scientific or educational purposes, or for the prevention of cruelty to children or animals, may apply on

Form S-103 *Application for Wisconsin Sales and Use Tax Certificate of Exempt Status (CES)*, to the Department of Revenue for a Certificate of Exempt Status (CES) and, if ap-approved, will be issued a CES number by the department.

Note regarding U.S. Government Bankcards: A retailer that is making an exempt sale to a person holding an approved U.S. Government Bankcard must support the exempt sale with one of the items listed above. Sales to persons holding debit cards issued by the Federal Emergency Management Agency (FEMA) for disaster relief do not qualify for exemption. Please refer to Part XI.D.4. for additional information about sales to persons holding U.S. Government Bankcards or receiving disaster relief payments, respectively.

Note regarding disaster relief vouchers and bankcards issued by organizations holding a CES number: A retailer that is making an exempt sale to a person holding a qualifying voucher or bankcard issued by an exempt organization must support the exempt sale by retaining a copy of the voucher or bank card and receipt, and indicating the exempt organization's CES number on the receipt to prove that the sale qualifies for exemption from Wisconsin sales and use tax. Please refer to Part XI.E. for additional information about specific vouchers and cards and whether sales to persons holding such vouchers or cards qualify for exemption.

3. The purchaser furnishes the seller (a) a copy of its direct pay permit or (b) a statement that the buyer holds a direct pay permit, the permit number, and the date the permit was issued. See Part XVII. for more information on direct pay.

Note: If exemptions are claimed for any of the above three reasons, you must keep as part of your records the completed certificates, purchase orders, or invoices to prove that the sales are exempt. If the Department of Revenue conducts an audit of your records, and you do not have the required exemption certificates or other required documents to prove that the sales are exempt, the sales will be presumed to be taxable and subject to the sales tax.

See sec. Tax 11.14, Wis. Adm. Code, "Exemption certificates" for more information about exemption certificates.

X. WHAT IS TAXABLE?

A retailer's sales price from the sale, license, lease, or rental of tangible personal property; or an item, property, or good described in Part X.A.2. to 4.; or the selling, performing, or furnishing of taxable services is subject to Wisconsin sales tax. The storage, use, or other consumption in Wisconsin of tangible personal property; items, property, or goods described in Part X.A.2. to 4.; or taxable services is subject to Wisconsin use tax, unless Wisconsin sales tax was paid by the buyer when purchasing the property, item, good, or service.

No sales or use tax is payable on a sale or purchase of tangible personal property; an item, property, or good described in Part X.A.2. to 4.; or a service if the property, item, good, or service is resold or if an exemption applies.

Refer to Part XI. for more information on exemptions.

A description of the types of tangible personal property, items, property, and goods, and services which are subject to sales and use tax follows:

A. Tangible Personal Property, Items, Property, and Goods

Sales, licenses, leases, and rentals of the following tangible personal property, items, property, and goods are subject to the Wisconsin sales tax:

1. Tangible personal property. "Tangible personal property" means personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses, and includes electricity, gas, steam, water, and prewritten computer software,* regardless of how it is delivered to the purchaser.

2. Coins or stamps of the United States that are sold, licensed, leased, rented, or traded as collector's items above their face value.

3. Leased tangible personal property that is affixed to real property, if the lessor has the right

to remove the leased property upon breach or termination of the lease agreement, unless the lessor of the leased property is also the lessor of the real property to which the leased property is affixed. (See Part IV.B.3.c.)

4. Specified digital goods, additional digital goods, and digital codes. These digital goods are characterized by the fact that they are transferred electronically to the purchaser (i.e., accessed or obtained by the purchaser by means other than tangible storage media). "Specified digital goods" means "digital audio works," "digital audiovisual works," and "digital books." "Additional digital goods" means greeting cards, finished artwork, periodicals, video or electronic games, and newspapers or other news or information products. See Publication 240 for a detailed description of which digital goods are taxable.

*Prior to March 6, 2009, tangible personal property included "computer programs except custom computer programs."

March 6, 2009 and thereafter, tangible personal property includes "prewritten computer software, regardless of how it is delivered to the purchaser."

The changes relating to computer software are explained on pages 14-15 of Wisconsin Tax Bulletin #160 (March 2009).

The products in 2. to 4., above, are subject to tax under sec. 77.52(1)(b), (c), and (d), Wis. Stats., and will be referred to collectively in this publication as "items, property, and goods described in Part X.A.2. to 4."

B. Services

Certain specified services which are sold, licensed, performed, or furnished at retail in Wisconsin are subject to Wisconsin sales or use tax, unless the service provider or the buyer is exempt from tax on the particular transaction. Total sales from the selling, licensing, performing, or furnishing of the following services are taxable, including any charges for tangible personal property; or items, property, or goods described in Part X.A.2. to 4.; transferred in conjunction with the service:

1. Admissions and Access Privileges

- Admissions to amusement, athletic, entertainment, or recreational events or places, such as admissions to movies, plays, ballets, musical and dance performances, fairs, ball games, campgrounds, circuses, carnivals, hockey games, ice shows, races, festivals, and other spectator events.
- The privilege of access to or the use of amusement, entertainment, athletic, or recreational facilities for dues, fees, or other considerations, such as charges by country clubs, golf clubs, athletic clubs, swimming clubs, yachting clubs, tennis clubs, and flying clubs, or charges for the use of gymnasiums, auditoriums, theaters, and other facilities to be used for entertainment, amusement, athletic, or recreational purposes.
- Admissions to customer participation events, such as swimming, skiing, bowling, skating, golfing, curling, dancing, and horseback riding.
- Entry fees to runs, walks, and races.
- Sales of bingo cards of all kinds to players, including admission charges. Bingo event sponsors are required to report and pay the sales tax directly to the Department of Revenue.

Exceptions:

- Admissions to **county fairs** are not subject to Wisconsin sales or use tax.
- The sale of admissions by any baseball team affiliated with the **Wisconsin Department of American Legion baseball** is not subject to Wisconsin sales or use tax.
- The sale of admissions by a **gun club**, including the sale of a gun club membership, is not subject to Wisconsin sales or use tax if the gun club is a nonprofit organization and if the gun club provides safety classes to at least 25 individuals in the calendar year.

- **Entry fees for contests** are not taxable if the primary motive of the majority of the persons entering the contest is "business," and not "recreation" (e.g., professional golfers entering a major tournament).

- Admissions, such as **league entry fees**, sold by a nonprofit organization to participate in any sports activity in which more than 50 percent of the participants are 19 years old or younger are not subject to Wisconsin sales tax (effective July 1, 2009).

- The sale or furnishing of recreational facilities on a periodic basis or other recreational rights in connection with the sale or use of **time-share property** is not taxable *if the facilities are not available to persons who have not purchased the time-share property (other than guests*). For example, if the facilities or rights are available to the general public for a fee, the sale or furnishing of such facilities or rights is taxable, even if sold or furnished in connection with the sale of time-share property.

- Charges for **lessons or classes** of study are not subject to Wisconsin sales or use tax.

- Sales of a **one-time license** or similar right to purchase admissions to professional football games at a football stadium, as defined in sec. 229.821(6), Wis. Stats., are not subject to tax with the following conditions:

  — The license or right to purchase must be granted by a municipality, a local professional football stadium district, or a professional football team or related party, as defined in sec. 229.821(12), Wis. Stats.

  — The person who purchases the license or right must be entitled, at the time of license or right transfer, to purchase admission to at least three professional football games in Wisconsin during one football season.

- Admissions to **museums** of history, art, or science, and to auto or trade shows are not subject to tax unless professional entertainment is provided at the show. Also, all admission fees to any museum operated by a nonprofit corporation under a lease agreement with the state historical society, such as the Circus World Museum, are not taxable.

- Admission fees, admission stickers, and campground fees to **Wisconsin state parks** are not subject to Wisconsin sales or use tax.

Refer to sec. Tax 11.54, Wis. Adm. Code, "Temporary amusement, entertainment or recreational events or places," and sec. Tax 11.65, Wis. Adm. Code, "Admissions," for more information.

2. Amusement Devices

The privilege of access to or the use of jukeboxes, pinball machines, arcades, mechanical rides, and mechanical games. Payments (i.e., commissions) by vending machine owners or operators to the owner or operator of the establishment in which a machine is placed do not reduce taxable sales.

Refer to sec. Tax 11.52, Wis. Adm. Code, "Coin-operated vending machines and amusement devices," for more information.

Information about the tax treatment of receipts from video gambling machines can be found on pages 4-6 of *Wisconsin Tax Bulletin #140* (October 2004) and pages 14-15 of *Wisconsin Tax Bulletin* #146 (February 2006).

3. Cable Television

Cable television system services provided to customers located in Wisconsin, including installation charges.

4. Landscaping and Lawn Maintenance

Landscaping and lawn maintenance services, including landscape planning and counseling, lawn and garden services such as planting,

mowing, spraying, and fertilizing and shrub and tree services.

Refer to Wisconsin Publication 210, *Sales and Use Tax Treatment of Landscaping*, for more information.

5. Laundry and Dry Cleaning

Laundry, dry cleaning, pressing, and dyeing services and the rental of linens, uniforms, and towels.

Note: This type of service performed on cloth diapers by a diaper service, raw materials or goods in process destined for sale, and receipts from coin-operated laundry and dry cleaning units when the service is performed by the customer are not taxable.

Refer to sec. Tax 11.72, Wis. Adm. Code, "Laundries, dry cleaners, and linen and clothing suppliers," for more information.

6. Parking

- Providing parking space for motor vehicles and aircraft.

  Refer to sec. Tax 11.49, "Service stations and fuel oil dealers," and sec. Tax 11.84, Wis. Adm. Code, "Aircraft," for more information.

- Providing docking or storage space for boats.

Refer to sec. Tax 11.48, Wis. Adm. Code, "Landlords, hotels and motels," and sec. Tax 11.85, Wis. Adm. Code, "Boats, vessels and barges," for more information.

7. Photographic

- Photographic services, including the processing, printing, and enlarging of film.
- Services of photographers for the taking, reproducing, and sale of photographs, including those sold to students through schools.
- Videotaping services.

  Refer to sec. Tax 11.47, Wis. Adm. Code, "Commercial photographers and photographic services," for more information.

8. Producing, Fabricating, and Printing

The producing, fabricating, processing, printing, or imprinting of tangible personal property; or an item, property, and good described in Part X.A.2. to 4.; for a consideration for consumers who furnish directly or indirectly the materials used in producing, fabricating, processing, printing, or imprinting. For example, the making of a custom tailored suit for a customer who furnished the material is taxable.

Exception: Tax does not apply to the printing or imprinting of tangible personal property; or an item, property, or good described in Part X.A.2. to 4.; that results in:

1. Printed advertising materials transported outside Wisconsin by the purchaser for use solely outside Wisconsin (sec. 77.54(25), Wis. Stats.), or

2. Certain catalogs and their mailing envelopes (sec. 77.54(25m), Wis. Stats.).

Prior to April 1, 2009, the printing or imprinting of catalogs was taxable, except for the printing or imprinting of printed advertising materials transported outside Wisconsin by the purchaser for use solely outside Wisconsin.

See Part XI.C.4. and 16. for information about the exemptions for printed advertising materials and catalogs.

Refer to sec. Tax 11.38, Wis. Adm. Code, "Fabricating and processing," and sec. Tax 11.56, Wis. Adm. Code, "Printing industry," for more information.

9. Repair and Service of Tangible Personal Property, Items, Property, or Goods

The repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of all items of tangible personal property; or items, property, or goods described in Part X.A.2.

to 4. Mileage and delivery charges associated with these taxable repairs and services are also taxable.

The items listed below are deemed to retain their character as tangible personal property for purposes of repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance, regardless of whether the repair, service, alteration, etc., of the item is an addition to or a capital improvement of real property.

The original installation or the complete replacement of an item listed below continues to be nontaxable if such installation or replacement is a real property construction activity under sec. 77.51(2), Wis. Stats.:

- air conditioners
- awnings
- bar equipment
- bathroom fixtures
- blinds
- boilers
- burglar alarm and fire alarm fixtures
- carpeting and rugs
- clothes dryers
- clothes washers
- coolers
- dehumidifiers
- dishwashers
- electric clocks
- electronic dust collectors
- electric signs
- equipment in offices, business facilities, schools, and hospitals, but not in residential facilities including personal residences, apartments, long-term care facilities as defined under sec. 16.009(1)(em), Wis. Stats., prisons, mental health institutes, as defined in sec. 51.01(12), Wis. Stats., centers for the developmentally disabled, as defined in sec. 51.01(3), Wis. Stats., Type 1 juvenile correctional facilities as defined in sec. 938.02(19), Wis. Stats., or similar facilities including, by way of illustration but not of limitation, all of the following:
  - beverage making equipment
  - canvas awnings
  - chandeliers
  - compressors
  - condensing units
  - evaporative condensers
  - fans
  - ice and milk dispensers
  - lamps
  - office and business machines
  - pneumatic conveying systems
  - soda fountains
  - steam warmers and tables
  - vending machines
  - venetian blinds
- freezers
- furnaces
- furniture and furnishings
- intercoms
- jukeboxes
- garbage disposal units
- gas and electric logs
- grills and rotisseries
- heat lamps
- heaters
- humidifiers
- incinerators
- intercoms
- laundry, dry cleaning, and pressing machines
- ovens (including associated hoods and exhaust systems)
- power tools
- radios and radio antennas
- record players
- recreational, sporting, gymnasium, and athletic goods and equipment including by way of illustration but not of limitation:
  - bowling alleys
  - golf practice equipment
  - pool tables
  - punching bags
  - ski tows
  - swimming pools
- refrigerators
- sinks
- stoves
- tape players
- television receivers and antennas
- vacuum cleaners
- water conditioners and softeners
- water heaters
- water pumps

Note: Some items above are also tangible personal property when installed.

Refer to sec. Tax 11.68, Wis. Adm. Code, "Construction contractors," Part XII of this publication, and Publication 207 *Sales and Use Tax Information for Contractors*, for more information.

10. Contracts for Future Performance of Services (effective October 1, 2009)

Sales of contracts, including service contracts, maintenance agreements, computer software maintenance contracts for prewritten computer software, and warranties, that provide, in whole or in part, for the future performance of or payment for the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, or maintenance of tangible personal property; or items, property, or goods described in Part X.A.2. to 4.; unless the sale, license, lease, or rental in this state of the property, items, or goods to which the contract relates is or was exempt, to the purchaser of the contract, from sales and use tax. Mileage and delivery charges associated with these contracts are also taxable.

11. Rooms and Lodging for Less Than One Month

Furnishing of rooms or lodging to a person for a continuous period of less than one month by hotelkeepers, motel operators, and other persons furnishing hotel, motel, or other furnished accommodations that are available to the public, regardless of whether membership is required for use of the accommodations.

"One month" means a calendar month or 30 days, whichever is less, counting the first day of the rental, but not counting the last day of the rental.

"Hotel" or "motel" includes inns, tourist homes, tourist houses or courts, lodging houses, rooming houses, summer camps, apartment hotels, resort lodges, and cabins.

Exceptions:

- The furnishing of rooms or lodging through the sale of any kind of time-share property is not taxable.
- The furnishing of accommodations by hospitals, sanatoriums, nursing homes, and corporations or associations organized or operated exclusively for religious, charitable, or educational purposes, such as public schools, colleges, and universities, for any period of time is not taxable.

Refer to sec. Tax 11.46, Wis. Adm. Code, "Summer camps," sec. Tax 11.48, Wis. Adm. Code, "Landlords, hotels and motels," and Publication 219, *Hotels, Motels and Other Lodging Providers*, for more information.

12. Internet Access, Prepaid Calling, Telecommunications, and Ancillary Services

Sales of the following services, if the service takes place in Wisconsin:

Internet Access Services.

Prepaid Calling Services.

Telecommunications Services, including the following:

- Intrastate telecommunications services.
- Interstate telecommunications services.
- International telecommunications services.
- Private communication services.
- 800 services, except interstate 800 services.
- 900 services.
- Fixed wireless services.
- Mobile wireless services.
- Stationary two-way radio services.
- Paging services.
- Facsimile, or FAX, transmission services.
- Prepaid wireless calling services.
- Value-added non-voice data services.
- Residential communications services.
- Coin-operated telephone services

Ancillary Services, including the following:

- Conference bridging services.
- Directory assistance services.

- Call forwarding services.
- Voice mail services.
- Caller ID services.
- Call waiting services.

Exceptions: The following are not taxable:

- Interstate 800 services.
- Interstate or international telecommunications service if the service occurs at a location outside Wisconsin.
- Revenues collected under sec. 256.35(3), Wis. Stats., the surcharge established by the public service commission under s. 256.35(3m)(f), Stats., for customers of wireless providers as defined in sec. 256.35(3m)(a)6., Wis. Stats., and the police and fire protection fees under sec. 196.025(6), Wis. Stats.

"Internet access services" means sending messages and information transmitted through the use of local, toll, and wide-area telephone service; channel services; telegraph services; teletypewriter; computer exchange services; cellular mobile telecommunications services; specialized mobile radio; stationary two-way radio; paging service; or any other form of mobile and portable one-way or two-way communications; or any other transmission of messages or information by electronic or similar means between or among points by wire, cable, fiber optics, laser, microwave, radio, satellite, or similar facilities.

"Prepaid calling services" means the right to exclusively access telecommunications services, if that right is paid for in advance of providing such services, requires using an access number or authorization code to originate calls, and is sold in predetermined units or dollars that decrease with use in a known amount.

"Telecommunications services" means electronically transmitting, conveying, or routing voice, data, audio, video, or other information or signals to a point or between or among points. "Telecommunications services" includes the transmission, conveyance, or routing of such information or signals in which computer processing applications are used to act on the content's form, code, or protocol for transmission, conveyance, or routing purposes, regardless of whether the service is referred to as a voice over Internet protocol service or classified by the federal communications commission as an enhanced or value-added nonvoice data service. "Telecommunications services" do not include ancillary services or Internet access services.

"Ancillary services" are those services that are associated with or incidental to providing telecommunications services, including detailed telecommunications billing, directory assistance, vertical service, and voice mail services.

Note: Receipts from "911" charges, including wireless surcharges, and police and fire protection fees are not taxable.

Where does the sale take place?

There are special provisions that apply to where the sale of a telecommunications service (and certain related services) takes place (i.e., where the sale is "sourced"). Please refer to sec. Tax 11.66, Wis. Adm. Code, "Telecommunication and telecommunications message services," for more information.

13. Telecommunications Message Services

Telecommunications message services that consist of recording telecommunications messages and transmitting them to the purchaser of the service or at that purchaser's direction, but not including services that are taxable as telecommunications services, ancillary services, or Internet access services or services that are incidental to another service that is not taxable and sold to the purchaser of the incidental service. Telecommunications message services include the following:

- Nonmechanical telephone answering services.
- Security monitoring services that consist of recording a telecommunications message and notifying the customer or local authorities of the message.
- Electronic mail services.

- Mechanical or electronic voice messaging and telephone answering services, except ancillary services.

The location where a telecommunications message service takes place is determined by the General Sourcing Rules, as provided in Part VII.C. This will generally result in the location of the sale being where the customer, or someone at the direction of the customer, receives the message.

"Incidental" is defined in Part XI.C.18 of this publication.

Please refer to sec. Tax 11.66, Wis. Adm. Code, "Telecommunication and telecommunications message services," for more information.

14. Towing and Hauling of Motor Vehicles by a Tow Truck

Towing and hauling of motor vehicles by a tow truck, as defined in sec. 340.01(67n), Wis. Stats., unless at the time of towing or hauling a sale in this state of the motor vehicle to the purchaser would be exempt from sales and use taxes, not including the exempt sale of a motor vehicle to a nonresident under sec. 77.54(5)(a), Wis. Stats., and nontaxable sales described in sec. 77.51(14r), Wis. Stats.

"Tow truck" is defined in sec. 340.01(67n), Wis. Stats., to mean "a motor vehicle that is equipped with mechanical or hydraulic lifting devices or winches capable of, and used for, the recovery or transport or both of wrecked, disabled, abandoned, used or replacement vehicles."

Note: Prior to July 1, 2009, and continuing on and after July 1, 2009, sales and use tax applied to the towing of tangible personal property (see Part X.B.9.), including the towing of motor vehicles, unless, at the time of the towing, a sale in Wisconsin of the type of property towed would have been exempt to the customer from sales tax, other than the exempt sale of a motor vehicle or truck body to a nonresident under sec. 77.54(5)(a), Wis. Stats., and other than nontaxable sales under sec. 77.51(14r), Wis. Stats.

15. Delivery Charges

When a retailer sells tangible personal property; an item, property, or good described in Part X.A.2. to 4.; or taxable services which are subject to tax and the retailer charges the purchaser for the delivery, the retailer's total charge, including the delivery charge, is taxable. It is immaterial whether delivery is made by the seller's vehicle, a common or contract carrier, or the United States Postal Service.

The correct state tax computation to be shown on an invoice when the retailer charges the purchaser for delivery of the product is shown in the following example:

Merchandise	$ 100.00
Delivery Charge	10.00
Subtotal	$ 110.00
Tax ($110 x 5%)	5.50
Total	**$ 115.50**

When a retailer charges a purchaser for the delivery of nontaxable or exempt tangible personal property; an item, property, or good described in Part X.A.2. to 4.; or services, the retailer's total charge, including any delivery charge, is not subject to the sales or use tax.

If a shipment includes both taxable and nontaxable products, the retailer shall determine and set forth on the invoice the portion of the delivery charge reasonably allocable to the taxable products. The portion allocated to nontaxable products is not taxable. If no allocation is made, the total delivery charge is taxable.

A Wisconsin consumer who purchases taxable property; an item, property, or good described in Part X.A.2. to 4.; or taxable services for use in Wisconsin without tax is subject to the sales or use tax based on the "purchase price." The "purchase price" includes delivery charges paid by the Wisconsin consumer to the supplier for shipment of the product. The "purchase price" does not include delivery charges paid by the Wisconsin consumer directly to the carrier.

Delivery charges for direct mail, including advertising and promotional direct mail and other direct mail, are not subject to sales or use tax if the delivery charges are separately stated on the invoice, bill of sale, or similar document that the seller gives to the purchaser. See Part VII.D. for additional information about direct mail, including the definition of "direct mail."

Refer to sec. Tax 11.94, Wis. Adm. Code, "Delivery charges." Also see pages 31-33 of *Wisconsin Tax Bulletin* #111 (October 1998) for more information.

C. Bundled Transactions

A "bundled transaction" is the retail sale of two or more products, not including real property and services to real property, if the products are distinct and identifiable and sold for one nonitemized price.* "Products" includes tangible personal property; items, property, and goods as described in Part X.A.2. to 4.; and services.

*Certain exceptions apply. These exceptions are listed in sec. Tax 11.985, Wis. Adm. Code, "Bundled transactions," along with definitions of "distinct and identifiable product" and "one nonitemized price."

The entire sales price of a bundled transaction is subject to Wisconsin sales or use tax, except as follows:

Retailer may identify the nontaxable portion of sales price: When a retailer is able to identify (by reasonable and verifiable standards from the retailer's books and records that are kept in the ordinary course of its business) the portion of the sales price that is attributable to products that are not subject to the tax, the retailer may choose to tax only the portion attributable to the taxable products. **Exception:** This option does not apply to a bundled transaction that contains food and food ingredients, drugs, durable medical equipment, mobility-enhancing equipment, prosthetic devices, or medical supplies.

A "bundled transaction" does not include the following:

1. The sale of any products for which the sales price varies or is negotiable based on the purchaser's selection of the products included in the transaction.

   In this case, the sales and use tax treatment of the transaction follows the tax treatment of the individual product(s) being sold.

   Example: Retailer A enters into a contract with Customer B to provide various information technology services. Customer B selects the information technology services it wants from Retailer A. Through negotiation, Retailer A and Customer B agree on a price based on the services selected and Retailer A bills Customer B one nonitemized price for all of the services. Since the price was based on the products selected by Customer B, the transaction is not a bundled transaction.

2. The retail sale of a service and tangible personal property; or items, property, or goods, described in Part X.A.2, to 4.; if **all** of the following apply:

   a. The tangible personal property; or item, property, or good described in Part X.A.2. to 4.; is essential to the use of the service.

   b. The tangible personal property; or item, property, or good described in Part X.A.2. to 4.; is provided exclusively in connection with the service.

   c. The true object of the transaction is the service.

   In this case, the sales and use tax treatment of the transaction follows the tax treatment of the service provided.

3. The retail sale of services, if **both** of the following apply:

   a. One of the services is essential to the use or receipt of a second service, and is provided

exclusively in connection with the second service.

b. The true object of the transaction is the second service.

In this case, the sales and use tax treatment of this transaction follows the tax treatment of the second service provided.

4. A transaction that includes taxable and nontaxable products, if the seller's total purchase price or the sales price of the taxable products is no greater than 10% of the seller's total purchase price or sales price of all the bundled products. The seller must determine this percentage using either the seller's purchase price or sales price, but not a combination of both, or, in the case of a service contract, the full term of the service contract.

   In this case, the transaction is not subject to sales or use tax. However, the first person combining the products is required to pay the applicable Wisconsin sales or use tax on its purchase price of the taxable products included in the transaction.

5. The retail sale of tangible personal property; or items, property, or goods described in Part X.A.2. to 4.; if **all** of the following apply:

   a. The transaction includes both taxable and exempt tangible personal property; and/or items, property, and/or goods described in Part X.A.2. to 4.; but not services.

   b. The transaction includes food and food ingredients, drugs, durable medical equipment, mobility-enhancing equipment, prosthetic devices, or medical supplies.

   c. The seller's purchase price or the sales price of the taxable products is no greater than 50% of the seller's total purchase price or sales price of all the products included in what would otherwise be a bundled transaction. The seller must determine this percentage using either the seller's purchase price or sales price, but not a combination of both.

   In this case, the transaction is not subject to sales or use tax. The person combining the products is not required to pay Wisconsin sales or use tax on its purchase price of the taxable products included in the transaction.

6. A transaction that includes real property or service to real property.

   The tax treatment is explained in Part X.II.

Bundled Transaction Flowchart

A flowchart to aid in determining whether a transaction is a bundled transaction has been included in Appendix H.

The following example illustrates how to use the Bundled Transaction Flowchart: in Appendix H:

Example: Retailer A sells an 8-foot sectional "flag kit" consisting of a two-piece pole with an eagle affixed to the top, a cord, an attaching bracket and screws, and a U.S. flag, all enclosed in a package with a single Universal Product Code (UPC). Retailer A sells the "flag kit" to its customer, without installation, for a single nonitemized price of $50.00. Of the products that make up the "flag kit," the flag is exempt from Wisconsin sales and use tax, and the accessories are taxable.

Flag Kit	Retailer A's Purchase Price
Flag	$10.00
Pole with eagle	8.00
Cord	1.00
Bracket	1.50
Screws	.50
Total Purchase Price	$21.00
Taxable Portion	$11.00
Taxable Percentage	52.38%

Using the Bundled Transaction Flowchart in Appendix H:

1. Does the transaction include the retail sale of 2 or more products? Yes
2. Does the transaction include real property or a service to real property? No
3. Are the products distinct and identifiable? Yes

4. Are the products sold for one nonitemized price? Yes
5. Does the price vary or is the price negotiable based on products selected? No
6. Does the transaction include a service? No
7. Does the transaction include food and food ingredients, drugs, durable medical equipment, mobility-enhancing equipment, prosthetic devices, or medical supplies? No
8. Are the taxable products more than 10% of the total price? Yes

The transaction is a bundled transaction and Retailer A is liable for sales tax on its entire sales price of the flag kit (i.e., $50.00). Retailer A may, at its option, collect and remit tax only on the taxable portion of the sale if Retailer A can identify by reasonable and verifiable standards from its books and records that are kept in the ordinary course of its business, the portion of the sales price that is attributable to products that are not subject to tax (e.g., selling price of $50.00 x 52.38 = $26.19 subject to tax).

D. Property May Only Be Taxed Once

A sale, license, lease, or rental of a product may be taxed only once under the sales and use tax law, regardless of whether that sale, license, lease, or rental is subject to taxation under more than one imposition provision under the sales and use tax law. This is provided in sec. 77.61(20), Wis. Stats., which was created in 2009 Wis. Act 28, and merely clarifies the law, but does not change the tax treatment of any transaction.

Example 1: Individual A brings his clothing to Laundry B. Laundry B cleans the clothing for Individual A for a fee. The provision of laundry service is taxable under sec. 77.52(2)(a)6., Wis. Stats. Additionally, the cleaning of tangible personal property (e.g., clothing) is taxable under sec. 77.52(2)(a)10., Wis. Stats. Although the tax is imposed under two separate provisions of the sales and use tax law, the service may only be taxed once.

Example 2: Individual C purchases a new automobile for $20,000 plus tax. Three years later, Individual C sells the automobile to Individual D. Individual D pays the tax upon registering the automobile with the Department of Transportation. Individual D later sells the automobile to Individual E, who also pays the tax upon registering the automobile with the Department of Transportation. Tax was correctly paid on each of these separate transactions. The taxation of these transactions is not affected by the creation of sec. 77.61(20), Wis. Stats., in 2009 Wis. Act 28.

XI. WHAT IS EXEMPT?

A. General

The retail sale or purchase of tangible personal property; items, property, and goods described in Part X.A.2. to 4.; and selected services are subject to Wisconsin sales or use tax, unless an exemption applies. The exemptions that may apply depend on:

1. Whether the product itself is exempt from the tax. (Exemption certificate is not required. Refer to Part B.)

2. How the product is used or other specific criteria. (Exemption certificate is required. Refer to Part C.)

3. Whether the buyer or seller is exempt from the tax. (Refer to Part D.)

Normally, to purchase tangible personal property; an item, property, or good described in Part X.A.2. to 4.; or taxable services in Wisconsin without tax, an exemption certificate must be given to the seller as described in Part IX. However, for retail sales of certain property (e.g., exempt food and food ingredients sold by grocery stores), certificates are not required to be given to the seller.

B. Exemptions That Do Not Require Exemption Certificates

Retail sales of the following products may be made without sales tax, even though an exemption certificate is not received by the seller. However, if the product is not used for the exempt purpose, the purchaser must pay use tax based on the product's purchase price.

1. **Insurance**

   The charge for insurance that is separately stated on the invoice given by the seller to the purchaser. "Insurance" does not include contracts as described in Part X.B.10. of this publication.

2. **Caskets and Burial Vaults**

   Caskets and burial vaults sold for use in burying human remains. Caskets and burial vaults for animals are taxable.

3. **Food and Food Ingredients**

   - Food and food ingredients, except that candy, soft drinks, dietary supplements, and prepared food are taxable.

     Candy is a preparation of sugar, honey, or other natural or artificial sweetener combined with chocolate, fruit, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include a preparation that contains flour or that requires refrigeration.

     Soft drink is a beverage that contains less than 0.5 percent of alcohol and that contains natural or artificial sweeteners. Soft drinks do not include beverages that contain milk or milk products; soy, rice, or similar milk substitutes; or more than 50% vegetable or fruit juice by volume. Soft drinks are beverages that are in liquid form and do not include items that are not in liquid form, such as powdered drink mixes.

     Dietary supplement is a product, other than tobacco, that meets all of the following:

     — Contains a vitamin, mineral, herb, botanical, amino acid or other dietary substance to supplement the diet.

     — Intended for ingestion in tablet, powder, capsule, soft-gel, gel-cap, or liquid form, or, if not in such forms, is not represented as conventional food and is not represented for use as the sole item of a meal or diet.

     — Required to be labeled as a dietary supplement (21 C.F.R. 101.36).

     Prepared food includes any of the following:

     — Food and food ingredients sold in a heated state.

     — Food and food ingredients heated by the retailer, except if any of the following apply:

       - Two or more food ingredients are mixed or combined by a retailer for sale as a single item, and the retailer's primary classification in the North American Industry Classification System (NAICS) is manufacturing under subsector 311, but not including bakeries and tortilla manufacturing under industry group number 3118.

       - Bakery items made by a retailer.

       - Two or more food ingredients mixed or combined by a retailer for sale as a single item, sold unheated, and sold by volume or weight.

     — Two or more food ingredients mixed or combined by the retailer for sale as a single item, except if any of the following apply:

       - The retailer's primary NAICS classification is manufacturing under subsector 311, but not including bakeries and tortilla manufacturing under industry group number 31182.

       - The item is sold unheated and by volume or weight.

       - The item is a bakery item made by the retailer.

- The food and food ingredients are only sliced, repackaged, or pasteurized by the retailer.
- The item contains eggs, fish, meat, or poultry in raw form that requires cooking by the consumer, as recommended by the FDA.

— Food and food ingredients sold with eating utensils, such as napkins, plates, forks, straws, etc., that are provided by the retailer if:

- It is the retailer's customary practice to physically give or hand the utensils to the purchaser, except that plates, bowls, glasses, or cups that are necessary to receive the food or food ingredients need only be made available to the purchaser, or
- The eating utensils are available to the purchasers and the retailer's sales of certain prepared foods are more than 75% of the retailer's total sales of all food and food ingredients at that establishment. **Exception:** An item sold by the retailer that contains four or more servings packaged as one item and sold for a single price does not become prepared food simply because the retailer makes utensils available to the purchaser of the item, but is prepared food if the retailer physically gives or hands utensils to the purchaser of the item.

Refer to the following for more information, including how to apply the 75% test: Publication 220, *Grocers - How Do Wisconsin Sales and Use Taxes Affect Your Operations*; sec. Tax 11.51, Wis. Adm. Code, "Grocers' guidelist;" and sec. Tax 11.87, Wis. Adm. Code, "Prepared food, food and food ingredients, and soft drinks."

- A restaurant's purchase of candy, soft drinks, dietary supplements, and prepared foods, and disposable products that are transferred with such items, furnished ***for no consideration*** by a restaurant to the restaurant's employee during the employee's work hours. **Note:** The restaurant's ***sales*** of such items are subject to tax, even if sold to employees during the employee's work hours.

> **Prior to October 1, 2009,** certain food, food products, and beverages and disposable products that were transferred with such items were exempt from Wisconsin sales and use tax if the items were provided by a restaurant to the restaurant's employees during the employee's work hours, *regardless of whether the restaurant sold the items to the employee or furnished the items to the employee for no consideration*.

Caution: This exemption does not apply to the above items consumed by employees of grocery stores, convenience stores, and other businesses that do not operate restaurants.

- Sales of food and food ingredients, except soft drinks, by hospitals, sanatoriums, nursing homes, retirement homes, community-based residential facilities as defined in sec. 50.01(lg), Wis. Stats., and any facility certified or licensed under Chapter 48, Wis. Stats., are exempt. Also exempt are "mobile meals on wheels" sold to the elderly and handicapped. **Note:** This exemption does not apply to alcoholic beverages.

  Facilities certified or licensed under Chapter 48, Wis. Stats., include licensed day care centers, child placement agencies, residential care centers, foster homes, treatment foster homes, group homes, and shelter care facilities. **Note:** The law change that became effective on May 6, 2010 expanded the exemption to include such sales made by all facilities certified or licensed under Chapter 48, Wis. Stats., rather than only day care centers.

  From October 1, 2009 through May 5, 2010, food and food ingredients, except soft drinks, sold by hospitals, sanatoriums, nursing homes, retirement homes, community-

based residential facilities, as defined in sec. 50.01(1g), Wis. Stats., and day care centers registered under Chapter 48, Wis. Stats., were exempt from Wisconsin sales and use taxes. These sales continue to be exempt under current law. **Note:** This exemption does not apply to alcoholic beverages.

Prior to October 1, 2009, the exemption applied to meals, food, food products, and beverages that were sold by a hospital, sanatorium, nursing homes, retirement home, community-based residential facility as defined in sec. 50.01(lg), Wis. Stats., or day care center licensed under Chapter 48, Wis. Stats., **and served at** a hospital, sanatorium, nursing home, retirement home, community-based residential facility, or day care center.

Note: This exemption did not apply to soft drinks and alcoholic beverages.

Refer to sec. Tax 11.87, Wis. Adm. Code, "Prepared food, food and food ingredients, and soft drinks," for more information.

4. Fuel and Electricity

- Fuel oil, propane, coal, steam, peat, fuel cubes produced from solid waste, or wood used for fuel which is sold for residential use. "Residential use" means use in a structure which is a person's permanent principal residence.
- Electricity and natural gas sold for residential use during the months of November through April.
- Fuel and electricity sold for use in farming, including agriculture, dairy farming, floriculture, and horticulture.
- Biomass sold for fuel for residential use (effective December 1, 2007).

Note 1: If fuel or electricity sold to a consumer is for both exempt and non-exempt use, the seller must obtain an exemption certificate to substantiate the exempt sales.

Note 2: Wood residue and wood pellets used as fuel in a business activity may also be exempt. See Part XI.C.27.

Note 3: See Part XI.C.7. for information relating to the exemption for fuel and electricity consumed in manufacturing.

5. Home Exchange Service Sales (effective December 1, 2007)

Sales by a home exchange service that receives moneys from the appropriation account under sec. 20.485(1)(g), Wis. Stats., and is operated by the Department of Veterans Affairs.

6. Drugs

- Drugs prescribed for the treatment of a human being by a person authorized to prescribe the drugs, and dispensed on prescription filled by a registered pharmacist in accordance with law.
- Drugs furnished by a licensed physician, surgeon, podiatrist, or dentist to a patient who is a human being for treatment of the patient.
- Drugs furnished by a hospital for treatment of any person pursuant to the order of a licensed physician, surgeon, podiatrist, or dentist.
- Drugs sold to a licensed physician, surgeon, podiatrist, dentist, or hospital for the treatment of a human being.
- Drugs furnished for the treatment of a human being by a medical facility or clinic maintained by the State of Wisconsin or any political subdivision or municipal corporation of the State of Wisconsin.
- Drugs furnished without charge to a physician, surgeon, nurse anesthetist, advanced practice nurse, osteopath, dentist who is licensed under ch. 447, Wis. Stats., podiatrist who is licensed under ch. 448, Wis. Stats., or optometrist who is licensed under ch. 449, Wis. Stats., if the drug may not be dispensed without a prescription.

Refer to sec. Tax 11.09, Wis. Adm. Code, "Drugs," and sec. Tax 11.45, Wis. Adm. Code, "Sales by pharmacies and drug stores," for more information.

7. Durable Medical Equipment, Mobility-Enhancing Equipment, and Prosthetic Devices

- *Durable medical equipment* that is for use in a person's home, including repair parts, replacement parts, and accessories for that equipment, if the equipment is used for a human being.

  "Durable medical equipment":

  - Is primarily and customarily used for a medical purpose related to a person;
  - Can withstand repeated use;
  - Is not generally useful to a person who is not ill or injured and
  - Is not placed in or worn on the body.

  "Durable medical equipment" does not include mobility-enhancing equipment.

- *Mobility-enhancing equipment*, including repair parts, replacement parts, and accessories for that equipment, if the equipment is used for a human being.

  "Mobility-enhancing equipment":

  - Is primarily and customarily used to provide or increase the ability of a person to move from one place to another;
  - May be used in a home or motor vehicle; and
  - Is generally not used by a person who has normal mobility.

  "Mobility-enhancing equipment" does not include a motor vehicle or any equipment on a motor vehicle that is generally provided by a motor vehicle manufacturer. "Mobility-enhancing equipment" also does not include durable medical equipment.

- *Prosthetic devices*, including repair parts, replacement parts, and accessories for such devices, if the devices are used for a human being.

  A "prosthetic device" is a device that is placed in or worn on the body:

  - To artificially replace a missing portion of the body;
  - To prevent or correct a physical deformity or malfunction; or
  - To support a weak or deformed portion of the body.

  Refer to the following regulations for additional information:

  – Section Tax 11.08, "Durable medical equipment, mobility-enhancing equipment, and prosthetic devices"

  – Section Tax 11.17, "Hospitals, clinics and medical professions"

  – Section Tax 11.18, "Dentists and their suppliers"

8. Motor Vehicle and Alternate Fuel

Motor vehicle fuel (gasoline and diesel), alternate fuel (CNG and LPG), or general aviation fuel which is subject to the excise tax under ch. 78, Wis. Stats., except when the excise tax paid under ch. 78, Wis. Stats., is later refunded to the vendor, or to a buyer under sec. 78.75, Wis. Stats., because the buyer does not use the fuel in operating a motor vehicle upon public highways.

9. Printed Publications

- Newspapers.
- Periodicals, if sold by subscription and regularly issued at average intervals not exceeding three months.

  Note: All over-the-counter sales of periodicals not made by subscription are taxable.

- Periodicals sold by subscription issued at average intervals not exceeding six months if the seller is an educational association or corporation, as described in Part XI.D.1, that is exempt from sales or use tax on its purchases.

- Shoppers guides which distribute no less than 48 issues in a 12-month period.
- Controlled circulation publications sold to commercial publishers for distribution without charge.

Refer to sec. Tax 11.19, Wis. Adm. Code, "Printed material exemptions."

10. Occasional Sales

- Sales of tangible personal property; items, property, or goods described in Part X.A.2. to 4.; or taxable services by persons who do not hold and are not required to hold a seller's permit.

  Refer to Part XVI. of this publication and to secs. Tax 11.33, Wis. Adm. Code, "Occasional sales;" Tax 11.34, Wis. Adm. Code, "Occasional sales exemption for sale of a business or business assets;" and Tax 11.35 Wis. Adm. Code, and "Occasional sales by nonprofit organizations" for more information. Also see pages 30-37 of *Wisconsin Tax Bulletin* #122 (October 2000).

- Sales to the seller's spouse, parent, stepparent, father-in-law, mother-in-law, child, stepchild, daughter-in-law, or son-in-law of motor vehicles, boats, snowmobiles, recreational vehicle as defined in sec. 340.01(48r), Wis. Stats., trailers, semi-trailers, all-terrain vehicles, or aircraft, but such sales are exempt only if the seller is not engaged in the business of selling this type of property and only if the property has been previously registered or titled in Wisconsin, or in the case of boats, registered or titled under the laws of Wisconsin or the United States, in the name of the seller.

11. Water Delivered Through Mains

Utilities, governmental agencies, and others delivering water to consumers through mains.

12. Manufactured Homes

- 35% of the total amount for which a new manufactured home is sold, if the manufactured home is used as a dwelling and is certified by the federal Department of Housing and Urban Development (HUD) as complying with the standards under 42 USC 5401 to 5425.

  Prior to January 1, 2008, a "manufactured home" was referred to as a "mobile home," and the 35% exemption applied to mobile homes that were primary housing units, as defined in sec. 340.01(29), Wis. Stats., or that were transported in two unattached sections if the total size of the combined sections, not including additions and attachments, was at least 984 square feet measured when the sections were ready for transportation.

  No credit is allowed for trade-ins.

  This 35% exemption *only* applies to sales, not to leases and rentals.

- The full amount for which a used mobile home (manufactured before June 15, 1976) is sold, if the home is a primary housing unit as defined under sec. 340.01(29), Wis. Stats.

- The full amount for which a used manufactured home is sold, if the home is used as a dwelling and is certified by the federal Department of Housing and Urban Development (HUD) as complying with the standards under 42 USC 5401 to 5425.

- The sales price from the rental, for a continuous period of one month or more, of a mobile home or a manufactured home that is used as a residence. "One month" means a calendar month or 30 days, whichever is less, counting the first day of the rental and not counting the last day of the rental.

- The sales price from the sales of and the storage, use, or other consumption of a manufactured home that is used in a real

property construction activity outside Wisconsin (effective September 1, 2011).

The changes relating to "mobile homes" versus "manufactured homes" are explained on pages 30-33 of *Wisconsin Tax Bulletin* #154 (December 2007).

13. Modular Homes

- For a "modular home," as defined in sec. 101.71(6), Wis. Stats. (see definition below), that is tangible personal property when sold, a retailer may claim exemption on one of the following:

  Option A: 35% of the sales price.

  Option B: An amount equal to the sales price minus the cost of the materials that become an ingredient or component part of the modular home.

  No credit is allowed for trade-ins.

  Note: Once a retailer chooses Option A or Option B, the retailer must continue to use that option for all subsequent sales of modular homes, that are tangible personal property when sold, until such time as the Department of Revenue approves in writing the use of the other option.

  Prior to January 1, 2008, a "modular home" was referred to as a "manufactured building."

  "Modular home" under sec. 101.71(6), Wis. Stats., means any structure or component thereof which is intended for use as a dwelling and:

  a. is of closed construction and fabricated or assembled on-site or off-site in manufacturing facilities for installation, connection, or assembly and installation, at the building site; or

  b. is a building of open construction which is made or assembled in manufacturing facilities away from the building site for installation, connection, or assembly and installation on the building site and for which certification is sought by the manufacturer.

  "Modular home" does not mean a manufactured home or mobile home under sec. 101.91, Wis. Stats., or any building of open construction which is not subject to b. above.

  Refer to pages 23-28 of *Wisconsin Tax Bulletin* #104 (November 1997) for additional information.

- The sales price from the sales of and the storage, use, or other consumption of a modular home that is used in a real property construction activity outside Wisconsin (effective September 1, 2011).

14. Diaper Services

Laundry, dry cleaning, pressing, and dyeing services performed on cloth diapers by a diaper service.

"Cloth diaper" means a cloth diaper used for sanitary purposes.

"Diaper service" means a business primarily engaged in the lease or rental, delivery, and laundering of cloth diapers.

Note: The exemption for the sale, lease, or rental of cloth diapers was repealed, effective October 1, 2009.

15. Copies of Certain Records

Copies of a public record that a person may examine and use under sec. 16.61(12), Wis. Stats., and copies of records under sec. 19.35(1), Wis. Stats.

16. Animal Identification Tags

Sales of animal identification tags by the Wisconsin Department of Agriculture, Trade, and Consumer Protection to persons required or authorized to use those identification tags.

17. Standard Samples

Sales of standard samples representing product or commodity grades by the Wisconsin Department of Agriculture, Trade, and Consumer Protection.

18. Public Benefit Fees (Low-Income Assistance Fees)

The sales price from the collection of public benefit fees (low-income assistance fees) that are charged under sec. 16.957(4)(a) or (5)(a), Wis. Stats.

19. United States and Wisconsin Flags

- The United States flag or the Wisconsin state flag. A flag, for purposes of this exemption, is considered to include the staff to which the flag is permanently mounted when sold by the retailer.

  Example: Retailer A sells hand-held U.S. flags permanently mounted with staples to a wood or plastic staff. The sale of the flag (i.e., the fabric and staff to which the fabric is mounted) is exempt from Wisconsin sales or use tax.

- A "flag kit" sold as a single unit, which includes a United States flag or Wisconsin state flag and related accessories, such as a mounting bracket, a flagpole, a cord, and instructions on the display of the flag, *only if the taxable products included in the "flag kit" (i.e., mounting bracket, flagpole, cord, and instructions on the display of the flag) are 10% or less of the seller's purchase price or sales price, but not a combination of both.*

  Note: The sale of the "flag kit" is a "bundled transaction" if the taxable products included in the "flag kit" are more than 10% of the seller's purchase price or sales price, but not a combination of both. The entire sales price of a bundled transaction is subject to tax, with certain exceptions explained in Part X.C. A Bundled Transaction Flowchart is included in Appendix H. At the end of Part X.C., an example using a "flag kit" is included to illustrate how to use the Bundled Transaction Flowchart.

  Prior to October 1, 2009, a "flag kit," sold as a single unit, was exempt from tax if the "flag kit" included a United States flag or Wisconsin state flag and related accessories, such as a mounting bracket, a flagpole, a cord, and instructions on the display of the flag and was sold as one product (e.g., all items were enclosed in a package with a single Universal Product Code (UPC)). A "flag kit" did not include flag-related accessories that are available for sale individually, even if such items were sold in a single transaction along with a U.S. flag or Wisconsin state flag.

  This exemption does **not** apply to:

  - Flag accessories, except as described above.

    Example 1: Retailer C sells an 8-foot sectional flagpole. The sale of the flagpole is not exempt from Wisconsin sales or use tax under sec. 77.54(46), Wis. Stats.

    Example 2: Retailer D sells 40-foot sectional flagpoles, hardware for flags, U.S. flags, and Wisconsin state flags. All are for sale individually. The sale of the flagpoles and hardware are taxable, even if Retailer D sells these items in a single transaction along with the sale of a U.S. flag or a Wisconsin state flag.

  - A representation of the United States flag or Wisconsin state flag (e.g., stickers, magnets, lapel pins, photographs, and clothing).

20. Sales by the United States Government

Sales by the United States government or any of its agencies or instrumentalities.

C. Exemptions That Require Exemption Certificates

A seller will be subject to sales tax on the sales price from the sale of the following products unless a fully completed exemption certificate is received from the purchaser prior to the sale or no later than 90 days after the sale.

Note: If a seller does not obtain an exemption certificate prior to the sale or within 90 days after the date of the sale, the seller may, within 120 days after it is requested by the department to substantiate a claimed exemption, either obtain, in "good faith," a fully completed exemption certificate from the purchaser or by some other means provide proof that the transaction was not subject to Wisconsin sales or use tax. If a seller cannot prove that a transaction was exempt by one of these methods, the seller is not relieved from liability for the tax, interest, or penalties.

A seller accepts an exemption certificate in "good faith" if all of the following apply:

- The exemption claimed was authorized by law on the date of the transaction in the jurisdiction where the sale takes place (i.e., is sourced).
- The exemption could apply to the tangible personal property; item, property, or good described in Part X.A.2. to 4.; or service being purchased.
- The exemption being claimed is reasonable for the purchaser's type of business.

See Appendices E and F for a copy of the following exemption certificates:

- Form S-211, *Wisconsin Sales and Use Tax Exemption Certificate*
- Form S-211-SST, *Streamlined Sales and Use Tax Exemption Certificate*

Caution: It is not uncommon for a purchaser to buy a product without tax (e.g., purchasing a product without tax for resale by presenting the vendor with a fully completed exemption certificate) and then later use that item in a taxable manner. Effective October 1, 2009, when a taxable use is made of such a product, use tax is owed based on the original purchase price of the product.

Prior to October 1, 2009, if the first taxable use occurred more than six months after the purchase, the purchaser was allowed to measure use tax by (1) the fair market value of the item at the time that first taxable use occurred, or (2) the purchase price.

Example 1: Computer Store A buys and sells computers. A laptop computer was purchased without tax for resale on January 1, 2008 for $550. On November 1, 2009, Computer Store A took the laptop out of inventory and gave it away as a promotional item (i.e., taxable use). The fair market value of the laptop at the time that the first taxable use occurred was $300. Since the first taxable use occurred after October 1, 2009, Company A's use tax liability is based on its purchase price of $550.

Example 2: Same as Example 1, except that Computer Store A took the laptop out of inventory and gave it away as a promotional item (i.e., taxable use) on September 1, 2009. The fair market value of the laptop at the time that the first taxable use occurred was $300. Since the first taxable use occurred more than six months after Company A purchased the laptop and the first taxable use occurred before October 1, 2009, Company A may choose to measure its use tax liability by its purchase price of $550 or by the laptop's fair market value of $300.

1. Advertising and Promotional Direct Mail (effective July 1, 2013)

Advertising and promotional direct mail. "Advertising and promotional direct mail" means direct mail that has the primary purpose of attracting public attention to a product, person, business, or organization or to attempt to sell, popularize, or secure financial support for a product, person, business, or organization.

"Direct mail" means printed material that is delivered or distributed by the U.S. Postal Service or other delivery service to a mass audience or to addressees on a mailing list provided by or at the direction of the purchaser of the printed material, if the cost of the printed material or any tangible personal property or items, property, or goods described in Part X.A.2. to 4. included with the printed material is not billed directly to the recipients of the printed material. "Direct mail" includes any tangible personal property, or items, property, or goods described in Part X.A.2. to 4. provided directly or indirectly by the purchaser of the printed material to the seller of the printed material for inclusion in any package containing the printed material, including billing invoices, return envelopes, and additional marketing materials. "Direct mail"

does not include multiple items of printed material delivered to a single address.

See the exemptions for "Catalogs and their Mailing Envelopes" and Printed Advertising Materials" for related exemptions (in Part XI.C.4. and 16, respectively).

2. Affiliated Businesses - Certain Sales By (effective September 1, 2005)

If the seller and the purchaser are members of the same affiliated group under sec. 1504 of the Internal Revenue Code and are eligible to file a single consolidated return for federal income tax purposes, an exemption applies for sales of the following:

- Taxable services.
- Tangible personal property; or items or property described in Part X.A.2. and 3.; that is physically transferred to the purchaser as a necessary part of services that are subject to the taxes imposed under sec. 77.52(2)(a)7, Wis. Stats. (photographic services), sec. 77.52(2)(a)10, Wis. Stats. (repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, or maintenance of tangible personal property; or items or property described in Part X.A.2. and 3.), sec. 77.52(2)(a)11., Wis. Stats. (producing, fabricating, processing, printing, or imprinting of tangible personal property; or items or property described in Part X.A.2. and 3.), and sec. 77.52(2)(a)20., Wis. Stats. (landscaping and lawn maintenance services).

If a seller purchases a taxable service; tangible personal property; or an item or property described in Part X.A.2. and 3.; that is subsequently sold to a member of the seller's affiliated group and the sale is exempt as described above, the original purchase of the taxable service; tangible personal property; or item or property described in Part X.A.2. and 3.; by the seller is not considered a sale for resale or exempt as described above and the seller must pay the applicable tax on its purchase.

3. Carriers of Property or Passengers

- Buses, motor trucks, truck tractors, road tractors, trailers, and semitrailers (and accessories, attachments, supplies, parts, and repair services therefor) sold to persons who use the vehicles *exclusively* as common or contract carriers.

  Refer to sec. Tax 11.16, Wis. Adm. Code, "Common or contract carriers." Also see pages 31-37 of *Wisconsin Tax Bulletin #110* (July 1998).

- Railway rolling stock used in railroad operations and accessories, attachments, parts, and fuel for the railway rolling stock.

  Refer to sec. Tax 11.16, Wis. Adm. Code.

- Commercial vessels and barges of 50-ton burden or over *primarily* engaged in interstate commerce or commercial fishing.

  Refer to sec. Tax 11.16, Wis. Adm. Code, and sec. Tax 11.85, Wis. Adm. Code, "Boats, vessels and barges."

- Aircraft, and accessories, attachments, fuel, and parts for aircraft, sold to persons who use the aircraft as certified or licensed carriers of persons or property in interstate or foreign commerce.

  Refer to sec. Tax 11.84, Wis. Adm. Code, "Aircraft."

- All types of tangible personal property; or items or property described in Part X.A.2. and 3.; sold to a common or contract carrier and shipped by the seller via the purchasing carrier under a bill of lading to a point outside Wisconsin for use outside Wisconsin by the carrier in the conduct of its business.

4. Catalogs and Their Mailing Envelopes (effective April 1, 2009)

Catalogs, and the envelopes in which the catalogs are mailed, that are designed to advertise and promote the sale of merchandise or to advertise the services of individual business firms. "Catalog" means a printed and bound, stitched, sewed, or stapled book containing a list and de-

scription of property or services for sale, regardless of whether a price is specified.

Printed materials that are not bound, stitched, sewed or stapled, do not meet the definition of a "catalog." For example, an advertising pamphlet that is printed on a single sheet of paper and simply folded one or more times without being bound, stitched, sewed or stapled, does not meet the definition of a "catalog," and the exemption does not apply.

See the exemption for "Advertising and Promotional Direct Mail" and "Printed Advertising Materials" for related exemptions (in Part XI.C.1. and 16., respectively).

5. Clay Pigeons and Live Game Birds

- Clay pigeons and live game birds sold to bird hunting preserves that are licensed under sec. 169.19, Wis. Stats.
- Clay pigeons that are sold to a shooting facility, if any of the following applies:

  a. The shooting facility is required to pay the tax imposed under sec. 77.52, Wis. Stats., on the sales price from charges for shooting at the facility.

  b. The shooting facility is a nonprofit organization that charges for shooting at the facility, but is not required to pay the tax imposed under sec. 77.52, Wis. Stats., on its sales price from such charges because the charges are for occasional sales, as provided under sec. 77.54(7m), Wis. Stats.

  Effective July 1, 2007, the sales and use tax exemption for sales of clay pigeons applies if:

  (1) The clay pigeons are sold to a nonprofit gun club that charges for shooting at the facility, and

  (2) The charges for shooting at the facility qualify for exemption because the gun club is a nonprofit organization that provides safety classes to at least 25 individuals in the calendar year.

6. Farmers

Tangible personal property; and items and property described in Part X.A.2. and 3.; as explained below, sold to persons engaged in "farming." Farming includes agriculture, horticulture, or floriculture when engaged in as a business enterprise. Effective July 1, 2007, the definition of "farming" was expanded to include "silviculture."

"Silviculture" is the business of raising trees for timber, lumber or other wood products. "Silviculture" includes the logging of timber when it is performed by a person engaged in the business of silviculture and the logging is conducted with respect to that person's silviculture activity. "Silviculture" does not include pulp or sawmill operations.

See the tax release titled "Sales and Use Tax Exemption for Silviculture" on pages 19-31 of *Wisconsin Tax Bulletin* #152 (July 2007).

Refer to sec. Tax 11.12, Wis. Adm. Code, "Farming, including dairy farming, agriculture, horticulture, floriculture, silviculture, and custom farming services," and Publication 221, *Farmers and Farm Suppliers*, for more information.

- Tractors and machines, including accessories, attachments, and parts therefor, used exclusively and directly in the business of farming.

  Effective July 1, 2007, lubricants, nonpowered equipment, and other tangible personal property that are used exclusively and directly, or are consumed or lose their identities, in the business of farming are also exempt from Wisconsin sales and use taxes. For additional information about these changes, see Publication 221, *Farmers and Farm Suppliers*. **Note:** Effective October 1, 2009, this exemption also includes items and property described in Part X.A.2. and 3.

This exemption does not include:

a. Automobiles, trucks, and other motor vehicles for highway use,

b. Personal property that is attached to, fastened to, connected to, or built into real property or that becomes an addition to, component of, or capital improvement of real property, or

c. Tangible personal property; and items and property described in Part X.A.2. and 3.; used or consumed in the erection of buildings or in the alteration, repair, or improvement of real property, regardless of any contribution that the personal property item, or property makes to the production process in that building or real property and regardless of the extent to which that personal property, item, or property functions as a machine.

For purposes of this sales and use tax exemption, the following items retain their character as tangible personal property, regardless of the extent to which they are fastened to, connected to, or built into real property:

a. Auxiliary power generators

b. Bale loaders

c. Barn cleaners and elevators

d. Conveyors

e. Feed elevators and augers

f. Grain dryers and grinders

g. Irrigation implements

h. Milk coolers

i. Milking machines; including piping, pipeline washers, and compressors

j. Powered feeders, but not including platforms or troughs constructed from ordinary building materials

k. Silo unloaders (top and bottom)

For purposes of this sales and use tax exemption, the following definitions apply.

"Building" means any structure that is intended to be a permanent accession to real property; that is designed or used for sheltering people, animals, or plants, for storing property or for working, office, parking, sales, or display space, regardless of any contribution that the structure makes to the production process in it; that in physical appearance is annexed to that real property; that, except for a few structures, is covered by a roof or encloses space; that is not readily moved or disassembled; and that is commonly known to be a building because of its appearance and because of the materials of which it is constructed.

"Machine" means an assemblage of parts that transmit force, motion, and energy from one part to another in a predetermined manner.

"Used exclusively" means used to the exclusion of all other uses except for other uses not exceeding 5% of total use.

- Animal bedding and farm livestock medicine.
- The following property used exclusively in the business of farming: seeds for planting, plants, feed, fertilizer, soil conditioners, sprays, pesticides, fungicides, baling twine and baling wire, breeding and other livestock, poultry, farm work stock, containers for fruits, vegetables, grain, hay, silage, and animal wastes, and plastic bags, plastic sleeves, and plastic sheeting used to store and cover hay or silage.
- Electricity and fuel used in farming. See Part XI.B.4.

7. Fuel and Electricity Consumed in Manufacturing Tangible Personal Property; and Items and Property Described in Part X.A.2. and 3.; in Wisconsin

Fuel and electricity "consumed in manufacturing" means fuel and electricity used to operate

machines and equipment used directly in the step-by-step manufacturing process. Fuel and electricity are not "consumed in manufacturing" if they are used in providing plant heating, cooling, air conditioning, communications, lighting, safety and fire prevention, research and product development, receiving, storage, sales, distribution, warehousing, shipping, advertising, or administrative department activities. However, fuel and electricity used directly in manufacturing steam which is used by the manufacturer in further manufacturing or in heating a facility, or both, is "consumed in manufacturing."

For additional information about the exemption for fuel and electricity used in manufacturing, see the Exemption for Fuel and Electricity Consumed in Manufacturing Common Questions on the Department of Revenue's web site.

For additional information about how the sales and use tax exemption for fuel and electricity used in manufacturing replaced the sales tax income and franchise tax credit, see the article titled "Sales Tax Exemption Replaces Manufacturer's Sales Tax Credit." This article was published on pages 15-16 of *Wisconsin Tax Bulletin* #145 (November 2005).

8. Fuel Sold for Use in Charter Fishing Boats (effective July 1, 2009)

Fuel sold for use in motorboats that are regularly employed in carrying persons for hire for sport fishing in and upon the outlying waters, as defined in sec. 29.001(63), Wis. Stats., and the rivers and tributaries specified in sec. 29.2285(2)(a)1. and 2., Wis. Stats., if the owner and all operators are licensed under sec. 29.514, Wis. Stats., to operate the boat for that purpose.

"Outlying waters," as defined in sec. 29.001(63), Wis. Stats., means Lake Superior, Lake Michigan, Green Bay, Sturgeon Bay, Sawyer's Harbor and the Fox River from its mouth up to the dam at De Pere.

"Rivers and tributaries" specified in sec. 29.2285(2)(a)1. and 2., Wis. Stats., include any river or stream tributary of Lake Michigan or Green Bay from its mouth upstream to the first dam or lake and any other river or stream tributary of Lake Michigan or Green Bay that is designated by the department.

Section 29.514, Wis. Stats., details the requirement for obtaining and holding an outlying water sport trolling license. No person may be engaged or be employed for any compensation to guide any other person in sport trolling for trout or salmon in and upon the outlying waters unless the person is issued a sport trolling license by the Department of Natural Resources.

9. Fire Fighting Equipment

Fire trucks and fire fighting equipment including accessories, attachments, parts, and supplies for the trucks and equipment sold to a volunteer fire department.

10. Heavy Logging Equipment

Off-highway heavy mechanical equipment such as feller bunchers, slashers, delimbers, chippers, hydraulic loaders, loaders, skidder-forwarders, skidders, timber wagons, and tractors used *exclusively* and *directly* in the harvesting or processing of raw timber products in the field by a person in the logging business. "Heavy mechanical equipment" does not include hand tools such as axes, chains, chain saws, and wedges.

11. Diabetes Supplies

Supplies used to determine blood sugar level sold to the ultimate consumer. **Note:** Apparatus or equipment used for the injection of insulin or the treatment of diabetes may be exempt as durable medical equipment. See Part XI.B.7.

Prior to October 1, 2009, the exemption also included (1) apparatus or equipment for the injection of insulin sold to the ultimate consumer; and (2) apparatus or equipment for the treatment of diabetes sold to the ultimate consumer.

12. Manufacturing Machinery, Equipment, and Materials

- Machines and specific processing equipment and repair parts or replacements and safety attachments for such machines and equipment which are *exclusively* and *directly* used by a manufacturer in manufacturing tangible personal property; or items or property described in Part X.A. 2. and 3.

- Tangible personal property; or an item described in Part X.A.2.; which is used exclusively and directly by a manufacturer in manufacturing an article of tangible personal property; or an item or property described in Part X.A.2. and 3.; if either of the following apply:

  - It becomes an ingredient or component part of the article of tangible personal property; or item or property described in Part X.A.2. and 3.; that is destined for sale.

  - It is consumed, destroyed, or loses its identity in manufacturing the article of tangible personal property; or item or property described in Part X.A.2. and 3.; that is destined for sale. **Note:** See Part XI.C.7. for information relating to the exemption for fuel and electricity consumed in manufacturing.

  Note 1: Prior to August 1, 2009, the exemption was for tangible personal property which became an ingredient or component part of an article of tangible personal property or which was consumed, destroyed, or lost its identity in the manufacture of tangible personal property in any form destined for sale.

  Note 2: Creating a digital good does not meet the definition of "manufacturing" (i.e., for Wisconsin sales and use tax purposes, you cannot *manufacture* a digital good).

- Sales of tangible personal property (e.g., paper) or services (e.g., printing) that are used exclusively and directly and that become an ingredient or component of, or that are consumed or lose their identity in, the manufacture of shoppers guides, newspapers, or periodicals. The exemption applies whether the shoppers guides, newspapers, or periodicals are sold or transferred without charge to the recipient. **Note:** Prior to August 1, 2009, the exclusive and direct use requirements did not apply for this exemption.

Refer to Part XIV. for additional information about manufacturers and the exemptions for persons engaged in manufacturing.

13. Maple Syrup Equipment

Equipment sold for use in the production of maple syrup.

14. Motion Pictures

Motion picture film or tape, and motion pictures or radio or television programs for listening, viewing, or broadcasts, and advertising material related to such film or tape or programs, which are sold, leased, or rented to a motion picture theater or to a radio or television station.

Prior to October 27, 2007, the exemption only applied to motion picture film or tape, and advertising materials related to such film or tape, which are sold, leased, or rented to a motion picture theater or to a radio or television station.

15. Packaging and Shipping Materials

- Containers, labels, sacks, cans, boxes, drums, bags, or other packaging and shipping materials sold for use in packing, packaging, or shipping tangible personal property; or items or property described in Part X.A.2. and 3.; if used by the purchaser to transfer merchandise to customers.

- Meat casing, wrapping paper, tape, containers, labels, sacks, cans, boxes, drums, bags, or other packaging and shipping materials sold for use in packing, packaging, or shipping meat or meat products, regardless of whether used to transfer merchandise to customers.

16. Printed Advertising Materials

Printed advertising materials, including catalogs and their envelopes, purchased and stored for the purpose of subsequently transporting them outside Wisconsin by the purchaser for use solely outside Wisconsin.

Effective April 1, 2009, this exemption no longer applies to catalogs and the envelopes in which they are mailed. See the exemption for "Catalogs and Their Mailing Envelopes" in Part XI.C.4.

Also see the exemption for "Advertising and Promotional Direct Mail" in Part XI.C.1. for a related exemption.

17. Raw Materials for Printed Materials

Raw materials used for the processing, fabricating, or manufacturing of, or the attaching to or incorporating into, printed materials that are transported and used solely outside Wisconsin, even if the printed materials are not sold.

18. Purchases for Resale

Caution: If a person purchases a product for resale and makes any use of the product other than retention, demonstration, or display while holding the product for sale, lease, or rental in the regular course of the purchaser's operations, this exemption does not apply.

a. Tangible personal property; an item, property, or good described in Part X.A.2. to 4.; or a service, sold to a person who will resell it.

   Example: A retailer purchases property from a wholesaler or from another retailer and the retailer intends to resell the property to consumers.

b. Tangible personal property; or an item, property, or good described in Part X.A.2. to 4.; physically transferred, or transferred electronically, by a service provider to a customer in conjunction with the selling, performing, or furnishing of the following taxable services is considered to be resold by the service provider:

   - Photographic services (sec. 77.52(2)(a)7., Wis. Stats.)
   - Repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of tangible personal property; or items, property, or goods described in Part X.A.2. to 4. (sec. 77.52 (2)(a)10., Wis. Stats.)
   - Producing, fabricating, processing, printing, or imprinting of tangible personal property; or items, property, or goods described in Part X.A.2. to 4. (sec. 77.52(2)(a)11., Wis. Stats.)
   - Landscaping and lawn maintenance services (sec. 77.52(2)(a)20., Wis. Stats.)

   Examples of services in which the service provider may purchase the property, item, or good transferred without tax for resale follow:

   Example 1: Person X repairs a furnace for Person Y for $50, which includes the replacement of a furnace part. Person X may purchase the furnace part tax-free by giving an exemption certificate claiming resale to the seller of the part because the part is physically transferred to the customer.

   Example 2: A photographer purchases mounts, frames, and paper for use in finishing photographs which are transferred to customers. Such mounts, frames, and paper may be purchased without tax for resale by the photographer.

   Example 3: A person who delivers and installs sod for a customer is providing a taxable landscaping service. This person may purchase the sod without tax for resale.

c. Tangible personal property; or an item, property, or good described in Part X.A.2. to 4.; which is sold to a service provider who resells the property, item, or good which is physically transferred, or electron-

ically transferred, to a customer in conjunction with the selling, performing, or furnishing of nontaxable services or taxable services not listed in 18.b., is considered to be resold by the service provider if the property, item, or good transferred to the customer is not incidental to the selling, performing, or furnishing of the service.

"Incidental" means depending upon or appertaining to something else as primary; something necessary, appertaining to, or depending upon another which is termed the principal; or something incidental to the main purpose of the service.

Tangible personal property; or an item, property, or good described in Part X.A.2. to 4.; transferred by a service provider is incidental to the service if the purchaser's main purpose or objective is to obtain the service rather than the property, item, or good, even though the property, item, or good may be necessary or essential to providing the service. Also see "Bundled Transactions," in Part X.C.

The "incidental" test does *not* apply to contractors. Contractors should refer to Part XII. for information about their purchases.

Note 1: Tangible personal property; or an item, property, or good described in Part X.A.2. to 4.; which is sold to a service provider who transfers the property, item, or good to the customer in conjunction with the selling, performing, or furnishing of nontaxable services or taxable services not listed in Part XI.C.18.b., is subject to sales and use tax if the transfer of the property, item, or good is incidental to providing the service.

Note 2: Tangible personal property that is purchased to sell in a different format, such as a digital good, may not be purchased without tax for resale. The purchaser is the consumer of the tangible personal property and is liable for sales or use tax on its purchase of the tangible personal property.

Example: Company A purchases a stock photograph that it receives on a disk. Company A uploads the image of the stock photograph to its web site and sells digital reproductions of the stock photograph to its customers. Company A's purchase of the stock photograph on a disk is subject to Wisconsin sales or use tax.

Following are examples of tangible personal property; and items, property, and goods described in Part X.A.2. to 4.; transfers that are incidental to the service and, therefore, the service provider must pay the tax upon the purchase of the property:

Example 1: The operator of a motel or hotel is subject to tax on its purchases of beds, dressers, tables, linens, soap, and other items purchased for use in rooms provided to transients since the customers' main purpose is to obtain access to the room.

Example 2: A lawyer purchases paper which it uses to prepare legal documents that are provided to its customers. The purchase of the paper by the lawyer is subject to the tax since the customers' main purpose is to obtain the legal service.

Example 3: A baseball team purchases tickets to admit its customers to games and promotional items to be given to certain ticketholders for specific games. The tax applies to these purchases of tickets and promotional items because the ticketholders' main purpose is to attend the ball game.

Example 4: A person providing accounting services transfers documents, reports, forms, and binders to its clients in the course of setting up an accounting system for the clients. Purchases of paper, forms, and binders by the service provider are taxable since the clients' main purpose is to obtain the accounting service.

Example 5: An engineer's purchase of specialized paper, which is used to create drawings transferred to customers, is subject to the tax because the customers' main purpose is to obtain the engineer's design services.

Example 6: A physician purchases tape which is used in providing medical service. Such tape purchases are subject to the tax because the patients' main purpose is to obtain the medical service.

Example 7: A mover's purchases of corrugated boxes, containers, and related packing materials used in providing household goods moving services are subject to the tax because the customers' main purpose is to obtain the moving service.

19. Semen

Semen used in the artificial insemination of livestock.

20. Snowmaking and Snow-Grooming Machines and Equipment (effective July 1, 2013)

Snowmaking and snow-grooming machines and equipment, including accessories, attachments, and parts for the machines and equipment and the fuel and electricity used to operate such machines and equipment, that are used exclusively and directly for snowmaking and snow grooming at ski hills, ski slopes, and ski trails.

21. Snowmobile Trail Groomers

Snowmobile trail groomers and attachments that are purchased, stored, used, or consumed by a snowmobile club that (a) meets at least three times a year, (b) has at least ten members, (c) promotes snowmobiling, and (d) participates in the Department of Natural Resources snowmobile program under sec. 350.12(4)(b), Wis. Stats.

22. Utilities' Fuel

Fuel sold to utilities for conversion to electric energy, gas, or steam by the utility, and the portion of fuel converted to steam for purposes of resale by persons other than utilities.

23. Vegetable Oil or Animal Fat Converted to Motor Vehicle Fuel (effective September 1, 2011)

Vegetable oil or animal fat that is converted into motor vehicle fuel that is exempt from motor vehicles fuel taxes under sec. 78.01(2n), Wis. Stats.

24. Waste Treatment Facilities

A sales and use tax exemption applies for the following:

- Tangible personal property; or an item or property described in Part X.A.2. and 3.; becoming a component part of an *industrial* waste treatment facility that is exempt from Wisconsin property tax. Department of Revenue approval is *not* required.
- Tangible personal property; or an item or property described in Part X.A.2. and 3.; becoming a component part of the treatment plant of a *utility* waste treatment facility approved by the Department of Revenue as exempt from property tax. Requests for approvals should be sent to the Bureau of Utility Tax, 2135 Rimrock Rd., Mail Stop 6-97, P.O. Box 8971, Madison, WI 53708-8971.
- Tangible personal property; or an item or property described in Part X.A.2. and 3.; becoming a component part of a *Wisconsin governmental unit* waste treatment facility. Department of Revenue approval of Wisconsin governmental waste treatment facilities is *not* required.
- Replacement parts and chemicals and supplies (including fuel and electricity) used or consumed in operating a governmental unit, approved utility, or industrial waste treatment facility.

Effective October 1, 2007, the sales and use tax exemption was amended to reflect the change to the property tax exemption, which was effective January 1, 2007. With this change, the property tax exemption applies to all property and items purchased or constructed as a qualifying utility or industrial waste treatment facility ***used exclusively and directly*** to remove, store, or cause a physical or chemical change in industrial waste or air contaminants for the purpose of abating or eliminating pollution of surface waters, the air, or waters of the state if that property is not used to grow agricultural products for sale and, if the property's owner is taxed under Chapter 76, if the property is approved by the Department of Revenue.

The exemption is explained in detail on pages 33-34 of *Wisconsin Tax Bulletin* #154 (December 2007).

Contractors should give their suppliers an exemption certificate (e.g., Form S-211, Form S-211-SST) claiming this exemption.

More information is contained in sec. Tax 11.11, Wis. Adm. Code, "Utility, industrial and governmental waste treatment facilities."

25. Waste Reduction or Recycling

Waste reduction or recycling machinery and equipment, including parts therefore, *exclusively* and *directly* used for waste reduction or recycling activities, and motor vehicles not required to be licensed for highway use which are used in such activities. Equipment used to remove impurities from lubricating oil used in manufacturing machines and equipment used to produce fuel cubes from shredded paper qualify for this exemption.

Note: Dumpsters, compactors, and other collection containers do not qualify for this exemption.

For additional information, see pages 30-36 of *Wisconsin Tax Bulletin* #123 (January 2001).

26. Wind, Solar, and Gas from Anaerobic Digestions of Agricultural Waste (effective July 1, 2011)

- Products whose power source is wind energy, direct radiant energy received from the sun, or gas generated from anaerobic digestion of animal manure and other agricultural waste, if the product produces at least 200 watts of alternating current or 600 British thermal units per day, except that this exemption does not apply to an uninterruptible power source that is designed primarily for computers.
- Electricity or energy produced by a product described in the paragraph above, except for the sale of electricity or energy that is exempt from taxation under sec. 77.54(30), Wis. Stats.

An Emergency Rule was published on June 29, 2011. The text of the rule has been posted to the Department of Revenue's web site: "Emergency Rule for Wind, Solar, and Certain Gas-Powered Products' Exemption."

27. Wood Residue

Wood residue that is used as a fuel in a business activity and that results from the harvesting of timber or the production of wood products, including slash, sawdust, shavings, edgings, slabs, leaves, wood chips, and bark. Also, wood pellets manufactured primarily from wood or wood residue and used as a fuel in a business activity are exempt.

28. Manufacturing and Biotechnology (Effective January 1, 2012)

Exemptions were created for certain machinery and equipment sold to persons who are engaged primarily in manufacturing or biotechnology in Wisconsin and are used exclusively and directly in qualified research. This exemption also applies to such person's purchases of tangible personal property; or an item or property described in Part X.A.2. and 3.; that is consumed or destroyed or loses its identity while being used exclusively and directly in qualified research.

Machines and specific processing equipment used exclusively and directly in raising animals may also qualify for exemption when sold primarily to a biotechnology business, a public or private institution of higher education, or a governmental unit for exclusive and direct use by any such entity in qualified research or manufacturing.

Refer to Part XIV.E. for more specific information about the biotechnology exemptions available.

29. Digital Goods When Tangible Form Exempt

Specified digital goods or additional digital goods, if the sale of and the storage, use, or other consumption of such goods sold in a tangible form is exempt from, or not subject to, sales or use tax. See Part X.A.4. for additional information about digital goods.

D. Exempt Organizations

Certain organizations, described below, are exempt from Wisconsin sales and use taxes on their *purchases*. However, most *sales by* these organizations of taxable property and services are subject to sales tax unless the occasional sale exemption applies (see Part XVI.). Thus, if such an organization has taxable sales it must obtain a seller's permit and remit sales tax to the Department of Revenue.

The following material describes exemptions available to various organizations.

1. Nonprofit Organizations

All tangible personal property; items, property, and goods described in Part X.A.2. to 4.; and taxable services sold *to* nonprofit organizations operated exclusively for religious, charitable, scientific, or educational purposes or for the prevention of cruelty to children or animals, are exempt if the organization provides its Certificate of Exempt Status (CES) number to the seller.

To qualify for this exemption, an organization must obtain a CES number from the Wisconsin Department of Revenue and provide the number to the seller when purchasing tangible personal property; items, property, or goods described in Part X.A.2. to 4.; or taxable services. However, a similar out-of-state organization may use this exemption to purchase tangible personal property; items, property, and goods described in Part X.A.2. to 4.; and taxable services without tax even though it has not been issued a Wisconsin CES number.

Refer to Part IX. for information about obtaining a CES number.

2. Wisconsin Governmental Units, Agencies, and Instrumentalities

- Sales of tangible personal property; items, property, and goods described in Part X.A. 2. to 4.; and taxable services sold *to* the following Wisconsin governmental units, agencies, or instrumentalities are exempt.
  - The State of Wisconsin or any of its agencies.
  - Any unit of Wisconsin government or an agency or instrumentality of one or more units of Wisconsin government. This exemption includes any municipality, public school, or public school district in Wisconsin.
  - A county-city hospital established under sec. 66.0927, Wis. Stats.
  - An uptown business improvement district organized under sec. 66.1109, Wis. Stats.
  - A sewerage commission organized under sec. 281.43(4), Wis. Stats., or a metropolitan sewerage district organized under secs. 200.01 to 200.15 or 200.21 to 200.65, Wis. Stats.
  - A joint local water authority created under sec. 66.0823, Wis. Stats.
  - Any transit authority created under sec. 59.58(7) or 66.1039 (effective July 1, 2009).

— A local exposition district or professional baseball park or football stadium district under subchs. II, III, and IV of ch. 229, Wis. Stats.

— The University of Wisconsin Hospitals and Clinics Authority.

— A local cultural arts district created under subch. V of ch. 229, Wis. Stats.

— The Fox River Navigational System Authority.

— The Health Insurance Risk-Sharing Plan Authority (effective January 7, 2006).

— The Wisconsin Aerospace Authority (effective April 29, 2006).

— The Wisconsin Quality Home Care Authority (effective July 1, 2009).

— The Wisconsin Economic Development Corporation (effective February 24, 2011).

— A cemetery company or corporation described under section 501 (c) (13) of the Internal Revenue Code, if the tangible personal property or taxable services are used exclusively by the cemetery company or corporation for the purposes of the company or corporation (effective July 1, 2009).

Sales to foreign countries, other states, or municipalities in other states or foreign countries are taxable.

The governmental unit, agency, or instrumentality must give the seller one of the following:

a. An exemption certificate (e.g., Form S-211, Form S-211-SST).

b. A completed purchase order or similar document clearly identifying the purchaser.

c. The Certificate of Exempt Status number issued to the governmental unit to be recorded by the seller on the invoice it keeps.

- Sales by the State of Wisconsin of admission fees or stickers permitting access to state parks are exempt.
- A governmental unit's charges for copying public records or confidential records are exempt.

Refer to sec. Tax 11.05, Wis. Adm. Code, "Governmental units," for additional information about exempt sales by governmental units.

3. Wisconsin American Indian Tribes and Bands (effective August 1, 2009)

Sales to any federally recognized American Indian tribe or band in Wisconsin are exempt from Wisconsin sales and use taxes.

4. Elementary or Secondary Schools

- Sales of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; by any non-profit public or private elementary or secondary school, including the school district, are exempt. However, sales by colleges and universities are generally taxable.
- Sales of admissions to public and private elementary and secondary school activities are exempt if the entire net proceeds are expended for educational, religious, or charitable purposes.

More information about sales and purchases by elementary and secondary schools is contained in sec. Tax 11.03, Wis. Adm. Code, "Schools and related organizations."

5. United States Government

- Sales by or to the United States government or any of its agencies or instrumentalities are exempt.

- Sales tax applies to the receipts of non-governmental operators of vending machines located on army, navy, or air force installations, hospitals, or other facilities of the United States government.

- ***United States Government Bankcards*** - The federal government issues certain U.S. Government Bankcards (e.g., "GSA SmartPay" cards) to some of its employees for use when traveling. Such cards state that payment of all purchases will be made directly by the federal government. The cards may also list property and services which may not be purchased using such cards.

Sales to employees of the federal government holding such cards are exempt from Wisconsin sales or use tax, because they are considered sales to the federal government, provided the retailer makes the billing or invoice out in the name of the federal government agency and the retailer receives a purchase order or similar written documentation from the federal government agency or the federal governmental unit's Certificate of Exempt Status (CES) number.

6. Colleges, Universities, and Vocational Schools

- The sales price from student tuition are nontaxable because such receipts are from educational services. If a single billing for tuition includes mandatory charges for materials (which are incidental to the educational services) or mandatory charges for otherwise taxable services, the entire billing for these mandatory charges and tuition is not taxable. This is the case whether such mandatory charges are or are not separately stated on such single billing issued to the student.

  Note: Non-mandatory charges for these items included in such single billing are taxable if the price varies if the non-mandatory items are not purchased.

- Sales of food and food ingredients furnished in accordance with any contract or agreement by a public or private institution of higher education, are exempt if:

  — The items are furnished to an undergraduate student, a graduate student, or a student enrolled in a professional school if the student is enrolled for credit at that institution and if the items are consumed by that student, or

  — The items are furnished to a National Football League team.

For additional information, see Publication 204, *Sales and Use Tax Information for Colleges, Universities, and Technical Colleges*.

E. Disaster Relief Bankcards and Vouchers Issued by Exempt Organizations

Organizations, such as the Federal Emergency Management Agency (FEMA) and the American Red Cross (ARC), provide relief to disaster victims by distributing funds to those in need. The funds are distributed to disaster victims using various methods including: (1) making electronic transfers directly into a disaster victim's bank account; (2) issuing U.S. Treasury checks to a disaster victim; (3) issuing FEMA debit cards to a disaster victim; (4) providing the disaster victim with an ARC Disbursing Order (ARCDO); and (5) providing the disaster victim with a Client Assistance Card (CAC). The Wisconsin sales and use tax treatment of purchases made using each of these payment methods is described below.

FEMA Electronic Funds Transfer and U. S. Treasury Checks

Purchases made by disaster victims with funds from FEMA that have been electronically transferred into an individual's bank account or received by the individual in the form of a U.S. Treasury check are subject to Wisconsin sales or use tax in the same manner as any other purchase made by that individual.

Example: Individual A is a victim of Hurricane Katrina and receives funds from FEMA through an electronic funds transfer directly into Individual A's bank account. Individual A uses these funds to purchase gasoline for his automobile and a meal at a restaurant. Individual A's purchase of the gasoline

for his automobile is not subject to Wisconsin sales tax since gasoline for automobiles is generally not subject to Wisconsin sales tax. Individual A's purchase of the meal is subject to Wisconsin sales tax. The fact that these purchases are made with funds that were provided to Individual A by FEMA does not affect the taxability of the transactions.

FEMA Issued Debit Cards

In addition to providing funds to disaster victims using electronic funds transfer and U.S. Treasury checks, FEMA also had a pilot program in which it provided approximately 8,500 debit cards to some of the victims. The debit cards were set up in the victim's name and "pre-loaded" with $2,000 in spending authority. Purchases made by persons using the FEMA provided debit cards that have been set up in the victim's name are subject to Wisconsin sales or use tax in the same manner as any other purchase made by that individual.

American Red Cross Disbursing Orders (ARCDO)

An ARCDO is a voucher that the American Red Cross (ARC) provides to a disaster victim for a specific vendor and is good up to a specified dollar amount. Although ARCDOs are mainly issued for lodging for the victims, the ARC also issues ARCDOs for items such as groceries and clothing. A vendor that accepts an ARCDO submits a copy of the invoice or receipt showing what was purchased by the victim, along with a copy of the ARCDO, to the ARC. (**Note:** If the purchase was for less than $25 or was for groceries, a copy of the invoice or receipt is not required to be sent along with the ARCDO.) The ARC then sends a check to the vendor to pay for the purchase. Purchases made using ARCDOs, as described above, are not subject to Wisconsin sales or use tax since these purchases are made by the ARC. The vendor should keep a copy of the ARCDO and receipt and indicate the ARC's Certificate of Exempt Status (CES) number on the receipt to prove that the sale qualifies for exemption from Wisconsin sales and use tax. The CES number for the ARC is contained in the merchant instructions for the ARCDO.

American Red Cross Client Assistance Cards (CAC)

American Red Cross Client Assistance Cards (CACs) are prepaid credit cards which the ARC issues to some victims. Generally, CACs can be used anywhere that a MasterCard is accepted and may be used to purchase any items other than alcohol, tobacco and firearms.

When a CAC account is set up by the ARC for a victim, the financial institution through which the CAC has been issued will remove the specified amount of funds from the ARC's bank account and transfer the funds to the CAC account. The victim will then select a personal identification number (PIN) for the account and have approximately 15 days to spend the balance on the card. The ARC reserves the right to deactivate or suspend the card at any time if misuse is suspected. In addition, any funds left on the card after a specified period of time are returned to the ARC's bank account.

Purchases made using CACs are not subject to Wisconsin sales or use tax, provided the invoice for the purchase is made out in the name of the ARC and the purchaser pays for the purchase using the CAC. The retailer should keep a copy of the CAC and receipt and indicate the ARC's CES number on the receipt to prove that the sale qualifies for exemption from Wisconsin sales and use tax.

F. Other Exemptions

1. Auto Dealers

The loan by an automobile dealer of a motor vehicle to any school or school district for a driver training educational program conducted by the school or school district is exempt. If the dealer makes any other use of the vehicle except retention, demonstration, or display while holding it for sale in the regular course of business, the use is taxable as described in sec. 77.53(1m), Wis. Stats.

2. Interest, Financing, or Insurance

Charges for insurance are exempt if such charges are separately set forth upon the invoice given by the seller to the purchaser. Charges for interest, financing, and carrying charges that are extended on a sale of tangible personal property; items, property, or goods described in Part X.A. 2. to 4.; and services are not included in the sales price.

Prior to October 1, 2009, charges for interest and financing separately set forth on the invoice were exempt from tax. This results in the same tax treatment as the current deduction from sales price.

3. Interstate Commerce Sales

- Sales of tangible personal property; items, property, or goods described in Part X.A. 2. to 4.; and services, by retailers are exempt from sales tax if the sale takes place at a location outside Wisconsin. See Part VII.C., for information about where a sale takes place (i.e., where a sale is sourced).

  Example: A dry cleaner located in Beloit, Wisconsin has a pick-up route including territory in Illinois. The receipts from dry cleaning or laundry services of clothing picked up in Illinois and returned to Illinois by the dry cleaner are not subject to the Wisconsin tax, even though the actual service is performed in Wisconsin. In the opposite situation (i.e., Illinois dry cleaner selling in Wisconsin), the charges made to Wisconsin customers for dry cleaning are taxable.

  Caution: If the tangible personal property; or item or property described in Part X.A.2. and 3.; sold or serviced outside Wisconsin is later brought into Wisconsin, the purchaser may be subject to Wisconsin use tax on the storage, use, or consumption of the property or item or service in Wisconsin, unless an exemption applies. The storage, use, or other consumption of a taxable digital good described in Part X.A.4., sold outside Wisconsin, may be subject to use tax if the purchaser later has the right to use the goods on a permanent or less than permanent basis in Wisconsin.

- Sales of tangible personal property; or items or property described in Part X.A.2. and 3.; purchased for use solely outside Wisconsin and delivered to a forwarding agent, export packer, or other person engaged in the business of preparing goods for export or arranging for their exportation and actually delivered to a port outside the continental limits of the United States prior to making any use of the property or items are exempt.

4. Nonresidents

- Aircraft, motor vehicles, or truck bodies (including semitrailers) sold in Wisconsin to nonresidents of Wisconsin who do not use such property in Wisconsin other than to remove it from Wisconsin, are exempt. **Note:** This exemption is limited to aircraft, motor vehicles, and truck bodies. Wisconsin sales of other products to nonresidents are taxable.

- An aircraft is exempt from Wisconsin use tax when all of the following requirements are met:

  a. It is purchased in another state. See Part VII.C. for information about where a sale or purchase takes place (i.e., where a sale or purchase is sourced).

  b. Its owner or lessee has paid all of the sales and use taxes imposed in respect to it by the state where it was purchased.

  c. If the owner or lessee is a corporation, that corporation, and all corporations with which that corporation may file a consolidated return for federal income tax purposes, neither is organized under the laws of Wisconsin nor has real property or other tangible personal property, except aircraft and such property as hangars, accessories, attachments, fuel, and parts required for operation of aircraft, in Wisconsin at the time the aircraft is registered in Wisconsin.

  d. If the owner or lessee is a partnership, all of the corporate partners fulfill the requirements in c. above and none of the general partners or limited partners who have management or control responsibilities is domiciled in Wisconsin and the partnership has no other tangible personal property and no real

property, except aircraft and such property as hangars, accessories, attachments, fuel, and parts required for operation of aircraft, in Wisconsin at the time the aircraft is registered in Wisconsin.

e. If the owner or lessee is a limited liability company, all of the corporate members fulfill the requirements under c. above, and none of the managers and none of the members who has management control responsibilities is domiciled in Wisconsin and the limited liability company has no other tangible personal property and no real property, except aircraft and such property as hangars, accessories, attachments, fuel, and parts required for operation of aircraft, in Wisconsin at the time the aircraft is registered in Wisconsin.

f. If the owner or lessee is an individual, the owner or lessee is not domiciled in Wisconsin.

g. If the owner or lessee is an estate, trust, a cooperative, or an unincorporated cooperative association (effective May 26, 2006), that estate, that trust and its grantor, or that cooperative or association does not have real property or other tangible personal property, except aircraft and such property as hangars, accessories, attachments, fuel, and parts required for operation of aircraft, in Wisconsin at the time the aircraft is registered in Wisconsin.

h. The Department of Revenue has not determined that the owner, if the owner is a corporation, trust, partnership, or limited liability company, was formed to qualify for the exemption from Wisconsin use tax.

- A boat is exempt from Wisconsin use tax if purchased in a state contiguous to Wisconsin by a person domiciled in that state if the boat is berthed in Wisconsin's boundary waters adjacent to the purchaser's state of domicile, if the transaction was an exempt occasional sale under the laws of the state in which the purchase was made. See Part VII.C. for information about where a sale or purchase takes place (i.e., where a sale or purchase is sourced).
- Household goods, tangible personal property; items, property, or goods described in Part X.A.2. to 4.; or aircraft, motor vehicles, boats, snowmobiles, mobile homes, manufactured homes, recreational vehicles, trailers, semitrailers, and all-terrain vehicles, for personal use, purchased by a nonresident outside Wisconsin 90 days or more before bringing the goods, items, or property into Wisconsin in connection with a change of domicile to Wisconsin.
- Repair work (labor and materials) performed in Wisconsin on a nonresident's motor vehicle or truck body is taxable.
- Repair work (labor and materials) performed in Wisconsin on a nonresident's aircraft is taxable.

  Exception: Repair services for aircraft never used in Wisconsin other than to be removed from the state when purchased and subsequently brought into Wisconsin solely to be repaired are not taxable. However any sales of parts are taxable.

5. Non-Sales

The following transactions are not considered to be sales under the Wisconsin sales and use tax law, and, therefore, are not subject to Wisconsin sales or use tax:

- The transfer of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; to a corporation upon its organization solely in consideration for the issuance of its stock.
- The contribution of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; to a newly formed partnership solely in consideration for a partnership interest therein.

- The contribution of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; to a limited liability company upon its organization solely in consideration for a membership interest.
- The transfer of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; to a corporation, solely in consideration for the issuance of its stock, pursuant to a merger or consolidation.
- The transfer of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; to a limited liability company solely in consideration for a membership interest, pursuant to a merger.
- The distribution of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; by a corporation to its stockholders as a dividend or in whole or partial liquidation.
- The distribution of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; by a partnership to its partners in whole or partial liquidation.
- The distribution of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; by a limited liability company to its members in whole or partial liquidation.
- Repossession of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; by the seller from the purchaser when the only consideration is cancellation of the purchaser's obligation to pay the remaining balance of the purchase price.
- The transfer of transmission facilities, as defined in sec. 196.485(1)(h), Wis. Stats., to a transmission company, as defined in sec. 196.485(1)(ge), Wis. Stats., after the organizational start-up date, as defined in sec. 196.485(1)(dv), Wis. Stats., of such company in exchange for securities, as defined in sec. 196.485(1)(fe), Wis. Stats.
- The transfer of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; in a reorganization as defined in sec. 368 of the Internal Revenue Code in which no gain or loss is recognized for franchise or income tax purposes.
- Any transfer of all or substantially all the tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; held or used by a person in the course of an activity requiring the holding of a seller's permit, if after the transfer the real or ultimate ownership of the property, items, or goods is substantially similar to that which existed before the transfer. In this context, stockholders, bondholders, partners, members, or other persons holding an interest in a corporation or other entity are regarded as having the real or ultimate ownership of the property, items, or goods of the corporation or other entity. "Substantially similar" means 80% or more of ownership.

A business entity that converts to another business entity under sec. 179.76, 180.1161, 181.1161, or 183.1207, Wis. Stats., is subject to the sales and use tax provisions applicable to liquidations, reorganizations, and business entity formations in ch. 77, subch. III, Wis. Stats.

6. Donation of Certain Property

The donation, to an entity specified in sec. 77.54(9a), Wis. Stats., of property that the donating person has purchased tax-free for resale or with a valid exemption certificate is exempt from use tax.

Exempt entities specified in sec. 77.54(9a), Wis. Stats., are discussed in Part XI.D.1 and 2 of this publication.

XII. CONTRACTORS

A. How Contractors Are Taxed on Labor, Materials, and Supplies: The tax owed by contractors depends upon whether they are acting as retailers or as consumers in conducting their business.

A contractor is a *consumer* when constructing, installing, repairing, or servicing real property such as buildings. As a consumer, the contractor must pay

sales or use tax on materials and supplies used in such activities. A contractor may not charge sales tax on the labor or materials used in such work. However, the contractor's selling price may reflect all costs incurred.

A contractor is a *retailer* when selling, installing, repairing, or servicing tangible personal property; or items, property, or goods described in Part X.A. 2. to 4. When selling, installing, repairing, or servicing tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; the contractor is liable for sales tax on all gross receipts from labor, material, and other charges for such sales or activities (unless an exemption applies as described in Part XI.).

Important: Obtain Publication 207, *Sales and Use Tax Information for Contractors*, for more information about what is real and personal property and a contractor's activities involving such property for purposes of the sales and use tax.

Contractors and other persons providing taxable landscaping and lawn maintenance services may purchase without tax for resale, tangible personal property; items, property, and goods described in Part X.A.2. to 4.; physically transferred to the customer in conjunction with providing the taxable service, even though the service results in a realty improvement.

> **Example:** A landscaper installs sod and plants trees for a customer in providing a taxable landscaping service. The landscaper may purchase the sod and trees without tax for resale. The landscaper should give a completed exemption certificate indicating resale to the person from whom it purchased the sod and trees.

B. Contractor's Tools and Equipment: A contractor must pay sales or use tax on its purchases of all tools and equipment used in any construction, installation, repair, or service activity.

C. Contractors Constructing Buildings for Governmental Units, Schools, Churches, Hospitals, or Other Exempt Institutions: Even though a contractor is constructing a building for a governmental unit, school, church, hospital, or other exempt entity, the sales of building materials to the contractor are taxable. The reason for this treatment is that the contractor is the consumer of the building materials used in constructing the building. Consequently, the sale to the contractor is a retail sale and is subject to tax.

Refer to Publication 207, *Sales and Use Tax Information for Contractors*, Part IV.A. Also, see the tax release titled "Purchases of Building Materials by Exempt Entities for Use by Contractor in Real Property Construction," published on pages 27-34 of *Wisconsin Tax Bulletin #115* (October 1999).

D. Construction, Renovation, or Development of Professional Sports and Entertainment Home Stadiums: The sale of and the storage, use, and consumption of building materials, supplies, and equipment to or by owners, contractors, subcontractors, or builders acquired solely for or used solely in the construction, renovation, or development of sports and entertainment home stadiums are exempt from Wisconsin sales and use tax. For more information, contact any Department of Revenue office.

XIII. LEASES, LICENSES, AND RENTALS

A. Sales Price From Leases, Licenses, and Rentals

The sales price from the lease, license, or rental of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; is subject to the sales and use taxes to the same extent that the sales price from the sale of the same property, item, or good would be subject to the tax. A lease is a continuing sale in Wisconsin, and a lessor or licensor shall pay tax on the lease, license, or rental payments sourced to Wisconsin, even though the property, item, or good may have previously been acquired, used, or both by the lessee or licensee in another state. See Part XIII.D. to determine where a lease, license, or rental takes place (i.e., where the lease, license, or rental payments are sourced).

The following charges related to the lease, license, or rental of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; are also included in the "sales price" or "purchase price":

1. Personal property taxes, including any personal property tax administration fee, imposed on the lessor or licensor that are passed on to the lessee or licensee.

2. Contract documentation or administration fees.

3. Disposal and return fees.

4. Service contract charges, warranty charges, and maintenance agreement charges.

The following charges related to the lease, license, or rental of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; are not included in the "sales price" or "purchase price" if they are separately stated on the invoice, bill of sale, or similar document provided to the lessee or licensee:

1. Personal property taxes imposed directly on the lessee or licensee.

2. Title and registration fees.

3. Late payment fees that do not extend the term of the lease, license, or rental.

4. Returned check fees.

5. Insurance charges, including credit life and accident, casualty, theft, and loss, and gap insurance.

The retailer may exclude interest and financing charges from the sales price charges if the interest and financing charges are separately stated on the invoice, bill of sale, or similar document that the retailer gives to the purchaser.

B. Purchases for Lease, License, or Rental

A lessor or licensor may purchase without tax, for resale, tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; that will be used solely for lease, license, or rental. A lessor's or licensor's purchase of lubricants, repair parts, and repair services for tangible personal property; or items, property, and goods described in Part X.A. 2. to 4.; used solely in leasing, licensing, or renting may also be purchased without tax for resale. However, if the same property, items, or goods are purchased by a lessee, licensee, or renter, the purchases are taxable.

Charges by a lessor or licensor to a lessee, licensee, or renter under a maintenance contract on leased tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; are taxable.

C. Equipment Provided With an Operator

When equipment is provided with an operator, the tax treatment of the transaction depends on whether the operator is necessary for the equipment to perform in the manner for which it is designed and whether the operator does more than maintain, inspect, or set up the equipment.

- ***Leases and Rentals of Equipment:*** Leases and rentals of equipment with an operator that only maintains, inspects, or sets up the equipment are subject to sales or use tax. A lessor may purchase equipment without tax for resale if the lessor uses the equipment solely for leasing or renting. A lessor may also purchase lubricants, repair parts, and repair services for equipment used solely for leasing or renting, without tax for resale.

- ***Equipment Used to Provide a Service:*** If equipment is provided along with an operator who is necessary for the equipment to perform in the manner for which it is designed, and the operator does more than maintain, inspect, or set up the equipment, the person providing the equipment is considered to be providing a service, rather than leasing or renting the equipment. The service may or may not be a taxable service. A service provider is liable for sales or use tax on its purchases of equipment that it uses to provide services. A service provider is also liable for sales or use tax on its purchases of repair parts and repair services for such equipment.

D. Where a Lease, License, or Rental Takes Place (i.e., Sourcing the Lease, License, or Rental Payments)

There are special provisions that apply in determining where a lease, license, or rental takes place (i.e., where the lease, license, or rental payments are sourced). **Note:** Where the lease, license, or rental payments are sourced is not altered by any intermittent use of the property, item, or good described in Part X.A., at different locations.

– **"General Rules for Sourcing of Leases, Licenses, and Rentals"** explains where to source the payments for leases, licenses, or rentals, except for transportation equipment (as defined below) and motor vehicles, trailers, semitrailers, and aircraft that are not transportation equipment.

– **"Sourcing of Leases, Licenses, and Rentals of Motor Vehicles, Trailers, Semitrailers, and Aircraft That are Not Transportation Equipment"** explains where to source the payments for leases, licenses, or rentals of motor vehicles, trailers, semitrailers, and aircraft that are not transportation equipment.

– **"Sourcing of Leases, Licenses, and Rentals of Transportation Equipment"** explains where to source the payments for leases, licenses, or rentals of transportation equipment, as defined below.

1. General Rules for Sourcing of Leases, Licenses, and Rentals

Except for the lease, license, or rental of transportation equipment (as defined below) and motor vehicles, trailers, semitrailers, and aircraft that are not transportation equipment, the payments for the leases, licenses, or rentals are sourced as follows:

Only one payment. If there is only one payment, the payment for the lease, license, or rental is sourced to the location determined by the General Sourcing Rules, as provided in Part VII.C.

More than one payment. If there is more than one payment, the first payment for the lease, license, or rental is sourced to the location determined by the General Sourcing Rules, as provided in Part VII.C. Subsequent periodic payments are sourced to the primary location of the tangible personal property; or items, property, or goods described in Part X.A. 2. to 4. The primary location is the address of the property, item, or good provided by the lessee or licensee and that is available in the business records of the lessor or licensor that are maintained in the ordinary course of the lessor's or licensor's business, provided the use of such address does not constitute bad faith.

2. Sourcing of Leases, Licenses, and Rentals of Motor Vehicles, Trailers, Semitrailers, and Aircraft That are Not Transportation Equipment

Payments for a lease, license, or rental of a motor vehicle, trailer, semitrailer, or aircraft that is not transportation equipment (as defined below) are sourced as follows:

Only one payment. If there is only one payment, the payment for the lease, license, or rental is sourced to the location determined by the General Sourcing Rules, as provided in Part VII.C.

More than one payment. If there is more than one payment, the lease, license, or rental is sourced to the primary location of such property as indicated by an address for the property that is provided by the lessee or licensee and that is available in the business records of the lessor or licensor that are maintained in the ordinary course of the lessor's or licensor's business, provided the use of such address does not constitute bad faith.

3. Sourcing of Leases, Licenses, and Rentals of Transportation Equipment

Payments for a lease, license, or rental of transportation equipment are sourced using the General Sourcing Rules, as provided in Part VII.C.

"Transportation equipment" means any of the following:

a. Locomotives and railcars that are used to carry persons or property in interstate commerce.

b. Trucks and truck tractors that have a gross vehicle weight rating of 10,001 pounds or greater, trailers, semitrailers, and passenger buses, if such vehicles are registered under the International Registration Plan under s. 341.405, Stats., and operated under the authority of a carrier that is authorized by the federal government to carry persons or property in interstate commerce.

c. Aircraft that are operated by air carriers that are authorized by the federal government or a foreign authority to carry persons or property in interstate or foreign commerce.

d. Containers that are designed for use on the vehicles described in a. through c., and component parts attached to or secured on such vehicles.

Note: Refer to sec. Tax 11.29, Wis. Adm. Code, "Leases, licenses and rentals of tangible personal property and items, property and goods under s. 77.52(1) (b), (c), and (d), Stats.," for additional information on specific lease transactions.

XIV. MANUFACTURING AND BIOTECHNOLOGY

Specific exemptions are contained in the sales and use tax law for persons engaged in manufacturing. Manufacturing means the production by machinery of a new article of tangible personal property; or item or property described in Part X.A.2. and 3.; with a different form, use, and name from existing materials, by a process popularly regarded as manufacturing. The process begins with conveying raw materials and supplies from plant inventory to the place where work is performed in the same plant and ends with conveying finished units of tangible personal property, items, or property to the point of first storage in the same plant.

"Manufacturing" includes:

1. Crushing, washing, grading and blending sand, rock, gravel and other minerals.

2. Ore dressing, including the mechanical preparation, by crushing and other processes, and the concentration, by flotation and other processes, of ore, and beneficiation, including the preparation of ore for smelting.

3. Conveying work in process directly from one manufacturing process to another in the same plant; testing or inspecting, throughout the manufacturing process, the new article of tangible personal property; or item or property described in Part X.A.2. and 3.; that is being manufactured; storing work in progress in the same plant where the manufacturing occurs; assembling finished units of tangible personal property; and packaging a new article of tangible personal property; item or property described in Part X.A.2. and 3.; if the manufacturer, or another person on the manufacturer's behalf, performs the packaging and if the packaging becomes part of the new article as it is customarily offered for sale by the manufacturer.

"Manufacturing" does not include storing raw materials or finished units of tangible personal property; or items or property described in Part X.A.2. and 3.; research or development, delivery to or from the plant, or repairing or maintaining plant facilities.

"Manufacturing" also does not include the process of creating a digital good. Digital goods are further explained in Part X.A.4. Also see Publication 240 for a detailed description of which digital goods are taxable.

For purposes of the definition above, "plant" means a parcel of property or adjoining parcels of property, including parcels that are separated only by a public road, and the buildings, machinery, and equipment that are located on the parcel, that are owned by or leased to the manufacturer; and "plant inventory" does not include unsevered mineral deposits.

Prior to August 1, 2009, the law defined "manufacturing" as "the production by machinery of a new article with a different form, use and name from existing mate-

rials by a process popularly regarded as manufacturing. 'Manufacturing' includes but is not limited to:

(a) Crushing, washing, grading and blending sand, rock, gravel and other minerals.

(b) Ore dressing, including the mechanical preparation, by crushing and other processes, and the concentration, by flotation and other processes, of ore, and beneficiation, including but not limited to the preparation of ore for smelting."

A. Manufacturers

Types of businesses which are usually considered to be manufacturers include (this list is not all-inclusive):

Asphalt plants, bakeries, battery makers, breweries (including micro-breweries in brew-pubs) and soda water bottling plants, candy factories, cement and concrete plants, cheese cutting and repackaging plants, chemical processing plants, persons engaged in chemically treating wood, concrete block and tile producers, creameries and instant milk producers, dairies and cheese plants, dental labs, ductwork fabrication shops, electric generating companies, fertilizer plants, flour and feed mills including mobile units, food processing plants (canning and freezing), foundries and glass making plants, grain dryers, hide curers, persons engaged in duplicating keys, limestone calcination plants, machine and equipment producers, malting plants, meat packing and processing plants, manufactured home and modular home factories (when not engaged in real property construction activities), motor vehicle and aircraft factories, oil refineries, paint factories, paper making plants, persons engaged in snowmaking for a ski hill, photofinishers, printers, sawmills, scrap processors, shoe and clothing factories, smelting and steel mills, tanneries, tool and die making plants, tire retreaders, persons engaged in crushing, washing, grading and blending sand, rock, gravel and other minerals, persons engaged in ore dressing, including the mechanical preparation, by crushing and other processes, and the concentration, by flotation and other processes, of ore, and the beneficiation, including but not limited to the preparation of ore for smelting, persons engaged in editing and duplicating video tapes, and persons engaged in heat treating and metal plating semi-finished products furnished by manufacturers.

B. Nonmanufacturers

Businesses which are not considered manufacturers include (this list is not all-inclusive):

Contractors (when engaged in real property construction activities and installing or repairing tangible personal property), farmers, fish hatcheries, freezer and locker plants, highway truckers, hotels, laundries and dry cleaners, repair persons, restaurants, television and radio stations, and persons engaged in: corn shelling, experimental and development activities, logging and forestry operations, mining, paper recycling, photography, popping corn, the business of raising and breeding animals, real property construction activities, custom slaughtering of animals and vending machine operations.

C. Exemption for Manufacturing Machines and Specific Processing Equipment:

Machines and specific processing equipment and repair parts or replacements thereof and safety attachments for such machines and equipment may be purchased exempt from tax if such items are used *exclusively* and *directly* by a manufacturer in manufacturing tangible personal property; or items or property described in Part X.A.2. and 3.

D. Exemption for Ingredients, Component Parts, and Consumable Items:

Effective August 1, 2009, items are exempt from Wisconsin sales and use tax if the items are used exclusively and directly by a manufacturer in manufacturing an article of tangible personal property; or item or property described in Part X.A.2. and 3.; that is destined for sale and that become an ingredient or component part of the article of tangible personal property, or item or property or which are consumed, destroyed, or lose their identity in manufacturing the article of tangible personal property, or item, or property destined for sale, except for fuel and electricity consumed in manufacturing tan-

gible personal property; or item or property described in Part X.A.2. and 3.

> **Note:** Prior to August 1, 2009, the exemption was for items which became an ingredient or component part of an article of tangible personal property or which were consumed, destroyed, or lost their identity in the manufacture of tangible personal property in any form destined for sale, except for fuel and electricity consumed in manufacturing tangible personal property.

The exemption does not apply to fuel and electricity (currently as well as prior to August 1, 2009), except that the following are exempt:

1. Tangible personal property, including fuel and electricity, that becomes an ingredient or component part of, or is consumed, destroyed, or loses its identity in the manufacture of shoppers guides, newspapers, or periodicals is exempt, regardless of whether or not the shoppers guides, newspapers, or periodicals are destined for sale.

2. Fuel and electricity consumed in manufacturing tangible personal property; or items or property described in Part X.A.2. and 3.; in Wisconsin, regardless of whether the tangible personal property, item, or property manufactured is destined for sale.

Caution: Fuel and electricity "consumed in manufacturing" means fuel and electricity used to operate machines and equipment used directly in the step-by-step manufacturing process. Fuel and electricity are not "consumed in manufacturing" if they are used in providing plant heating, cooling, air conditioning, communications, lighting, safety and fire prevention, research and product development, receiving, storage, sales, distribution, warehousing, shipping, advertising or administrative department activities. However, fuel and electricity used directly in manufacturing steam which is used by the manufacturer in further manufacturing or in heating a facility, or both, is "consumed in manufacturing."

Examples of ingredients or component parts qualifying for the exemption are neon or argon gases used as a filler in the production of light bulbs. Welding rods which become a component part of the product manufactured may also be purchased exempt from tax.

Examples of items which are consumed, destroyed or lose their identity are acids, chemicals, cleaning compounds, and solvents for maintaining manufacturing machinery, cutting or lubricating oils, greases, lapping and grinding compounds, sandpaper, and gases and wood used to smoke products.

The exemption does not apply to purchases of employee wearing apparel and gloves worn for the comfort or welfare of the employee. However, wearing apparel consumed during the manufacturing process which prevents contamination of the product produced is exempt from tax.

E. Manufacturing and Biotechnology Exemptions Effective January 1, 2012

Effective January 1, 2012, exemptions from Wisconsin sales and use taxes were created for purchases of the following:

- Machinery and equipment, including attachments, parts, and accessories, that are sold to persons who are engaged primarily in manufacturing or biotechnology in Wisconsin and are used exclusively and directly in qualified research.
- Tangible personal property; and items, property, and goods described in Part X.A2. to 4.; sold to persons who are engaged primarily in manufacturing or biotechnology in Wisconsin, if the property, item, or good is consumed or destroyed or loses its identity while being used exclusively and directly in qualified research.
- Machines and specific processing equipment, including accessories, attachments, and parts for the machines or equipment, that are used exclusively and directly in raising animals that are sold primarily to a biotechnology business, a public or private institution of higher education, or a governmental unit for exclusive and direct use by any such entity in qualified research or manufacturing.
- The items listed in sec. 77.54(3m)(a) to (m), Wis. Stats., medicines, semen for artificial insemination, fuel, and electricity that are used exclusively and directly in raising animals that

are sold primarily to a biotechnology business, a public or private institution of higher education, or a governmental unit for exclusive and direct use by any such entity in qualified research or manufacturing.

The biotechnology exemptions are further explained on pages 37-38 of *Wisconsin Tax Bulletin* #162.

For more information about how the sales and use tax law applies to manufacturers, obtain Publication 203, *Sales and Use Tax Information for Manufacturers*.

Additionally, rules which may be of interest to manufacturers include secs. Tax 11.15, Wis. Adm. Code, "Containers and other packaging and shipping materials," Tax 11.38, Wis. Adm. Code "Fabricating and processing," Tax 11.39, Wis. Adm. Code "Manufacturing," Tax 11.40, Wis. Adm. Code "Exemption of machines and processing equipment," and Tax 11.41, Wis. Adm. Code "Exemption of property consumed or destroyed in manufacturing."

XV. SELLING A BUSINESS OR BUSINESS ASSETS

The sale of business assets consisting of tangible personal property; and items, property, or goods described in Part X.A.2. to 4.; by a person who holds or is required to hold a seller's permit at the time of sale, is subject to sales tax, except that the sale is exempt if both of the following conditions are met:

a. The sale is of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4. (other than inventory held for sale); previously used by the seller to conduct its trade or business at a location.

b. The sale occurs after the seller ceased operating the business at that location.

A sale meeting the above two conditions is exempt from sales and use taxes even though the seller holds a seller's permit for one or more other locations.

Situations involving the sale of business assets which are subject to tax include:

- Selling inventory of a continuing business. (The purchaser may be able to purchase the inventory without tax for resale.)
- Sales of motor vehicles, boats, snowmobiles, recreational vehicles, trailers, semitrailers, all-terrain vehicles, or aircraft. ***Note:*** *If the seller holds or is required to hold a seller's permit, the seller is liable for the sales tax on its sale of such property. If the seller has inactivated its seller's permit and is not required to hold a seller's permit (including a seller's permit for any other business activities), the seller is not required to collect tax on its sale of such property; the purchaser will pay tax upon registration of the property.*

Refer to sec. Tax 11.34, Wis. Adm. Code, "Occasional sales exemption for sale of a business or business assets," for more information.

XVI. OCCASIONAL SALES

The "occasional sales" of property, items, goods, and services may be taxable or exempt as described below.

A. Exempt Occasional Sales By Nonprofit Organizations: Sales by neighborhood associations, churches, social clubs, civic groups, garden clubs, and other nonprofit organizations which conduct one or more fund raising events during the year are exempt occasional sales if certain conditions are met.

The sales of tangible personal property; items, property, or goods described in Part X.A. 2. to 4.; and services, including admissions or tickets to an event, conducted by a nonprofit organization are exempt occasional sales if: (1) the aggregate payments for entertainment does not exceed $500* at an event for which an admission is charged, (2) the organization is not engaged in a trade or business, and (3) the organization does not have and is not required to have a seller's permit.

An organization is deemed to be engaged in a trade or business if its sales of tangible personal property; items, property, or goods described in Part X.A. 2. to 4.; and services and its events occur on more than 20 days during the year. For events involving the

sale of tickets, only the actual days of the events are counted for the 20-day standard (not the days of ticket sales). However, if an organization's taxable sales price for tangible personal property; items, property, and goods described in Part X.A.2. to 4.; and taxable services do not exceed $25,000* for the calendar year, it is not considered to be engaged in a trade or business even if its sales and/or events exceed 20 days.

*The standards (1) relating to the payment for entertainment at an admission event, and (2) relating to a nonprofit organization's receipts were increased to $500 and $25,000, respectively, effective January 1, 2006. Under prior law, the entertainment standard was $300, and the standard relating to a nonprofit organization's receipts was $15,000.

A nonprofit organization whose receipts have become taxable because it has exceeded the above standards must obtain a seller's permit and pay taxes on all taxable receipts received after it is required to obtain that permit.

If an organization later becomes eligible for the occasional sale exemption except for its possession of a seller's permit, it may inactivate its permit. Sales of tangible personal property; items, property, or goods described in Part X.A. 2. to 4.; and taxable services are subject to Wisconsin sales or use tax until the permit is inactivated. An organization may inactivate its seller's permit by sending an e-mail message stating that the permit should be inactivated. The e-mail should include the reason for inactivation, the organization's tax account number, and the day on which the inactivation will be effective. This e-mail should be sent to DORSalesBusinessTaxandWithholding@wisconsin.gov.

IMPORTANT: An organization is liable for Wisconsin sales or use tax on all of its Wisconsin sales of tangible personal property; items, property, or goods described in Part X.A. 2. to 4.; and taxable services if the organization holds or is required to hold a seller's permit, unless an exemption applies (e.g., sale to a federal governmental agency).

For additional information on exempt occasional sales by nonprofit organizations, see Publication 206, *Sales Tax Exemption for Nonprofit Organizations*. Also refer to sec. Tax 11.35, Wis. Adm., Code, "Occasional sales by nonprofit organization, for more information."

B. Sales by Auction: Sales by an auctioneer of personal household goods and personal farm property if the auctioneer has five or fewer auctions at that location during the year are exempt occasional sales. For indoor locations, "location" means a building, except that in the case of a shopping center or shopping mall, "location" means a store.

Refer to Publication 217, *Auctioneers – How Do Wisconsin Sales and Use Taxes Affect your Operations?*, for more information.

C. Sales Which Are Not "Occasional Sales": The following transactions are not exempt occasional sales, but rather are taxable sales:

- Sales by a person who holds or is required to hold a seller's permit. For example, sales of used equipment by a retail store or vending machine operator are taxable.
- The sale of a business or the assets of a business when the seller holds or is required to hold a seller's permit and does not qualify for the occasional sale exemption (see Part XV.). The tax applies to the portion of the sales price attributable to the personal property, such as equipment, furniture, and fixtures.
- Sales made by persons who hold themselves out to the public as engaged in business, even though their sales may be few and infrequent. This includes the sales of works of art, handmade articles, antiques, or used property by artists or others who are pursuing a vocation or part-time business as a seller of such property.

  Exception: Sales of tangible personal property; items, property, or goods described in Part X.A. 2. to 4.; or taxable services by a person not otherwise required to hold a seller's permit, if the total taxable sales price from sales of tangible personal property; items, property, or goods described in Part X.A. 2. to 4.; and taxable services are less than $1,000 during the calendar year, are occasional sales.

  Additional information regarding the occasional sale exemption can also be found in a tax re-

lease published in *Wisconsin Tax Bulletin #122* (October 2000), pages 30-37.

- Sales of bingo supplies and cards by persons conducting bingo games.
- Sales by persons engaged primarily in the business of making nontaxable sales of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; such as manufacturers, wholesalers, and grocers. Since these persons are in the business of selling tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; the fact that only a small fraction of their total sales are taxable retail sales does not make these sales exempt occasional sales.

D. Occasional Sales of Motor Vehicles, Boats, Etc., Are Taxable: Occasional sales of motor vehicles, boats, snowmobiles, recreational vehicles, trailers, semitrailers, all-terrain vehicles, and aircraft are taxable unless sold to the spouse, parent, stepparent, father-in-law, mother-in-law, child, stepchild, daughter-in-law or son-in-law, of the seller, and then only when the unit was previously registered or titled in Wisconsin in the name of the seller.

The purchaser must pay any tax due at the time the unit is registered or titled for use in Wisconsin. The purchaser of a motor vehicle, recreational vehicle, trailer, or semitrailer files Form MV-1, "Application for Title/Registration," with the Department of Transportation and pays any tax due. The purchaser of an aircraft pays any tax due to the Department of Transportation with the "Application for Aircraft Registration or Exemption." The purchaser of a boat, snowmobile, or all-terrain vehicle pays the tax to the Department of Natural Resources (or Lac du Flambeau Band for snowmobiles or all-terrain vehicles registered with the Lac du Flambeau Band) at the time the boat, snowmobile, or all-terrain vehicle is registered with that department.

Filing an incorrect return due to neglect may result in a penalty of 50% of the tax finally determined.

XVII. DIRECT PAY

Eligible persons may purchase certain tangible personal property; items, property, or goods described in Part X.A. 2. to 4.; or taxable services without Wisconsin sales or use tax using a direct pay permit. If the tangible personal property; items, property, or goods described in Part X.A. 2. to 4.; or taxable services are stored, used, or consumed in Wisconsin in a taxable manner, the purchaser must report Wisconsin use tax on the purchase price of the property, item, good, or service.

A. Who Is Eligible for Direct Pay? The Department of Revenue will issue a direct pay permit to an applicant at the beginning of the applicant's taxable year, if the following seven requirements are met:

1. Because the nature of the applicant's business, issuing the permit will significantly reduce the work of administering the sales and use taxes;
2. The applicant's accounting system will clearly indicate the amount of tax the applicant owes;
3. The applicant makes enough taxable purchases to justify the expense of regular audits by the Department of Revenue;
4. The applicant is not liable under ch. 71, 72, 76, 77, 78, or 139, Wis. Stats., for delinquent taxes (including costs, penalties, surcharges, and interest) of $400 or more if any part of the tax is delinquent for at least five months;
5. It is in the state's best interests to issue the permit;
6. The applicant purchases enough tangible personal property; items, property, and goods described in Part X.A.2. to 4.; under circumstances that make it difficult to determine whether the tangible personal property, items, property, and goods will be subject to sales or use tax; and
7. The applicant holds a valid business tax registration certificate under sec. 73.03(50), Wis. Stats.

B. How to Apply for a Direct Pay Permit: Form S-101, *Application For Direct Pay Permit*, may be obtained by writing to or calling Wisconsin Department of Revenue, P.O. Box 8949, Madison, WI 53708-8949 (telephone (608) 266-2776).

C. Additional Information: Obtain a copy of sec. Tax 11.13, Wis. Adm. Code, "Direct pay," for more information about direct pay.

XVIII. COUNTY AND STADIUM SALES AND USE TAXES

A. Introduction

1. County Sales and Use Taxes

There is a 0.5% county sales and use tax in 62 counties. Listed below are the 62 counties and the effective date for each county's tax. (**Note:** The county code assigned by the department for each county is in parenthesis following the county name. This may be helpful to retailers for computer programming purposes.)

Counties With County Tax

County	Effective Date	County	Effective Date
Adams (01)	1/1/94	Lincoln (35)	4/1/87
Ashland (02)	4/1/88	Marathon (37)	4/1/87
Barron (03)	4/1/86	Marinette (38)	10/1/01
Bayfield (04)	4/1/91	Marquette (39)	4/1/89
Buffalo (06)	4/1/87	Milwaukee (40)	4/1/91
Burnett (07)	4/1/89	Monroe (41)	4/1/90
Chippewa (09)	4/1/91	Oconto (42)	7/1/94
Clark (10)	1/1/09	Oneida (43)	4/1/87
Columbia (11)	4/1/89	Ozaukee (45)	4/1/91
Crawford (12)	4/1/91	Pepin (46)	4/1/91
Dane (13)	4/1/91	Pierce (47)	4/1/88
Dodge (14)	4/1/94	Polk (48)	4/1/88
Door (15)	4/1/88	Portage (49)	4/1/89
Douglas (16)	4/1/91	Price (50)	1/1/93
Dunn (17)	4/1/86	Richland (52)	4/1/89
Eau Claire (18)	1/1/99	Rock (53)	4/1/07
Florence (19)	7/1/06	Rusk (54)	4/1/87
Fond du Lac (20)	4/1/10	St. Croix (55)	4/1/87
Forest (21)	4/1/95	Sauk (56)	4/1/92
Grant (22)	4/1/02	Sawyer (57)	4/1/87
Green (23)	1/1/03	Shawano (58)	4/1/90
Green Lake (24)	7/1/99	Taylor (60)	7/1/99
Iowa (25)	4/1/87	Trempealeau (61)	10/1/95
Iron (26)	4/1/91	Vernon (62)	1/1/97
Jackson (27)	4/1/87	Vilas (63)	4/1/88
Jefferson (28)	4/1/91	Walworth (64)	4/1/87
Juneau (29)	4/1/92	Washburn (65)	4/1/91
Kenosha (30)	4/1/91	Washington (66)	1/1/99
La Crosse (32)	4/1/90	Waupaca (68)	4/1/89
Lafayette (33)	4/1/01	Waushara (69)	4/1/90
Langlade (34)	4/1/88	Wood (71)	1/1/04

There is **no** county sales and use tax in the following 10 Wisconsin counties.

Counties Without County Tax

Brown (05)	Menominee (72)	Waukesha (67)
Calumet (08)	Outagamie (44)	Winnebago (70)
Kewaunee (31)	Racine (51)	
Manitowoc (36)	Sheboygan (59)	

The Wisconsin Department of Revenue administers the county tax. Retailers who make sales subject to the 0.5% county tax must collect 5.5% sales tax on their retail sales (5% state sales tax and 0.5% county sales tax).

Both the state tax and county tax are reported by retailers on their Form ST-12, *Wisconsin Sales and Use Tax Return,* filed with the Department of Revenue.

Retailers who report sales and purchases subject to county sales and use tax in more than four counties must complete and submit a separate Schedule CT with the Form ST-12 they file. Schedule CT lists all counties that have adopted the county tax.

The department, after receiving the county tax from retailers, then makes monthly distributions of the county tax revenues to the counties which adopted the tax.

Caution: Effective October 1, 2009, all retailers that are registered in Wisconsin to collect and remit the 5% Wisconsin state sales and use tax are also required to collect and remit the applicable county and stadium sales and use taxes for any sales that occur in a county or stadium district that has adopted the applicable county or stadium sales or use tax. This provision applies regardless of whether the retailer is "engaged in business" in the county or stadium district to which the sale takes place.

2. Stadium Sales and Use Taxes

a. Baseball Stadium Tax

A 0.1% baseball stadium tax is imposed on the sale of and the storage, use, or consumption of tangible personal property; items, property, and goods described in

Part X.A. 2. to 4., and taxable services in the following five Wisconsin counties which make up the "baseball stadium district:"

- Milwaukee
- Ozaukee
- Racine
- Washington
- Waukesha

The baseball stadium tax was created for the purpose of assisting in the development of a professional baseball park in Wisconsin.

Retailers who make sales subject to the baseball stadium tax in Milwaukee, Ozaukee, and Washington counties will collect 5.6% sales tax on such retail sales (5% state sales tax, 0.5% county sales tax, and 0.1% baseball stadium sales tax).

Retailers who make sales subject to the baseball stadium tax in Racine and Waukesha counties will collect 5.1% sales tax on such retail sales (5% state sales tax and 0.1% baseball stadium sales tax).

Note: Beginning January 1, 2010, the Department of Transportation has the authority to issue special license plates to persons interested in expressing their support of a major league professional baseball team that uses as its home field baseball park facilities that are constructed under the local professional baseball park district. Any money distributed to the baseball park district from the sale of such plates must be used exclusively to retire the district's debt.

b. Football Stadium Tax

A 0.5% football stadium tax is imposed on the sale of and the storage, use, or consumption of tangible personal property; items, property, and goods described in Part X.A. 2. to 4.; and taxable services in Brown County.

The football stadium tax was created for the purpose of assisting the development of professional football stadium facilities in Wisconsin.

Retailers who make sales subject to the football stadium tax in Brown County will collect 5.5% sales tax on such retail sales (5% state sales tax and 0.5% football stadium sales tax).

Stadium taxes are reported with state and county sales and use taxes on Form ST-12.

Caution: Effective October 1, 2009, all retailers that are registered in Wisconsin to collect and remit the 5% Wisconsin state sales and use tax are also required to collect and remit the applicable county and stadium sales and use taxes for any sales that are sourced to a county or stadium district that has adopted the applicable county or stadium sales or use tax. This provision applies regardless of whether the retailer is "engaged in business" in the county or stadium district to which the sale is sourced.

Note 1: The Department of Revenue currently has a sales tax rate locator that may be used to determine the proper Wisconsin state, county and stadium district (baseball and football) sales tax rate(s) that apply to a transaction that takes place at a specific location, as determined by that location's 9-digit zip code. This rate locator does not identify any other taxes that may also apply to a transaction such as the local exposition district taxes, the premier resort area taxes, the rental vehicle fees, etc.

You may search for the appropriate Wisconsin State, County and Stadium sales tax rate(s) by entering either a 5-digit or 9-digit zip code.

Note 2: Effective July 1, 2009, the creation of the following regional transit authorities was authorized: the Chequamegon Bay Regional Transit Authority, the Chippewa Valley Regional Transit Authority, and the Dane County Regional Transit Authority. Once one of these regional transit authorities is created, that authority may impose a sales and use tax up to 0.5%, which will apply within the transit authority's jurisdictional area. See Part XX.N.

B. What Types of Tangible Personal Property; Items, Property, Goods Described in Part X.A.2. to 4.; and Services Are Taxable?

The types of tangible personal property; items, property, and goods described in Part X.A. 2. to 4.; and services that are subject to the 5% state sales and use tax are also subject to the 0.5% county or 0.1% or 0.5% stadium sales and use taxes.

The county and stadium taxes may not be imposed on any types of tangible personal property; items, property, or goods described in Part X.A. 2. to 4.; or services that are not subject to the 5% state tax. If tangible personal property; items, property, or goods described in Part X.A. 2. to 4.; or services are exempt from the 5% state tax, they are also exempt from the 0.5% county and 0.1% or 0.5% stadium taxes.

C. What Sales Are Subject to the County and Stadium Sales Tax?

The 0.5% county, 0.1% baseball stadium, and 0.5% football stadium sales taxes are imposed on the sales price from retail sales, licenses, leases, or rentals of tangible personal property; items, property, or goods described in Part X.A. 2. to 4.; and taxable services in a county with a county tax or in a stadium district. For purposes of county and stadium sales tax, the location where a sale, license, lease, or rental takes place is provided in Part VII.C.

Note: Effective October 1, 2009, any retailer that is registered to collect and remit Wisconsin sales and use taxes must also collect and remit the applicable state, county, and/or stadium sales and use tax on its sales of motor vehicles, boats, snowmobiles, recreational vehicles as defined in sec. 340.01(48r), Wis. Stats., trailers, semitrailers, all-terrain vehicles, and aircraft, even if they are not "dealers" or "registered dealers" of the item sold. The sales price from the sale of such property should be reported on the retailer's sales and use tax return that it files with the Department of Revenue.

Prior to October 1, 2009, a person who was not a "dealer" or "licensed dealer" was not required to collect and remit the applicable Wisconsin state, county, and/or stadium sales and/or use tax on their sales of used motor vehicles, boats, snowmobiles, recreational vehicles as defined in sec. 340.01(48r), Wis. Stats., trailers, semitrailers, all-terrain vehicles, and aircraft.

D. When Do the County and Stadium Use Taxes Apply?

1. General

A 0.5 % county use tax, a 0.1% baseball stadium use tax or 0.5% football stadium use tax is imposed on the sales price of tangible personal property; items, property, and goods described in Part X.A. 2. to 4.; and taxable services stored, used, or consumed in a county with a county tax or a stadium district. Exceptions to this tax treatment and special situations are explained in Part XVIII.D.2. through 5., below.

2. Exceptions

- No county or stadium use tax will be imposed if a receipt indicates that a county or stadium sales tax has been paid, except as provided in the parts titled "Contractors," "Motor Vehicles, Recreational Vehicles, and Aircraft," "Snowmobiles, Trailers, Semitrailers, and All-Terrain Vehicles," that follow.

- No county or stadium use tax will be imposed if the buyer purchased tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; in a sale consummated in a Wisconsin county that does not have such tax and the property, item, or good is later brought by the buyer into a county with a county and/or stadium tax, except as provided in the parts titled "Contractors," "Motor Vehicles, Recreational Vehicles, and Aircraft," "Snowmobiles, Trailers, Semitrailers, and All-Terrain Vehicles," that follow.

- If the buyer properly paid sales or use taxes in another state on the purchase of the tangible personal property; items, property, or goods described in Part X.A. 2. to 4.; or services, that tax may be credited against the state, county, and stadium use taxes due on the property, items, goods, or services.

For additional information about credit for taxes paid to another state, see the tax release titled "Credit for Sales and Use Taxes Paid to Other States and Their Local Units of Government," which was published on pages 28-49 of *Wisconsin Tax Bulletin #157* (July 2008).

3. Contractors

County use taxes are imposed upon a contractor engaged in construction activities in a county with a county tax. Stadium use taxes are imposed upon a contractor engaged in construction activities in a stadium district. In both cases, the tax is imposed on the sales price of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; that is used in constructing, altering, repairing, or improving real property and that becomes a component part of real property within the county and/or stadium district.

Sales and use tax paid in another state may be allowed as a credit in computing the Wisconsin county and stadium use taxes. For additional information about credit for taxes paid to another state, see the tax release titled " Credit for Sales and Use Taxes Paid to Other States and Their Local Units of Government," which was published on pages 28-49 of *Wisconsin Tax Bulletin #157* (July 2008).

If a contractor properly paid a county or stadium tax on the purchase of tangible personal property; or items, property, or goods described in Part X.A. 2. to 4.; the tax that was paid may be used as a credit against any additional Wisconsin county or stadium use tax owed on the purchase (e.g., county tax may be credited against football stadium tax).

4. Motor Vehicles, Boats, Recreational Vehicles, and Aircraft

County and stadium use tax is imposed upon every motor vehicle, boat, recreational vehicle as defined in sec. 340.01(48r), Wis. Stats., and aircraft, if (a) that property must be registered or titled with the State of Wisconsin, and (b) that property is to be customarily kept in a county with a county tax and/or a stadium district.

Prior to October 1, 2009, this tax treatment also applied to snowmobiles, trailers, semitrailers, and all-terrain vehicles.

5. Snowmobiles, Trailers, Semitrailers, and All-Terrain Vehicles

County and stadium *sales* tax is imposed upon every sale of a snowmobile, trailer, semitrailer, or all-terrain vehicle that takes place in a county or stadium district that imposes the county and/or stadium tax, as explained in Part XVIII.C. County and/or stadium *use* tax is due if no county or stadium sales tax was paid on the purchase of the snowmobile, trailer, semitrailer, or all-terrain vehicle and the item is stored, used, or consumed in a county that imposes the county tax or in a stadium district. No county or stadium use tax is due if the purchaser has a receipt indicating that a county or stadium sales tax has been paid on the purchase of the item.

Prior to October 1, 2009, county and stadium use tax was imposed upon every snowmobile, trailer, semitrailer, and all-terrain vehicle, if (a) that property was required to be registered or titled with the State of Wisconsin, and (b) that property was customarily kept in a county with a county tax and/or a stadium district.

The chart in Appendix I shows the sales and use tax treatment of motor vehicles, boats, recreational vehicles as defined in sec. 340.01(48r), Wis. Stats., aircraft, snowmobiles, trailers, semitrailers, and all-terrain vehicles.

E. Transitional Provisions

1. Services and Leases, Rentals, and Licenses

In the event of an increase in the rate of a county or stadium tax, the sales price from the lease, rental, or license of tangible personal property; items, property, and goods described in Part X.A. 2. to 4.; and taxable services is subject to the increase beginning with the first

billing period starting on or after the effective date of the county ordinance or special district resolution, or rate increase, regardless of whether the service is furnished or the property, item, or good is leased, rented, or licensed to the customer before or after that date.

In the event of a decrease in the rate of a county or stadium tax, the sales price from the lease, rental, or license of tangible personal property; items, property, and goods described in Part X.A. 2. to 4.; and taxable services is subject to the increase beginning with bills rendered on or after the effective date of the repeal or sunset of a county ordinance or special district resolution imposing the tax or other rate decrease, regardless of whether the service is furnished or the property, item, or good is leased, rented, or licensed to the customer before or after that date.

2. Sales of Tangible Personal Property; And Items, Property, and Goods Described in Part X.A.2. to 4. (except construction materials used in real property construction – see 3. below)

   Sales of tangible personal property; and items, property, and goods described in Part X.A.2. to 4.; before the effective date of the county or stadium tax are not subject to the county or stadium sales or use tax.

   A sale takes place when the seller or the seller's agent transfers possession of the tangible personal property to the buyer or the buyer's agent, regardless of when the tangible personal property was paid for or ordered.

   Example: On December 20, 2008, Individual A places an order for an automobile with Dealership B. The automobile is not available for delivery until January 15, 2009. Individual A picks up the vehicle from Dealership B on January 16, 2009. If County C (where Individual A will customarily keep the automobile) adopts the county tax effective January 1, 2009, the sale of the automobile to Individual A is subject to the County C tax. The sale of the automobile took place on January 16, 2009 when Individual A received possession, which is after the effective date of the County C tax (January 1, 2009).

3. Construction Materials

   Sales of building materials to contractors engaged in the business of constructing, altering, repairing, or improving real estate for others are not subject to the county or stadium taxes if (1) the materials are affixed and made a structural part of real estate, and (2) the amount payable to the contractor is fixed without regard to the costs incurred in performing a written contract that was irrevocably entered into prior to the effective date of the county or stadium tax, or that resulted from the acceptance of a formal written bid accompanied by a bond or other performance guaranty that was irrevocably submitted before the effective date of the county or stadium tax.

F. Collecting County and Stadium Tax From Customers

Part VI. explains how the 5% state tax, 0.5% county tax, and 0.1% and 0.5% stadium taxes are collected from customers.

G. Sales and Use Tax Return Requires County and Stadium Tax Data

Retailers engaged in business in a county with a county tax or a stadium district must keep records showing the amount of their taxable receipts subject to sales tax and purchases subject to use tax for a stadium district and each county that has a county tax.

Retailers who report sales and purchases subject to county sales and use tax for four or less counties should fill in the first five letters of the counties and county codes with the appropriate sales and purchases for those counties on Form ST-12. **Exception:** Enter GLAKE for Green Lake County.

Retailers who report sales and purchases subject to county sales and use tax for more than four counties must complete and submit a separate Schedule CT with the Form ST-12 they file. Schedule CT lists all counties that have adopted the county tax.

H. Seller's Permits

No additional seller's permit is required by a retailer for the county and stadium taxes.

I. Audits, Appeals, Collections, Etc.

The Wisconsin Department of Revenue has authority to audit persons to determine if they reported and paid the correct county and stadium taxes, to impose interest and penalties related to such taxes, and to collect any unpaid county and stadium taxes. Interest rates on refunds and unpaid county and stadium taxes are the same as the rates that apply to the 5% state sales and use taxes. A county and stadium district may not intervene in any matter related to the audit, appeal, or collection of any county and stadium sales and use taxes.

XIX. YOU MAY BE AUDITED

If you are in business, an auditor from the Department of Revenue may visit you. Don't be alarmed, as many taxpayers are audited to determine if they paid the correct amount of income, corporate, withholding, and sales and use taxes.

You will be notified prior to any audit so that a convenient time can be arranged to examine your records. As a taxpayer, you are required to make available your records for sales and use tax as well as your records for other taxes. To perform the audit, it will be necessary for the auditor to examine these records. Don't hesitate to ask any questions of the auditor.

If the audit results show that you have not paid the proper amount of tax, the department will issue you a written notice indicating the amount of tax you owe or overpaid. As a taxpayer you have the right to appeal if you disagree with the audit. The notice from the department will explain the procedures for appealing.

XX. OTHER TAXES AND FEES TO BE AWARE OF

If you have business activities or earn income in Wisconsin, you also may be subject to Wisconsin taxes other than sales and use taxes. Although the information below is not intended to be all-inclusive, it may help you in obtaining information about other Wisconsin taxes.

A. Individual Income Tax: Every person who is a resident of Wisconsin and who has gross income of more than a certain amount is subject to Wisconsin income taxes, regardless of where the income is earned.

A person who is a nonresident of Wisconsin is subject to Wisconsin income taxes if he or she has gross income of $2,000 or more from personal services performed in Wisconsin or from business or property in Wisconsin.

For more information, write to: Wisconsin Department of Revenue, P.O. Box 8949, Madison, WI 53708-8949.

B. Corporation Income or Franchise Tax: Every corporation organized under the laws of Wisconsin or licensed to do business in Wisconsin (except certain organizations exempt under sec. 71.26(1), Wis. Stats.) is required to file a Wisconsin corporate franchise or income tax return, regardless of whether or not business was transacted. Unlicensed corporations are also required to file returns for each year they do business or have certain business activities in Wisconsin.

For more information, write to: Wisconsin Department of Revenue, P.O. Box 8906, Madison, WI 53708-8906.

C. Withholding: If an employer has employees in Wisconsin, the employer may be required to withhold Wisconsin income taxes from the employees' wages. An employer required to withhold must apply for a withholding registration certificate from the department.

For more information, write to: Wisconsin Department of Revenue, P.O. Box 8902, Madison, WI 53708-8902.

D. Estimated Tax for Individuals: Estimated income tax payments are required if you expect to owe $200 or more of income tax with your income tax return. The estimated tax requirement applies to full-year residents, part-year residents, and nonresi-

dents. An interest charge may be imposed if you fail to make these payments.

For more information, write Wisconsin Department of Revenue, Mail Stop 3-164, P.O. Box 8903, Madison, WI 53708-8903 or call any department office. The Madison office telephone number is (608) 266-9940.

E. Estimated Tax for Corporations: Corporations must make estimated income or franchise tax payments if their current year tax liability will be $500 or more, unless they owed no tax for the previous twelve-month tax year.

For more information, write Wisconsin Department of Revenue, Mail Stop 3-138, P.O. Box 8906, Madison, WI 53708-8906 or call any department office. The Madison office telephone number is (608) 266-0800.

F. Unemployment and Worker's Compensation: For more information on these taxes write to: Wisconsin Department of Workforce Development, P.O. Box 7901, Madison, WI 53708-7901.

G. Motor Vehicle Alternate Fuel Tax: An alternate fuel tax is imposed on all compressed natural gas (CNG) fuel or liquid propane (LPG) placed into the supply tank of a motor vehicle. If you purchase CNG or LPG for heating and use this fuel in your truck or automobile, you must obtain an Alternate Fuel Users License and pay the tax directly to the Department of Revenue.

If you sell or purchase alternate fuel and have questions about the alternate fuel tax, write to: Wisconsin Department of Revenue, Mail Stop 5-107, P.O. Box 8906, Madison, Wisconsin 53708-8900.

H. Local Exposition Taxes: Persons selling lodging, food, or beverages or renting automobiles in municipalities located wholly or partially in Milwaukee County are subject to local exposition taxes. For more information, obtain Wisconsin Publication 410, *Local Exposition Taxes*, from any Department of Revenue office.

I. Dry Cleaner Fees: Any person operating a dry cleaning facility in Wisconsin is subject to dry cleaning fees. Dry cleaner fees are due in installments payable on or before April 25, July 25, October 25, and January 25. The amounts must be equal to 2.8%* of the previous three months' gross receipts from dry cleaning apparel and household fabrics, but not from formal wear that the facility rents to the general public. In addition, a fee of $5 per gallon of perchloroethylene sold, and $0.75 per gallon of any other dry cleaning product sold, is imposed.

*Prior to the quarterly payment due April 25, 2008, the dry cleaning fee was 1.8% (rather than 2.8%).

For more information, contact the Department of Revenue in Madison as provided in Part XXII. of this publication.

J. Police and Fire Protection Fees (effective September 1, 2009): Every communications provider and retailer required to impose the police and fire protection fee must register with the Department of Revenue to report and remit the fees.

Communications providers are required to impose a monthly fee of $0.75 on each communications service connection with an assigned telephone number, including a communication service provided via a Voice over Internet Protocol connection. Communications providers and other retailers who sell prepaid wireless telecommunications plans, such as a $15 card for a prepaid wireless account, are subject to the $0.38 fee on each *retail transaction for prepaid wireless telecommunications plans*.

The fees will be reported to the Department of Revenue on an electronic return on a monthly basis through the Department of Revenue's *My Tax Account* System. Returns will be due and payable on the last day of the month following the month in which the fees were collected.

For additional information, see the Department of Revenue's web page for the Police and Fire Protection Fee .

K. Premier Resort Area Taxes: Persons selling tangible personal property; items, property, or goods as described in Part X.A.2. to 4.; or taxable services in the Village of Lake Delton, the City of Wisconsin Dells, the City of Bayfield, and the City of Eagle

River (effective October 1, 2006) are subject to the premier resort area tax on such sales if the persons are classified in the Standard Industrial Classification manual (1987 Edition) under certain numbers.

The rate of the premier resort area tax for the City of Bayfield and the City of Eagle River is 0.5%, and the rate of the premier resort area tax for the City of Wisconsin Dells and the Village of Lake Delton is 1.0%.

Prior to January 1, 2010, the premier resort area tax rate for the City of Wisconsin Dells and the Village of Lake Delton was 0.5%.

For more information, obtain Publication 403, *Premier Resort Area Taxes*, from any Department of Revenue office.

L. Rental Vehicle Fee: Persons primarily engaged in the business of short-term rentals of vehicles without drivers are subject to a 5% rental vehicle fee on rentals in Wisconsin of Type 1 automobiles, recreational vehicles, motor homes, and camping trailers for periods of 30 days or less.

Persons providing limousines with drivers in Wisconsin are subject to a 5% limousine fee.

Refer to Wisconsin Publication 202, *Sales and Use Tax Information for Motor Vehicle Sales, Leases, and Repairs*, for more information. If you have questions about the rental vehicle fee or limousine fee, write or call the Wisconsin Department of Revenue, P.O. Box 8949, Madison, WI 53708-8949 (telephone (608) 261-6261).

M. Regional Transit Authority – Rental Vehicle Fee terminated effective July 1, 2009: The $2 per transaction regional transit authority fee on the short-term rental of vehicles in Kenosha, Racine, and Milwaukee was terminated, effective July 1, 2009.

Prior to July 1, 2009, persons primarily engaged in the short-term rental of vehicles without drivers are subject to a $2 fee for each transaction within the region of Kenosha, Racine, and Milwaukee counties on the rental of Type 1 automobiles for periods of 30 days or less. The fee, which was effective June 1, 2006, is to be collected from the person to whom the passenger car is rented. The retailer that collects this fee is required to separately state the fee on the receipt that it provides to the rental customer.

For additional information about the $2 Regional Transit Authority Fee, see pages 18-20 of *Wisconsin Tax Bulletin* #144 (September 2005).

Note: The existing Dane County and Southeastern Regional Transit Authorities are terminated. The authorization to create the Chequamegon Bay and Chippewa Valley Regional Transit Authorities has also been repealed. The Southeastern Regional Transit Authority was created under 2009 Wis. Act 28. The authorization to create the Dane County, Chequamegon Bay, and Chippewa Valley Regional Transit Authorities was also provided in 2009 Wis. Act 28; however, only the Dane County Regional Transit Authority was created. No taxes or fees were imposed by either the Dane County or Southeastern Regional Transit Authority.

XXI. KEEPING AWARE OF NEW SALES AND USE TAX DEVELOPMENTS

If you are required to file sales and use tax returns, you should be aware of changes in the tax laws, new interpretations, and court cases which may affect how you file returns and compute the tax. Informational type aids available to you include:

A. Sales and Use Tax Report

The *Sales and Use Tax Report* is published one or more times each year by the Department of Revenue. It includes general information about sales and use tax, including new tax laws enacted by the legislature. These reports are available on the department's web site at www.revenue.wi.gov/ise/sales/index.html.

Notification of new reports will be sent to subscribers of the sales and use tax electronic mail list. See Part XXI.G.

B. Publications

You may obtain the following sales and use and other local tax publications from the Department of Revenue's under the "Publications" tab:

No.	Title
200	Electrical Contractors
202	Sales and Use Tax Information for Motor Vehicle Sales, Leases, and Repairs
203	Sales and Use Tax Information for Manufacturers
204	Sales and Use Tax Information for Colleges, Universities, and Technical Colleges
205	Use Tax Information for Individuals
206	Sales Tax Exemptions for Nonprofit Organizations
207	Sales and Use Tax Information for Contractors
209	Sales and use Tax Information for Wisconsin Counties and Municipalities
210	Sales and Use Tax Treatment of Landscaping
211	Cemetery Monument Dealers
212	Do You Owe Use Tax on Imported Goods? (Businesses)
214	Do You Owe Use Tax? (Businesses)
216	Filing Claims for Refund of Sales or Use Tax
217	Auctioneers
219	Hotels, Motels, and Other Lodging Providers
220	Grocers
221	Farm Suppliers and Farmers
222	Motor Vehicle Fuel Users: Do You Owe Use Tax?
223	Bakeries
224	Veterinarians
225	Beauty and Barber Shops
226	Golf Courses
228	Temporary Events
229	Brackets for Collecting Wisconsin Sales or Use Tax Paid on Retail Sales
230	Sales and Use Tax Information for Sellers of Antiques, Crafts, and Artwork
240	Digital Goods
403	Premier Resort Area Tax
405	Wisconsin Taxation of Native Americans
410	Local Exposition Taxes

C. Forms

You may obtain the following sales and use tax and other forms from any Department of Revenue office or at www.revenue.wi.gov/html/formpub.html.

No.	Title
BTR-101	Application for Business Tax Registration and Instructions
Schedule CT	County Sales and Use Tax Schedule
ST-12	Wisconsin Sales and Use Tax Return
S-240	Wisconsin Temporary Event Operator and Seller Information
UT-5	Consumer's Use Tax Return
S-213	Sales and Use Tax Bracket System
S-218	Sales & Use Tax Bracket Chart
S-220	Form BCR, Buyer's Claim for Refund
S-211	Wisconsin Sales and Use Tax Exemption Certificate
S-103	Application for Wisconsin Sales and Use Tax Certificate of Exempt Status
S-101	Application for Direct Pay

Additional information about certain forms, including detailed descriptions, can be found in Appendix A.

D. Wisconsin Tax Bulletin

The *Wisconsin Tax Bulletin* is a quarterly publication of the Department of Revenue, which is available on the department's web site under the "Publications" tab. The Bulletin includes information on most taxes administered by the Department of Revenue, including sales and use, income, franchise, and excise taxes. It includes up-to-date information on new tax laws, interpretations of existing laws, and information on filing returns. It also gives brief excerpts of major Wisconsin tax cases decided by the Wisconsin Tax Appeals Commission and the courts.

Notification of new bulletins will be sent to subscribers of the sales and use tax electronic mail list. See Part XXI.G.

E. Rules - Wisconsin Administrative Code

The *Wisconsin Administrative Code* includes administrative rules that interpret the Wisconsin Statutes. Rules have the force and effect of law. The Department of Revenue has adopted a number of rules pertaining to sales and use tax. A list of sales and use tax rules is found in Appendix B.

A subscription and update service, which provides all new Department of Revenue rules and changes to existing rules, may be purchased from Department of Administration Document Sales.

F. Topical and Court Case Index

The *Topical and Court Case Index* is a two-part index. The first part (a Topical Index) will help you find the particular Wisconsin statute, administrative rule, Wisconsin Tax Bulletin tax release, publication, private letter ruling, or Attorney General opinion that deals with your particular tax question. The second part of the index (a Court Case Index) lists Wisconsin Tax Appeals Commission, Circuit Court, Court of Appeals, and Wisconsin Supreme Court decisions relating to your question

G. Electronic Mail Lists

The Department of Revenue has several electronic mailing lists available to the public. The goal is to provide communication from the department to list members on information and news specific to the respective list they have signed up for.

XXII. DO YOU HAVE QUESTIONS OR NEED ASSISTANCE?

If you are unable to find an answer to your question about sales and use taxes, e-mail, write, or call the department.

Visit our web site . . . www.revenue.wi.gov

E-Mail . . . DORSalesBusinessTaxandWithholding@wisconsin.gov

Write . . . Wisconsin Department of Revenue
P.O. Box 8949, Mail Stop 5-77
Madison, WI 53708-8949

Telephone. . . (608) 266-2776

Fax . . . (608) 267-1030

You may also contact any of the Department of Revenue offices. For a listing of offices and their current hours, please see the department's web site at www.revenue.wi.gov/faqs/ise/address.html.

XXIII. BUSINESS DEVELOPMENT ASSISTANCE – WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

If you have questions about what other permits may be needed for your business, or need assistance in obtaining a permit, check the Wisconsin Economic Development Corporation's web site for information about Entrepreneurs & Innovators.

APPENDIX A

SALES AND USE TAX FORMS

The forms and certificates listed below pertain to Wisconsin sales and use taxes. The number in parenthesis after the title is the form number. Copies of these forms may be obtained from any Department of Revenue office, by calling (608) 266-1961, from the Department of Revenue's web site or by writing Wisconsin Department of Revenue, P.O. Box 8949, Madison, WI 53708-8949.

I. SALES/USE TAX RETURNS FILED WITH DEPARTMENT OF REVENUE OR ANOTHER STATE AGENCY

- **Wisconsin Sales and Use Tax Return** – Form ST-12 (S-012) - filed by a person who has a seller's permit, use tax certificate or consumer's use tax certificate and has received a waiver from filing an electronic return (see Part VIII.A.). Also used as an amended return to correct an error on a Form ST-12 previously filed with the Department of Revenue.

- **Consumer Use Tax Return** – Form UT-5 (SU-050) - filed with Department of Revenue by a person who is not required to be registered for consumer's use tax.

- **Buyer's Claim for Refund of Wisconsin State, County and Stadium Sales Taxes** (Form BCR) - filed with the Department of Revenue by a person who paid sales or use tax in error to a seller. A Buyer's Claim for Refund may also be filed electronically on the department's web site.

- **Aircraft Registration Application** (DT-1556) - filed with Department of Transportation by a Wisconsin aircraft dealer and by a person who purchases an airplane from someone who is not a dealer or from a seller located outside Wisconsin.

- **Application For Title/Registration** (MV-1) - filed with Department of Transportation by a Wisconsin motor vehicle dealer, and by a person who purchases a motor vehicle, mobile home, trailer, or semitrailer from a person who is not a Wisconsin dealer, as evidence that state and/or county sales tax has been paid or that the vehicle is exempt from tax.

- **Application for Title/Registration** (9400-193, 9400-210 and 9400-376) - filed with Department of Natural Resources by a person who purchases a boat, snowmobile, or all-terrain vehicle from someone who is not a dealer, or from a seller located outside Wisconsin.

II. EXEMPTION CERTIFICATES GIVEN TO SELLER BY BUYER

- **Wisconsin Sales and Use Tax Exemption Certificates**

  Form S-211 and Form S-211-SST are used by buyers when purchasing property or services which are for resale or for which an exemption applies.

  Note: Form S-211 is an expanded exemption certificate that replaces Forms S-016, S-017, S-205, S-206, S-207, S-207m, and S-209. Although these forms are no longer printed and distributed by the department, they are still valid as proof of exempt sales if properly completed and taken in good faith.

- **Construction Contract Entered Into Before Effective Date of County Tax** (Form S-207CT) - used by buyer (contractor) when purchasing materials under a written contract entered into prior to the date the county tax went into effect, allowing the buyer to purchase the materials without the 0.5% county sales tax.

III. OTHER FORMS

- **Application for Business Tax Registration** (BTR-101) - filed by a person applying for a seller's permit, use tax certificate, consumer's use tax certificate or employer's withholding registration.

- **Application for Certificate of Exempt Status** (Form S-103) - filed by a federal or Wisconsin governmental unit or a nonprofit religious, charitable, scientific, or educational organization which qualifies to purchase items exempt from tax.

- **Seller's Permit** - issued by Department of Revenue to a person who has been approved as a seller of tangible personal property or taxable services.

- **Sales and Use Tax Clearance Certificate** - issued by Department of Revenue to a purchaser (successor) of a business certifying that the seller of the business owes no sales and use tax.

SALES AND USE TAX RULES - WISCONSIN ADMINISTRATIVE CODE

APPENDIX B

Listed below are sales and use tax rules in effect as of September 1, 2011. The Wisconsin Administrative Code of the Department of Revenue and a subscription update service may be purchased by writing to: Wisconsin Department of Administration, Document Sales, Box 7840, 202 South Thornton Avenue, Madison, WI 53707-7840, telephone (608) 266-3358. The rules are also available for viewing on the Revisor of Statutes web site at www.legis.wi.gov/rsb/code/tax/tax011.pdf.

An Emergency Rule for Wind, Solar, and Certain Gas-Powered Products' Exemption is also available on the Department of Revenue's web site.

Subchapter I — General Provisions

Tax 11.001 Forward and definitions.
Tax 11.002 Registration.
Tax 11.01 Sales and use tax return forms.

Subchapter II — Exempt Entities

Tax 11.03 Schools and related organizations.
Tax 11.04 Constructing buildings for exempt entities.
Tax 11.05 Governmental units.

Subchapter III — Exemptions

Tax 11.08 Durable medical equipment, mobility-enhancing equipment, and prosthetic devices.
Tax 11.09 Drugs.
Tax 11.11 Utility, industrial and governmental waste treatment facilities.
Tax 11.12 Farming, including dairy farming, agriculture, horticulture, floriculture, silviculture, and custom farming services.
Tax 11.13 Direct pay.
Tax 11.14 Exemption certificates.
Tax 11.15 Containers and other packaging and shipping materials.
Tax 11.16 Common or contract carriers.
Tax 11.17 Hospitals, clinics and medical professions.
Tax 11.18 Dentists and their suppliers.
Tax 11.19 Printed material exemptions.

Subchapter IV — Sales Price

Tax 11.26 Other taxes in taxable sales price and purchase price.
Tax 11.27 Maintenance contracts, insurance, and warranties.
Tax 11.28 Gifts and other advertising specialties.
Tax 11.29 Leases, licenses and rentals of tangible personal property and items, property and goods under s. 77.52 (1) (b), (c), and (d), Stats.
Tax 11.30 Credit sales, bad debts and repossessions.
Tax 11.32 "Sales price" and "purchase price".

Subchapter V — Occasional Sales

Tax 11.33 Occasional sales.
Tax 11.34 Occasional sales exemption for sale of a business or business assets.
Tax 11.35 Occasional sales by nonprofit organizations.

Subchapter VI — Manufacturers and Producers

Tax 11.38 Fabricating, processing, and printing.
Tax 11.39 Manufacturing.
Tax 11.40 Exemption of machines and processing equipment.
Tax 11.41 Exemption of property and items consumed or destroyed in manufacturing.

Subchapter VII — Types of Retailers

Tax 11.45 Sales by pharmacies and drug stores.
Tax 11.46 Summer camps.
Tax 11.47 Commercial photographers and photographic services.
Tax 11.48 Landlords, hotels and motels.
Tax 11.49 Service stations and fuel oil dealers.
Tax 11.50 Auctions.
Tax 11.51 Grocers' guidelist.
Tax 11.52 Coin-operated vending machines and amusement devices.
Tax 11.53 Temporary events.
Tax 11.535 Operators of a swap meet, flea market, craft fair, or similar event.
Tax 11.54 Temporary amusement, entertainment, or recreational events or places.
Tax 11.55 Agents, consignees, lienors, and brokers.
Tax 11.56 Printing industry.
Tax 11.57 Utilities.

Subchapter VIII — Service Enterprises

Tax 11.61 Veterinarians and their suppliers.
Tax 11.62 Barber or beauty shop operator.
Tax 11.63 Radio and television stations.
Tax 11.64 Background music.
Tax 11.65 Admissions.
Tax 11.66 Telecommunications and telecommunications message services.
Tax 11.67 Service enterprises.
Tax 11.68 Construction contractors.
Tax 11.69 Financial institutions.
Tax 11.70 Advertising agencies.
Tax 11.71 Computer industry.
Tax 11.72 Laundries, dry cleaners, and linen and clothing suppliers.

Subchapter IX — Types of Tangible Personal Property and Items, Property, and Goods Under s. 77.52 (1) (b), (c), and (d), Stats.

Tax 11.78 Stamps, coins and bullion.
Tax 11.79 Leases of highway vehicles and equipment.
Tax 11.80 Sales of ice.
Tax 11.81 Industrial gases, welding rods, fluxing materials, and fuels.
Tax 11.82 Mailing lists and mailing services.
Tax 11.83 Motor vehicles.
Tax 11.84 Aircraft.
Tax 11.85 Boats, vessels, and barges.
Tax 11.86 Utility transmission and distribution lines.
Tax 11.87 Prepared food, food and food ingredients, and soft drinks.
Tax 11.88 Manufactured homes, mobile homes, and recreational vehicles.

Subchapter X — Administrative Provisions

Tax 11.90 Penalty for failure to produce records under s. 77.61 (19), Stats.
Tax 11.91 Successor's liability.
Tax 11.92 Records and record keeping.
Tax 11.925 Sales and use tax security deposits.
Tax 11.93 Annual filing of sales tax returns.
Tax 11.94 Delivery charges.
Tax 11.945 Sourcing transactions.
Tax 11.95 Retailer's discount.
Tax 11.96 Delivery of ordinance or resolution; county, stadium, transit authority, and premier resort area tax.
Tax 11.97 "Engaged in business" in Wisconsin.
Tax 11.98 Reduction of delinquent interest rate under s. 77.62, Stats.
Tax 11.985 Bundled transactions.

APPENDIX C

SECTION TAX 11.92 - RECORDS AND RECORD KEEPING

Tax 11.92 Records and record keeping. (1) GENERAL. All persons selling, licensing, leasing, or renting tangible personal property or items, property, or goods under s. 77.52 (1) (b), (c), or (d), Stats., or taxable services and every person storing, using, or otherwise consuming in Wisconsin tangible personal property, items, property, or goods under s. 77.52 (1) (b), (c), or (d), Stats., or taxable services shall keep adequate and complete records so that they may prepare complete and accurate tax returns. These records shall include the normal books of account ordinarily maintained by a prudent business person, together with all supporting information such as beginning and ending inventories, records of purchases and sales, cancelled checks, bills, receipts, invoices which shall contain a posting reference, cash register tapes, credit memoranda which shall carry a reference to the document evidencing the original transaction or other documents of original entry which are the basis for the entries in the books of account, and schedules used in connection with the preparation of tax returns. These records shall show:

(a) The sales price from sales of tangible personal property, items, property, and goods under s. 77.52 (1) (b), (c), and (d),Stats., and taxable services, or licenses, rentals, or leases of tangible personal property and items, property, and goods under s. 77.52 (1) (b), (c), and (d), Stats., including any services that area part of the sale, license, lease, or rental sourced to Wisconsin under s. 77.522, Stats., even if the seller, licensor, or lessor regards the receipts as taxable or nontaxable. Taxable receipts shall be reported on the accrual basis, except when the department is satisfied that an undue hardship would exist and authorizes reporting on some other basis.

(b) The basis for all deductions claimed in filing returns, including exemption certificates obtained from customers. Exempt sales to governmental units and public schools need not be supported by exemption certificates, if the supplier retains a copy of the exempt entity's purchase order and the supplier's invoice or billing document. Sales to organizations holding a certificate of exempt status, CES, including religious or charitable organizations, can be shown to be exempt by recording the CES number on the seller's copy of the bill of sale. Except as provided in this paragraph and ss. 77.52 (13) and 77.53 (10), Stats., exempt sales shall be supported by an exemption certificate signed by the purchaser and retained by the seller. Documents necessary to support claimed exemptions from tax liability, such as bills of lading and purchase orders, shall be maintained in a manner in which they readily can be related to the transaction for which exemption is sought.

(c) Total purchase price of all tangible personal property, items, property, and goods under s. 77.52 (1) (b), (c), and (d), Stats., and taxable services purchased for sale, license, lease, rental, storage, use, or other consumption in Wisconsin.

(d) Every person subject to the county, stadium, or regional transit authority sales and use tax shall keep a record of sales that the person makes that are sourced under s. 77.522, Stats., to each:

1. County that has in effect an ordinance imposing a county tax under s. 77.70, Stats.

2. Stadium district that has in effect a resolution imposing the tax under s. 77.705 or 77.706, Stats.

3. Jurisdictional area of each regional transit authority that has in effect a resolution imposing the tax under s. 77.708, Stats.

(e) Every person shall keep a record of the purchase price of property, items, and goods on which the person is subject to county, stadium, and regional transit authority use or excise tax in each enacting county, stadium district or transit authority's jurisdiction.

(2) MICROFILM RECORDS. Microfilm, including microfiche, reproductions of general books of account, such as cash books, journals, voucher registers and ledgers, and supporting records of detail shall be acceptable if the following conditions are met:

(a) Appropriate facilities are provided for preservation of the films for periods required.

(b) Microfilm rolls are indexed, cross referenced, labeled to show beginning and ending numbers or beginning and ending alphabetical listing of documents included, and are systematically filed.

(c) Transcriptions are provided for any information contained on microfilm which may be required for purposes of verification of tax liability.

(d) Proper facilities are provided for the ready inspection and location of the particular records, including adequate projectors for viewing and copying the records.

(3) RECORDS PREPARED BY AUTOMATED DATA PROCESSING (ADP) SYSTEMS. An automatic data processing, ADP, tax accounting system shall have the capability of producing visible and legible records which will provide the following necessary information for verification of the taxpayer's tax liability:

(a) *Recorded or reconstructible data.* ADP records shall provide an opportunity to trace any transaction back to the original source or forward to a final total. If detailed printouts are not made of transactions at the time they are processed, then the system must have the ability to readily reconstruct these transactions.

(b) *General and subsidiary books of account.* A general ledger, with source references, shall be written out to coincide with financial reports for tax reporting periods. Where subsidiary ledgers are used to support the general ledger accounts, the subsidiary ledgers shall also be written out periodically.

(c) *Audit trail and supporting documents.* The audit trail shall be designed so that the details underlying the summary accounting data may be identified and made available to the department upon request. The record keeping system should be so designed that supporting documents, such as sales invoices, purchase invoices, exemption certificates, and credit memoranda, shall be readily available.

(d) *Program documentation.* A written description of the ADP portion of the accounting system shall be available. Important changes, together with their effective dates, shall be noted in order to preserve an accurate chronological record. The statements and illustrations as to the scope of operations shall be sufficiently detailed to indicate:

1. The application being performed.

2. The procedures employed in each application.

3. The controls used to ensure accurate and reliable processing.

(4) RECORDS RETENTION. The records shall be preserved and retained for the 4−year period open to audit under s. 77.59 (3), Stats. If any agreement is entered into to extend the 4−year audit period, the records shall be preserved for that extended period. If a notice of tax determination has been issued to the taxpayer by the department and if the taxpayer files a petition for redetermination, the records for the period covered by the notice of the tax determination shall be preserved and retained until the tax redetermination has been finally resolved.

(5) EXAMINATION OF RECORDS. All records described in this section shall be made available for examination by the department at its request.

(6) FAILURE TO MAINTAIN RECORDS. In the absence of suitable and adequate records, the department may determine the amount of tax due by using any information available, whether obtained from the taxpayer's records or from any other source. Failure to maintain and keep complete and accurate records may result in penalties or other appropriate action provided by law, including the disallowance of deductions, credits, and exemptions and the inclusion of additional taxable sales or additional taxable purchases to which the requested records relate.

(7) PENALTIES. If the department has given notice to a person to keep certain sales and use tax records, and thereafter additional sales or use taxes are assessed on the basis of information not contained in the records, the department shall impose a penalty equal to 25% of the amount of sales or use tax assessed. This is in addition to all other penalties provided by law.

Note: Section Tax 11.92 interprets ss. 77.52 (13), 77.58 (6m), 77.60 (8), 77.61 (4)(a) and (9), and 77.75, Stats.

Note: The interpretations in this s. Tax 11.92 are effective under the general sales and use tax law on and after September 1, 1969, except: (a) The 25% penalty in sub.(7) became effective July 20, 1985, pursuant to 1985 Wis. Act 29; and (b) The change of the term "gross receipts" to "sales price" and the separate impositions of tax on coins and stamps sold above face value under s. 77.52 (1) (b), Stats., certain leased property affixed to real property under s. 77.52 (1) (c), Stats., and digital goods under s. 77.52 (1) (d), Stats., became effective October 1, 2009, pursuant to 2009 Wis. Act 2.

History: Cr. Register, July, 1977, No. 259, eff. 8−1−77; emerg. cr. (1) (d), eff.3−24−86; cr. (1) (d), Register, October, 1986, No. 370, eff. 11−1−86; am. (1) (intro.), (a), (b) and (c), (2) (intro.), (3) (intro.) and (c) and (4), cr. (7), Register, June, 1991, No. 426, eff. 7−1−91; EmR0924: emerg. am. (1) (intro.) to (c), (2) (b), (3) (c) and (6), renum. (1) (d) to be (1) (d) (intro.) and am., cr. (1) (d) 1. to 3. and (e) eff. 10−1−09; CR09−090: am. (1) (intro.) to (c), (2) (b), (3) (c) and (6), renum. (1) (d) to be (1) (d) (intro.) and am., cr. (1) (d) 1. to 3. and (e) Register May 2010 No. 653, eff. 6−1−10.

APPENDIX D

SECTION TAX 11.14 - EXEMPTION CERTIFICATES

Tax 11.14 Exemption certificates. (1) STATUTES. The sales tax status of exemption certificates is contained in s. 77.52 (13) to (17), Stats., and the use tax status of exemption certificates is contained in s. 77.53 (10) to (13), Stats.

(2) GENERAL. (a) Exemption certificates are given to sellers or lessors by purchasers or lessees to verify that a transaction is exempt from Wisconsin sales and use taxes. Sellers and lessors shall exclude from the taxable sales price those transactions for which they have accepted a valid exemption certificate from the purchaser. The following sales and use tax exemption certificates may be used in Wisconsin:

1. Wisconsin sales and use tax exemption certificate, form S−211. This is a multipurpose form which may be used for any Wisconsin sales and use tax exemption provided by law, except as provided in sub. (14). For direct pay, form S−211 may be used as the document described in s. Tax 11.13 (5) (a) 2. if all of the required information is included on the form S−211.

2. Construction contract entered into before the effective date of county/stadium tax, form S−207CT−1. This is a certificate which may be used by a contractor to purchase building materials without a county or stadium tax under the circumstances described in sub. (13).

3. Streamlined Sales and Use Tax Exemption Certificate, SSTGB Form F0003. This is a multistate form which may be used to claim any sales or use tax exemption provided under Wisconsin law. Since this is a multistate exemption certificate, purchasers should use caution when issuing this certificate, since it contains various exemptions that are not applicable in Wisconsin and only apply in other states. Purchasers are responsible for knowing if they qualify for the exemption they are claiming in the state in which the exemption is being claimed. The purchaser will be held liable for any tax, interest, and penalties that result from the purchaser claiming an exemption for which they were not eligible.

(b) Use of an exemption certificate designed by the department is not required by law. A person may use a substitute exemption certificate if it contains all the essential information relating to the transaction and if it is in a form approved by the department. Paper exemption certificates must be signed by and bear the name and address of the purchaser, the name and address of the seller, a general description of the purchaser's business and the reason for the claimed exemption. An electronic exemption certificate shall contain the same information as a paper exemption certificate, except that a signature is not required.

(c) If a purchaser provides an exemption certificate indicating that the property, item, good, or service purchased will be used for activities or under circumstances which make the purchase of the property, item, good, or service exempt from the sales tax or for resale, and the property, item, good, or service is subsequently used by the purchaser in a manner that makes the property, item, good, or service ineligible for exemption from tax, the purchaser is liable for payment of the applicable sales or use tax.

(3) EFFECT OF OBTAINING CERTIFICATE. (a) Except as provided in par. (b), a seller is relieved of liability for the tax if the seller obtains from the purchaser, prior to the date of the sale or within 90 days after the date of the sale, a fully completed exemption certificate which indicates that the purchaser will use the property or service in a manner that is exempt from Wisconsin sales and use tax.

(b) A seller is not relieved of its liability to collect and remit the applicable Wisconsin sales or use tax on a sale to a purchaser if any of the following apply:

1. The seller fraudulently fails to collect the sales or use tax.

2. The seller solicits the purchaser to claim an unlawful exemption.

3. The seller accepts an exemption certificate from a purchaser claiming to be an entity that is not subject to sales and use taxes, if both of the following apply:

a. The subject of the transaction covered by the exemption certificate is received by the purchaser at the seller's Wisconsin location.

b. The exemption certificate clearly and affirmatively indicates that the claimed exemption is not available in Wisconsin.

Note: All retailers should be familiar with the instructions contained in an exemption certificate.

(4) FAILURE TO OBTAIN CERTIFICATE. (a) A seller who does not obtain an exemption certificate as provided in sub. (3) (a), shall be relieved from liability for the tax if, no later than 90 days after the sale, the seller captures and maintains all of the following data elements in its accounting system, with respect to the transaction upon which an exemption is being claimed:

1. Name and business address of the purchaser.

2. Purchaser's state tax identification number and state of issue. If the purchaser does not have a state tax identification number then the purchaser's federal employer identification number is needed. If the purchaser does not have a federal employer identification number then the purchaser's personal driver's license number and state of issue is needed.

3. Purchaser's type of business.

4. The reason for the claimed exemption.

(b) If a seller does not obtain an exemption certificate as provided in sub. (3) (a) or the relevant data elements provided in par. (a), the seller may, within 120 days after it is requested by the department to substantiate a claimed exemption, either obtain, in good faith, a fully completed exemption certificate from the purchaser; or by some other means provide proof that the transaction was not subject to Wisconsin sales or use tax. If a seller cannot prove that a transaction was exempt by one of these methods, the seller is not relieved from liability for the tax, interest, or penalties.

(c) 1. A seller accepts an exemption certificate as provided in sub. (4) (b) in good faith if all of the following apply:

a. The exemption claimed was authorized by law on the date of the transaction in the jurisdiction to which the transaction is sourced.

b. The exemption could be applicable to the property, item, good, or service being purchased.

c. The exemption being claimed is reasonable for the purchaser's type of business.

2. If a seller obtains the information in subd. 1., the seller is relieved of its liability for the tax unless it is discovered through the audit process that the seller had knowledge or reason to know at the time the information relating to the exemption was provided that the information was materially false or the seller otherwise knowingly participated in an activity intended to purposefully evade the tax that is properly due on the transaction.

(5) CONTINUOUS CERTIFICATES. (a) Continuous or blanket exemption certificates do not expire and need not be renewed at any prescribed interval. However, they should be renewed at reasonable intervals in case of a business change, registration number change, or discontinuance of the specific business claiming the exemption. The seller should periodically review exemption certificates on file to ascertain that the person claiming the exemption is the person who furnished the certificate.

(b) If a purchaser provides a continuous or blanket exemption certificate, the purchaser may not issue "this time only" purchase orders or similar documents cancelling the continuous or blanket exemption certificate for the one transaction only. In addition, the notation "taxable" on a purchase order is not sufficient to relieve a purchaser of the responsibility for a previously issued continuous or blanket certificate. The seller is not liable for the tax on transactions covered by a valid exemption certificate. If a purchaser does not want a continuous or blanket exemption certificate to apply, it must notify the seller in writing that it is rescinding a previously issued continuous or blanket exemption certificate.

(6) RESALE. (a) *Effect of obtaining exemption certificate claiming* resale**.** 1. The burden of proving that a sale of property, items, goods, or services is not at retail is upon the seller unless the seller accepts an exemption certificate from the purchaser as provided in sub. (3) (a) or captures and maintains the data elements as required in sub. (4) (a) that indicate the property, item, good, or service is purchased for resale. Obtaining the certificate or capturing and maintaining the data elements that indicate the property, item, good, or service is purchased for resale, relieves the seller from liability for the sales tax and the duty of collecting the use tax.

2. If a purchaser gives an exemption certificate as provided in sub. (3) (a) or provides the data elements described in sub. (4) (a), claiming resale for property, item, good, or service acquired and then makes any storage or use of the property, item, good, or service other than retention, demonstration, or display while holding it for sale, lease, license, or rental in the regular course of business, the storage or use is taxable to the purchaser as of the time the property, item, good, or service is first stored or used. The sales tax shall be reported and paid by the purchaser with the tax return for the period in which the property, item, good, or service is first so stored or used.

(b) *Contents of exemption certificates claiming resale.* An exemption certificate claiming resale shall contain the following information for the seller to be relieved from the burden of proving the sale of property or services was not a taxable sale:

1. The name and address and the signature of the purchaser.

2. A general description of the purchaser's business.

3. The basis for the claimed exemption including the seller's permit number of the purchaser, except that:

a. A wholesaler who sells only to other sellers for resale may insert "wholesale only" in the space for a seller's permit number.

b. A person registered as a seller in another state, who makes no retail sales in Wisconsin, may insert the name of the state in which registered and the permit number issued to the person by that state.

c. A person who makes exempt sales only in the regular course of business may insert the words "exempt sales only" in the space for a seller's permit number.

(7) MANUFACTURING EXEMPTION. (a) A supplier who accepts a fully completed exemption certificate claiming a manufacturing exemption marked for "continuous" use may make sales to the manufacturer without collecting the tax if the nature of the property, items, or services sold qualifies for one of the exempt uses claimed by the manufacturer on the form. If an exemption certificate is a "continuous" form, each purchase order of the manufacturer shall refer to it. If an individual order contains both exempt and non−exempt purchases, the purchaser shall designate which items are taxable.

(b) If the manufacturer uses "single purchase" certificates, it may print these as an integral part of its purchase orders, as long as the essential information on the approved form is retained.

(8) FARMER'S EXEMPTION. A retailer shall have a signed exemption certificate for every exempt sale made to a farmer.

Note: Section Tax 11.12 describes the types of property, items, goods, and services which may be sold to farmers without tax, and the use of the exemption certificate to claim farming exemptions.

(9) EXEMPTION FOR FUEL OIL, PROPANE, COAL, STEAM, AND WOOD FOR FUEL FOR RESIDENTIAL OR FARM USE. A retailer shall have a signed exemption certificate if the sale of fuel oil, propane, coal, steam, or wood for residential or farm use is partially exempt from sales or use tax. If the sale is 100% exempt, an exemption certificate is not required.

(10) EXEMPTION FOR ELECTRICITY AND NATURAL GAS SOLD FOR RESIDENTIAL OR FARM USE. A retailer of electricity or natural gas shall have a signed exemption certificate for all sales of electricity or natural gas for residential or farm use which are exempt from sales or use tax unless any, or all, of the following apply:

(a) 100% of the electricity or natural gas is for exempt use.

(b) The sale is to an account which is properly classified as residential or farm pursuant to schedules which are filed for rate tariff with the Wisconsin public service commission which are in force at the time of the sale.

(c) The sale is to an account which is properly classified as residential or farm for classification purposes as directed by the federal rural electrification administration.

(11) GOVERNMENT SALES AND USE TAX EXEMPTION. (a) A retailer of tangible personal property, items, property, or goods under s. 77.52 (1) (b), (c), or (d), Stats., or taxable services may accept from a federal or Wisconsin governmental unit or any federally recognized American Indian tribe or band in Wisconsin, an exemption certificate as provided in sub. (3) (a) or the data elements as required in sub. (4) (a) as proof that a sale is exempt from sales or use tax.

(b) In lieu of accepting an exemption certificate as provided in par. (a), a retailer who issues its billing or invoice in the name of the Wisconsin or federal governmental unit or any federally recognized American Indian tribe or band in Wisconsin, may accept either one of the following:

1. A purchase order or similar written document from the governmental unit or tribe or band, identifying itself as the purchaser.

2. A verbal indication of the governmental unit's or tribe's or band's, certificate of exempt status, or CES, number, which the retailer shall record on the copy of the invoice it retains.

(12) OTHER EXEMPTIONS. The Wisconsin sales and use tax exemption certificate, form S−211, and the Streamlined Sales and Use Tax Exemption Certificate, SSTGB Form F0003, may also be used to claim any other sales and use tax exemption provided by law, including the following:

(a) Containers and other packaging, packing, and shipping materials used to transfer merchandise to customers of the purchaser.

(b) Tangible personal property and items under s. 77.52 (1) (b), Stats., that are used exclusively and directly by a manufacturer in manufacturing an article of tangible personal property or item or property under s. 77.52 (1) (b) or (c), Stats., that is destined for sale and that becomes an ingredient or component part of the article of tangible personal property or item or property under s. 77.52 (1) (b) or (c), Stats., destined for sale or is consumed or destroyed or loses its identity in manufacturing the article of tangible personal property or item or property under s. 77.52 (1) (b) or (c), Stats., destined for sale, except as provided in s. 77.54 (30) (a) 6., Stats.

(c) Trailers or accessories, attachments, parts, supplies, materials, and service on motor trucks, tractors, and trailers which are used exclusively in common or contract carriage.

(d) Property, items, goods, or services purchased directly by and used by a religious, charitable, educational, scientific, or other organization or governmental unit holding a Certificate of Exempt Status, "CES". Sales to organizations holding a CES also can be shown to be exempt by a retailer's recording the certificate number on its bill of sale. A corporation, community chest fund, foundation, or association organized and operated exclusively for religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals, which is located out−of−state, may use the Wisconsin sales and use tax exemption certificate, form S−211, or the Streamlined Sales and Use Tax Exemption Certificate, SSTGB Form F0003, to purchase without tax even though it has not been issued a Wisconsin CES number.

(e) Railway cars, locomotives and other rolling stock used in railroad operations, or accessories, attachments, parts, lubricants, or fuel therefor.

(f) Commercial vessels and barges of 50−ton burden or over engaged in interstate or foreign commerce or commercial fishing, and accessories, attachments, parts, and fuel therefor.

(13) CONSTRUCTION CONTRACTS ENTERED INTO BEFORE THE EFFECTIVE DATE OF A COUNTY OR STADIUM TAX. (a) The certificate for a construction contract entered into before the effective date of a county tax, or a stadium tax as defined in s. Tax 11.001 (2) (d), form S−207CT−1, is used by contractors to purchase building materials without the county or stadium tax. The certificate shall be

used by a contractor only if the following 3 conditions are met:

1. The contractor entered into a written contract or made a formal bid before the effective date of the county or stadium tax to construct, alter, repair, or improve real estate for another person.

2. The written contract is for a fixed price that cannot be changed or the formal written bid cannot be altered or withdrawn.

3. The building materials purchased on or after the effective date of the county or stadium tax are affixed and made a part of real estate in fulfilling the written contract or formal written bid.

(b) The certificate shall give the descriptive name of the contract, job site, county or stadium tax effective date, date of prime contract and bid, date contract was signed, seller's name, date of performance of the contract, and contractor's name and address and shall be signed by the contractor.

(14) DIRECT PAY PERMITS. The use of direct pay permits in Wisconsin is authorized under s. 77.52 (17m), Stats. A person may apply to the department for a direct pay permit.

Note: For information on who qualifies for a direct pay permit and how to use direct pay, refer to s. Tax 11.13.

(15) IMPROPER USE OF CERTIFICATES. (a) A purchaser who gives an exemption certificate knowing at the time that the transaction is not exempt may be guilty of a misdemeanor under s. 77.52 (16), Stats. The purchaser may also be liable for other penalties provided by law for filing incorrect returns.

(b) A purchaser who uses an exemption certificate in a manner that is prohibited by or inconsistent with Wisconsin law or who provides incorrect information to a seller or certified service provider relating to an exemption being claimed will also be subject to a penalty of $250 for each invoice or bill of sale related to the prohibited or inconsistent use to which the incorrect information applies.

(16) EXEMPTION CERTIFICATE NOT NEEDED FOR CERTAIN SALES. No exemption certificate is required for sales of property, items, goods, or services that are exempt from Wisconsin sales and use tax under s. 77.54 (7), (7m), (8), (10), (11), (14), (15), (17), (20n), (21), (22b), (31), (32), (35), (36), (37), (42), (44), (45), (46), (51), and (52), Stats.

Note: Section Tax 11.14 interprets ss. 77.52 (13) to (17), 77.53 (10) to (13), 77.60 (13), and 77.77 (3), Stats.

Note: The interpretations in s. Tax 11.14 are effective under the general sales and use tax law on and after September 1, 1969, except: (a) The exemption for railroad lubricants became effective July 1, 1978, pursuant to Chapter 418, Laws of 1977; (b) The use of direct pay permits in Wisconsin became effective for taxable years beginning on or after January 1, 1995, pursuant to 1993 Wis. Act 437; (c) The elimination of the exemption certificate requirement for sales of certain consigned commodities became effective December 1, 1997 as it relates to sales taxes on commodities consigned for resale, pursuant to 1997 Wis. Act 27, and June 17, 1998 as it relates to sales and use taxes on commodities consigned for sale, pursuant to 1997 Wis. Act 237; (d) The multipurpose exemption certificate, form S−211, was created in November 1998 to replace various types of exemption certificates; (e) The removal of the good faith requirement if a fully completed exemption certificate is obtained by the seller from the purchaser within 90 days of the date of sale became effective October 1, 2009, pursuant to 2009 Wis. Act 2; (f) The requirement that a seller is allowed 120 days after the Department of Revenue requests that they obtain an exemption certificate or otherwise prove that a transaction is exempt became effective October 1, 2009, pursuant to 2009 Wis. Act 2; (g) The exemption from sales and use tax for federally recognized American Indian bands or tribes in Wisconsin became effective July 1, 2009, pursuant to 2009 Wis. Act 28; (h) The acceptance of the Streamlined Sales and Use Tax Exemption Certificate to prove a transaction is exempt became effective October 1, 2009, pursuant to 2009 Wis. Act 2; (i) The penalty for prohibited or inconsistent use of an exemption certificate or direct pay permit became effective October 1, 2009 pursuant to 2009 Wis. Act 2; (j) The identification of the specific exemptions for which an exemption certificate is not required became effective October 1, 2009, pursuant to 2009 Wis. Act 2; and (k) The change of the term "gross receipts" to "sales price" and the separate impositions of tax on coins and stamps sold above face value under s. 77.52 (1) (b), Stats., certain leased property affixed to real property under s. 77.52 (1) (c), Stats., and digital goods under s. 77.52 (1) (d), Stats., became effective October 1, 2009, pursuant to 2009 Wis. Act 2.

History: Cr. Register, November, 1978, No. 275, eff. 12−1−78; am. (7) (a)., Register, June, 1983, No. 330, eff. 7−1−83; cr. (2) (c) and am. (10), Register, July, 1987, No. 379, eff. 8−1−87; cr. (2) (a) 5. and 6., (10), (11) and (14), am. (2) (a), (5) (b), (6) (b) (intro.) and 5., (7) (a) (intro.) and 4. and 5., (8) (a) and (9), renum. (10) and (11) to be (12) and (13) and am., Register, March, 1991, No. 423, eff. 4−1−91; am. (2) (c), (3) (b) and (c), (6) (b) 4., r. and recr. (12), Register, June, 1995, No. 474, eff. 7−1−95; renum. (12), (13) and (14) to be (13), (14) and (15), am. (2) (a) (intro.), cr. (2) (a) 7. and (12), Register, October, 1997, No. 502, eff. 11−1−97;am. (1) (c), (3) (a) and (b), (5) (b), (6) (a) 2., (b), 3., r. and recr. (2) (a) 1. and 2., cr. (6) (b) 4. c. and (16), r. (2) (a) 3. to 7., (7) (b), (10) (b), (11) (b) and (12) (b) 1., renum. (7) (a) 1. to 6. to be (12) (a) to (f) and am. (12) (d), renum. (8) to (10) (a) to be (7) to (9) and am. (7) (a), (8) and (9), renum. (11) (a) 1. to 3. to be (10) (a) to (c), renum. (12) (a) to be (11) (a) and am., renum. (12) (b) 2. and 3., (13), (14) and (15) to be (11) (b) 1. and 2., (13), (14) and (15) and am. (13) (a), 1. and 3. and (b), Register, August, 1999, No. 524, eff. 9−1−99; CR 02−128: am. (6) (a) 2., and (13) (a) (intro.) and (b), Register July 2003 No. 571, eff. 8−1−03; EmR0924: emerg. am. (2) (a) (intro.), 1., (b), (c), (5) (a), (6) (a) 1., 2., (b) 2., (7) (a), (11), (12) (intro.), (b) to (f), (13) (a) 1. and (b), cr. (2) (a) 3. and (15) (b), r. and recr. (3), (4), (5) (b) and (16), r. (6) (b) 3. and 5., renum. (6) (b) 4. and (15) to be (6) (b) 3. and (15) (a) and am. (6) (b) 3. (intro.), eff. 10−1−09; CR 09−090: am. (2) (a) (intro.), 1., (b), (c), (5) (a), (6) (a) 1., 2., (b) 2., (7) (a), (11), (12) (intro.), (b) to (f), (13) (a) 1. and (b), cr. (2) (a) 3. and (15) (b), r. and recr. (3), (4), (5) (b) and (16), r. (6) (b) 3. and 5., renum. (6) (b) 4. and (15) to be (6) (b) 3. and (15) (a) and am. (6) (b) 3. (intro.) Register May 2010 No. 653, eff. 6−1−10; **CR 10−094: am. (2) (c), (3) (a), (4) (b), (5) (a), (6) (a), (7) (a), (9), (12) (a), r. and recr. (4) (c) Register November 2010 No. 659, eff. 12−1−10**.

APPENDIX E

WISCONSIN SALES AND USE TAX EXEMPTION CERTIFICATE

Check One ► ☐ Single Purchase ☐ Continuous

Purchaser's Business Name	Purchaser's Address

The above purchaser, whose signature appears on the reverse side of this form, claims exemption from Wisconsin state, county, baseball or football stadium, local exposition, and premier resort sales or use tax on the purchase, lease, license, or rental of tangible personal property, property under s.77.52(1)(b), items under s.77.52(1)(c), goods under s.77.52(1)(d), or taxable services, as indicated by the box(es) checked below.

I hereby certify that I am engaged in the business of selling, leasing, licensing, or renting: _____

_____

(Description of property, items, goods, or services sold by purchaser.)

General description of property or services purchased (itemize property, items, or goods purchased if "single purchase"):

_____

_____

Seller's Name	Seller's Address

REASON FOR EXEMPTION

☐ **Resale** (Enter purchaser's seller's permit or use tax certificate number)_____

Manufacturing and Biotechnology

☐ Tangible personal property (TPP) or item under s.77.52(1)(b) that is used exclusively and directly by a manufacturer in manufacturing an article of TPP or items or property under s.77.52(1)(b) or (c) that is destined for sale and that becomes an ingredient or component part of the article of TPP or items or property under s.77.52(1)(b) or (c) destined for sale or is consumed or destroyed or loses its identity in manufacturing the article of TPP or items or property under s.77.52(1)(b) or (c) destined for sale.

☐ Machines and specific processing equipment and repair parts or replacements thereof, exclusively and directly used by a manufacturer in manufacturing tangible personal property or items or property under s.77.52(1)(b) or (c) and safety attachments for those machines and equipment.

☐ The repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of machines and specific processing equipment, that the above purchaser would be authorized to purchase without sales or use tax, at the time the service is performed. Tools used to repair exempt machines are not exempt.

☐ Fuel and electricity consumed in manufacturing tangible personal property or items or property under s.77.52(1)(b) or (c) in this state.

Percent of fuel exempt: _____ % Percent of electricity exempt: _____ %

☐ Portion of the amount of fuel converted to steam for purposes of resale. (Percent of fuel exempt _____ %

☐ Property used exclusively and directly in qualified research, by persons engaged primarily in manufacturing or biotechnology in Wisconsin.

Farming (To qualify for this exemption, the purchaser must use item(s) exclusively and directly in the business of farming, including dairy farming, agriculture, horticulture, floriculture, silviculture, or custom farming services.)

☐ Tractors (except lawn and garden tractors), all-terrain vehicles (ATV) and farm machines, including accessories, attachments, and parts, lubricants, nonpowered equipment, and other tangible personal property or items or property under s.77.52(1)(b) or (c) that are used exclusively and directly, or are consumed or lose their identities in the business of farming.

☐ Feed, seeds for planting, plants, fertilizer, soil conditioners, sprays, pesticides, and fungicides.

☐ Breeding and other livestock, poultry, and farm work stock.

☐ Containers for fruits, vegetables, grain, hay, and silage (including containers used to transfer merchandise to customers), and plastic bags, sleeves, and sheeting used to store or cover hay and silage. Baling twine and baling wire.

☐ Animal waste containers or component parts thereof (may only mark certificate as "Single Purchase").

☐ Animal bedding, medicine for farm livestock, and milk house supplies.

S-211 (R. 3-12) This Form May Be Reproduced Wisconsin Department of Revenue

APPENDIX E
Page 2 of 2

Federal and Wisconsin Governmental Units

Enter CES No., if applicable

- ☐ The United States and its unincorporated agencies and instrumentalities and any incorporated agency or instrumentality of the United States wholly owned by the United States or by a corporation wholly owned by the United States.
- ☐ Any federally recognized American Indian tribe or band in this state.
- ☐ State of Wisconsin or any agency thereof; Local Exposition District, Professional Baseball Park District, or Professional Football Stadium District.
- ☐ Wisconsin county, city, village, or town, including public inland lake protection and rehabilitation district, municipal public housing authorities, uptown business improvement districts, local cultural arts district, the Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the Wisconsin Quality Home Care Authority, the Fox River Navigational System Authority, and any Regional Transit Authority in Wisconsin.
- ☐ Wisconsin public schools, school districts, universities, and technical college districts.
- ☐ County-city hospitals or UW Hospitals and Clinics Authority.
- ☐ Sewerage commission, metropolitan sewerage district, or a joint local water authority.

Other

- ☐ Containers and other packaging, packing, and shipping materials, used to transfer merchandise to customers of the purchaser.
- ☐ Trailers and accessories, attachments, parts, supplies, materials, and service for motor trucks, tractors, and trailers which are used exclusively in common or contract carriage under LC or IC No. (if applicable)_____.
- ☐ Items or services purchased directly by and used by religious, charitable, educational, scientific, or other organizations holding a Wisconsin Certificate of Exempt Status. CES No. _____.
- ☐ Tangible personal property and items, property and goods under s.77.52(1)(b), (c), and (d) to be resold by _____ on my behalf where _____ is registered to collect and remit sales tax to the Department of Revenue on such sales.
- ☐ Tangible personal property, property, items and goods under s.77.52(1)(b), (c), and (d), or services purchased by a Native American with enrollment # _____, who is enrolled with and resides on the _____ Reservation, where buyer will take possession of such property, items, goods, or services.
- ☐ Tangible personal property and items and property under s.77.52(1)(b) and (c) becoming a component of an industrial or municipal waste treatment facility, including replacement parts, chemicals, and supplies used or consumed in operating the facility.
- ☐ Portion of the amount of electricity or natural gas used or consumed in an industrial waste treatment facility. (Percent of electricity or natural gas exempt _____%)
- ☐ Electricity, natural gas, fuel oil, propane, coal, steam, corn, and wood (including wood pellets which are 100% wood) used for fuel for **residential** or **farm** use.

	% of Electricity Exempt	% of Natural Gas Exempt	% of Fuel Exempt
☐ Residential	_____%	_____%	_____%
☐ Farm	_____%	_____%	_____%

Address Delivered: _____

- ☐ Percent of printed advertising material solely for out-of-state use. _____%
- ☐ Catalogs, and the envelopes in which the catalogs are mailed, that are designed to advertise and promote the sale of merchandise or to advertise the services of individual business firms.
- ☐ Property used exclusively and directly in raising animals sold for use in qualified research or manufacturing.
- ☐ Other purchases exempted by law. (State items and exemption). _____

(DETACH AND PRESENT TO SELLER)

I hereby certify that if the item(s) being purchased are not used in an exempt manner, I will remit use tax on the purchase price at the time of first taxable use. I understand that failure to remit the use tax may result in a future liability that may include tax, interest, and penalty.

Signature of Purchaser	Print or Type Name	Title	Date

-2-

APPENDIX F

Streamlined Sales and Use Tax Agreement - Wisconsin

Certificate of Exemption

This is a multi-state form. Not all states allow all exemptions listed on this form. **Purchasers are responsible for knowing if they qualify to claim exemption from tax in the state that would otherwise be due tax on this sale.** The seller may be required to provide this exemption certificate (or the data elements required on the form) to a state that would otherwise be due tax on this sale.

The purchaser will be held liable for any tax and interest, and possibly civil and criminal penalties imposed by the member state, if the purchaser is not eligible to claim this exemption. A seller may not accept a certificate of exemption for an entity-based exemption on a sale made at a location operated by the seller within the designated state if the state does not allow such an entity-based exemption.

1. ☐ Check if you are attaching the Multi-state Supplemental form.
☐☐ If not, enter the two-letter postal abbreviation for the state under whose laws you are claiming exemption.

2. ☐ Check if this certificate is for a single purchase and enter the related invoice/purchase order # _____

3. Please print _____
Name of purchaser

Business Address | City | State | Zip Code

Purchaser's Tax ID Number | State of Issue | Country of Issue

If no Tax ID Number Enter one of the following: | FEIN | Driver's License Number/State Issued ID Number State of Issue: ____ Number | Foreign diplomat number

Name of seller from whom you are purchasing, leasing or renting

Seller's address | City | State | Zip code

4. **Type of business.** Circle the number that describes your business

01	Accommodation and food services	**11**	Transportation and warehousing
02	Agricultural, forestry, fishing, hunting	**12**	Utilities
03	Construction	**13**	Wholesale trade
04	Finance and insurance	**14**	Business services
05	Information, publishing and communications	**15**	Professional services
06	Manufacturing	**16**	Education and health-care services
07	Mining	**17**	Nonprofit organization
08	Real estate	**18**	Government
09	Rental and leasing	**19**	Not a business
10	Retail trade	**20**	Other *(explain)* _____

5. **Reason for exemption.** Circle the letter that identifies the reason for the exemption.

A	Federal government *(department)* _____	**H**	Agricultural production _____
B	Wisconsin state or local government unit *(name)* _____	**I**	Industrial production/manufacturing _____
C	Wisconsin tribal government *(name)* _____	**J**	Direct pay permit # _____
D	Foreign diplomat # _____	**K**	Direct mail _____
E	Charitable organization # _____	**L**	Other *(explain)* _____
F	Religious or educational organization # _____		
G	Resale # _____		

6. **Sign here.** *I declare that the information on this certificate is correct and complete to the best of my knowledge and belief.*

Signature of Authorized Purchaser | **Print Name Here** | **Title** | **Date**

SSTGB Form F0003 Exemption Certificate (8/27/09) – Wisconsin Revisions effective October 1, 2009
S-211-SST (R. 7/10)

APPENDIX F

Streamlined Sales and Use Tax Agreement

Certificate of Exemption
Multi-state Supplemental

Name of Purchaser

STATE	Reason for Exemption	Identification Number (If Required)
AR		
IA		
IN		
KS		
KY		
MI		
MN		
NC		
ND		
NE		
NJ		
NV		
OH		
OK		
RI		
SD		
TN		
UT		
VT		
WA		
WI		
WV		
WY		

SSUTA Direct Mail provisions are not in effect for Tennessee.

The following nonmember states will accept this certificate for exemption claims that are valid in their respective state. SSUTA Direct Mail provisions do not apply in these states.

XX		
XX		
XX		
XX		
XX		
XX		
XX		
XX		
XX		
XX		
XX		
XX		
XX		

SSTGB Form F0003 Exemption Certificate (8/27/09) Wisconsin Revisions effective October 1, 2009
S-211-SST (R. 7/10)

APPENDIX G

5% STATE SALES TAX

Effective
May 1, 1982

Sale	Tax	Sale	Tax	Sale	Tax
$ .00 - .09	.00	9.50 - 9.69	.48	19.10 - 19.29	.96
.10 - .29	.01	9.70 - 9.89	.49	19.30 - 19.49	.97
.30 - .49	.02	9.90 - 10.09	.50	19.50 - 19.69	.98
.50 - .69	.03	10.10 - 10.29	.51	19.70 - 19.89	.99
.70 - .89	.04	10.30 - 10.49	.52	19.90 - 20.09	1.00
.90 - 1.09	.05	10.50 - 10.69	.53	20.10 - 20.29	1.01
1.10 - 1.29	.06	10.70 - 10.89	.54	20.30 - 20.49	1.02
1.30 - 1.49	.07	10.90 - 11.09	.55	20.50 - 20.69	1.03
1.50 - 1.69	.08	11.10 - 11.29	.56	20.70 - 20.89	1.04
1.70 - 1.89	.09	11.30 - 11.49	.57	20.90 - 21.09	1.05
1.90 - 2.09	.10	11.50 - 11.69	.58	21.10 - 21.29	1.06
2.10 - 2.29	.11	11.70 - 11.89	.59	21.30 - 21.49	1.07
2.30 - 2.49	.12	11.90 - 12.09	.60	21.50 - 21.69	1.08
2.50 - 2.69	.13	12.10 - 12.29	.61	21.70 - 21.89	1.09
2.70 - 2.89	.14	12.30 - 12.49	.62	21.90 - 22.09	1.10
2.90 - 3.09	.15	12.50 - 12.69	.63	22.10 - 22.29	1.11
3.10 - 3.29	.16	12.70 - 12.89	.64	22.30 - 22.49	1.12
3.30 - 3.49	.17	12.90 - 13.09	.65	22.50 - 22.69	1.13
3.50 - 3.69	.18	13.10 - 13.29	.66	22.70 - 22.89	1.14
3.70 - 3.89	.19	13.30 - 13.49	.67	22.90 - 23.09	1.15
3.90 - 4.09	.20	13.50 - 13.69	.68	23.10 - 23.29	1.16
4.10 - 4.29	.21	13.70 - 13.89	.69	23.30 - 23.49	1.17
4.30 - 4.49	.22	13.90 - 14.09	.70	23.50 - 23.69	1.18
4.50 - 4.69	.23	14.10 - 14.29	.71	23.70 - 23.89	1.19
4.70 - 4.89	.24	14.30 - 14.49	.72	23.90 - 24.09	1.20
4.90 - 5.09	.25	14.50 - 14.69	.73	24.10 - 24.29	1.21
5.10 - 5.29	.26	14.70 - 14.89	.74	24.30 - 24.49	1.22
5.30 - 5.49	.27	14.90 - 15.09	.75	24.50 - 24.69	1.23
5.50 - 5.69	.28	15.10 - 15.29	.76	24.70 - 24.89	1.24
5.70 - 5.89	.29	15.30 - 15.49	.77	24.90 - 25.09	1.25
5.90 - 6.09	.30	15.50 - 15.69	.78	25.10 - 25.29	1.26
6.10 - 6.29	.31	15.70 - 15.89	.79	25.30 - 25.49	1.27
6.30 - 6.49	.32	15.90 - 16.09	.80	25.50 - 25.69	1.28
6.50 - 6.69	.33	16.10 - 16.29	.81	25.70 - 25.89	1.29
6.70 - 6.89	.34	16.30 - 16.49	.82	25.90 - 26.09	1.30
6.90 - 7.09	.35	16.50 - 16.69	.83	26.10 - 26.29	1.31
7.10 - 7.29	.36	16.70 - 16.89	.84	26.30 - 26.49	1.32
7.30 - 7.49	.37	16.90 - 17.09	.85	26.50 - 26.69	1.33
7.50 - 7.69	.38	17.10 - 17.29	.86	26.70 - 26.89	1.34
7.70 - 7.89	.39	17.30 - 17.49	.87	26.90 - 27.09	1.35
7.90 - 8.09	.40	17.50 - 17.69	.88	27.10 - 27.29	1.36
8.10 - 8.29	.41	17.70 - 17.89	.89	27.30 - 27.49	1.37
8.30 - 8.49	.42	17.90 - 18.09	.90	27.50 - 27.69	1.38
8.50 - 8.69	.43	18.10 - 18.29	.91	27.70 - 27.89	1.39
8.70 - 8.89	.44	18.30 - 18.49	.92	27.90 - 28.09	1.40
8.90 - 9.09	.45	18.50 - 18.69	.93	28.10 - 28.29	1.41
9.10 - 9.29	.46	18.70 - 18.89	.94	28.30 - 28.49	1.42
9.30 - 9.49	.47	18.90 - 19.09	.95	28.50 - 28.69	1.43

The state tax equals 5¢ for each dollar of sales, plus the tax shown above for the fractional part of a dollar.

5.1% STATE AND BASEBALL STADIUM SALES TAX

Effective January 1, 1996

Sale	Tax	Sale	Tax	Sale	Tax
$ .00 - .09	.00	9.32 - 9.50	.48	18.73 - 18.92	.96
.10 - .29	.01	9.51 - 9.70	.49	18.93 - 19.11	.97
.30 - .49	.02	9.71 - 9.90	.50	19.12 - 19.31	.98
.50 - .68	.03	9.91 - 10.09	.51	19.32 - 19.50	.99
.69 - .88	.04	10.10 - 10.29	.52	19.51 - 19.70	1.00
.89 - 1.07	.05	10.30 - 10.49	.53	19.71 - 19.90	1.01
1.08 - 1.27	.06	10.50 - 10.68	.54	19.91 - 20.09	1.02
1.28 - 1.47	.07	10.69 - 10.88	.55	20.10 - 20.29	1.03
1.48 - 1.66	.08	10.89 - 11.07	.56	20.30 - 20.49	1.04
1.67 - 1.86	.09	11.08 - 11.27	.57	20.50 - 20.68	1.05
1.87 - 2.05	.10	11.28 - 11.47	.58	20.69 - 20.88	1.06
2.06 - 2.25	.11	11.48 - 11.66	.59	20.89 - 21.07	1.07
2.26 - 2.45	.12	11.67 - 11.86	.60	21.08 - 21.27	1.08
2.46 - 2.64	.13	11.87 - 12.05	.61	21.28 - 21.47	1.09
2.65 - 2.84	.14	12.06 - 12.25	.62	21.48 - 21.66	1.10
2.85 - 3.03	.15	12.26 - 12.45	.63	21.67 - 21.86	1.11
3.04 - 3.23	.16	12.46 - 12.64	.64	21.87 - 22.05	1.12
3.24 - 3.43	.17	12.65 - 12.84	.65	22.06 - 22.25	1.13
3.44 - 3.62	.18	12.85 - 13.03	.66	22.26 - 22.45	1.14
3.63 - 3.82	.19	13.04 - 13.23	.67	22.46 - 22.64	1.15
3.83 - 4.01	.20	13.24 - 13.43	.68	22.65 - 22.84	1.16
4.02 - 4.21	.21	13.44 - 13.62	.69	22.85 - 23.03	1.17
4.22 - 4.41	.22	13.63 - 13.82	.70	23.04 - 23.23	1.18
4.42 - 4.60	.23	13.83 - 14.01	.71	23.24 - 23.43	1.19
4.61 - 4.80	.24	14.02 - 14.21	.72	23.44 - 23.62	1.20
4.81 - 4.99	.25	14.22 - 14.41	.73	23.63 - 23.82	1.21
5.00 - 5.19	.26	14.42 - 14.60	.74	23.83 - 24.01	1.22
5.20 - 5.39	.27	14.61 - 14.80	.75	24.02 - 24.21	1.23
5.40 - 5.58	.28	14.81 - 14.99	.76	24.22 - 24.41	1.24
5.59 - 5.78	.29	15.00 - 15.19	.77	24.42 - 24.60	1.25
5.79 - 5.98	.30	15.20 - 15.39	.78	24.61 - 24.80	1.26
5.99 - 6.17	.31	15.40 - 15.58	.79	24.81 - 24.99	1.27
6.18 - 6.37	.32	15.59 - 15.78	.80	25.00 - 25.19	1.28
6.38 - 6.56	.33	15.79 - 15.98	.81	25.20 - 25.39	1.29
6.57 - 6.76	.34	15.99 - 16.17	.82	25.40 - 25.58	1.30
6.77 - 6.96	.35	16.18 - 16.37	.83	25.59 - 25.78	1.31
6.97 - 7.15	.36	16.38 - 16.56	.84	25.79 - 25.98	1.32
7.16 - 7.35	.37	16.57 - 16.76	.85	25.99 - 26.17	1.33
7.36 - 7.54	.38	16.77 - 16.96	.86	26.18 - 26.37	1.34
7.55 - 7.74	.39	16.97 - 17.15	.87	26.38 - 26.56	1.35
7.75 - 7.94	.40	17.16 - 17.35	.88	26.57 - 26.76	1.36
7.95 - 8.13	.41	17.36 - 17.54	.89	26.77 - 26.96	1.37
8.14 - 8.33	.42	17.55 - 17.74	.90	26.97 - 27.15	1.38
8.34 - 8.52	.43	17.75 - 17.94	.91	27.16 - 27.35	1.39
8.53 - 8.72	.44	17.95 - 18.13	.92	27.36 - 27.54	1.40
8.73 - 8.92	.45	18.14 - 18.33	.93	27.55 - 27.74	1.41
8.93 - 9.11	.46	18.34 - 18.52	.94	27.75 - 27.94	1.42
9.12 - 9.31	.47	18.53 - 18.72	.95	27.95 - 28.13	1.43

The state and baseball stadium tax equals 51¢ for each $10 of sales, plus the tax shown above for the fractional part of $10.

5.5% STATE AND COUNTY SALES TAX

Effective April 1, 1986

Sale	Tax	Sale	Tax	Sale	Tax
$ .00 - .09	.00	8.64 - 8.81	.48	17.37 - 17.54	.96
.10 - .27	.01	8.82 - 8.99	.49	17.55 - 17.72	.97
.28 - .45	.02	9.00 - 9.18	.50	17.73 - 17.90	.98
.46 - .63	.03	9.19 - 9.36	.51	17.91 - 18.09	.99
.64 - .81	.04	9.37 - 9.54	.52	18.10 - 18.27	1.00
.82 - .99	.05	9.55 - 9.72	.53	18.28 - 18.45	1.01
1.00 - 1.18	.06	9.73 - 9.90	.54	18.46 - 18.63	1.02
1.19 - 1.36	.07	9.91 - 10.09	.55	18.64 - 18.81	1.03
1.37 - 1.54	.08	10.10 - 10.27	.56	18.82 - 18.99	1.04
1.55 - 1.72	.09	10.28 - 10.45	.57	19.00 - 19.18	1.05
1.73 - 1.90	.10	10.46 - 10.63	.58	19.19 - 19.36	1.06
1.91 - 2.09	.11	10.64 - 10.81	.59	19.37 - 19.54	1.07
2.10 - 2.27	.12	10.82 - 10.99	.60	19.55 - 19.72	1.08
2.28 - 2.45	.13	11.00 - 11.18	.61	19.73 - 19.90	1.09
2.46 - 2.63	.14	11.19 - 11.36	.62	19.91 - 20.09	1.10
2.64 - 2.81	.15	11.37 - 11.54	.63	20.10 - 20.27	1.11
2.82 - 2.99	.16	11.55 - 11.72	.64	20.28 - 20.45	1.12
3.00 - 3.18	.17	11.73 - 11.90	.65	20.46 - 20.63	1.13
3.19 - 3.36	.18	11.91 - 12.09	.66	20.64 - 20.81	1.14
3.37 - 3.54	.19	12.10 - 12.27	.67	20.82 - 20.99	1.15
3.55 - 3.72	.20	12.28 - 12.45	.68	21.00 - 21.18	1.16
3.73 - 3.90	.21	12.46 - 12.63	.69	21.19 - 21.36	1.17
3.91 - 4.09	.22	12.64 - 12.81	.70	21.37 - 21.54	1.18
4.10 - 4.27	.23	12.82 - 12.99	.71	21.55 - 21.72	1.19
4.28 - 4.45	.24	13.00 - 13.18	.72	21.73 - 21.90	1.20
4.46 - 4.63	.25	13.19 - 13.36	.73	21.91 - 22.09	1.21
4.64 - 4.81	.26	13.37 - 13.54	.74	22.10 - 22.27	1.22
4.82 - 4.99	.27	13.55 - 13.72	.75	22.28 - 22.45	1.23
5.00 - 5.18	.28	13.73 - 13.90	.76	22.46 - 22.63	1.24
5.19 - 5.36	.29	13.91 - 14.09	.77	22.64 - 22.81	1.25
5.37 - 5.54	.30	14.10 - 14.27	.78	22.82 - 22.99	1.26
5.55 - 5.72	.31	14.28 - 14.45	.79	23.00 - 23.18	1.27
5.73 - 5.90	.32	14.46 - 14.63	.80	23.19 - 23.36	1.28
5.91 - 6.09	.33	14.64 - 14.81	.81	23.37 - 23.54	1.29
6.10 - 6.27	.34	14.82 - 14.99	.82	23.55 - 23.72	1.30
6.28 - 6.45	.35	15.00 - 15.18	.83	23.73 - 23.90	1.31
6.46 - 6.63	.36	15.19 - 15.36	.84	23.91 - 24.09	1.32
6.64 - 6.81	.37	15.37 - 15.54	.85	24.10 - 24.27	1.33
6.82 - 6.99	.38	15.55 - 15.72	.86	24.28 - 24.45	1.34
7.00 - 7.18	.39	15.73 - 15.90	.87	24.46 - 24.63	1.35
7.19 - 7.36	.40	15.91 - 16.09	.88	24.64 - 24.81	1.36
7.37 - 7.54	.41	16.10 - 16.27	.89	24.82 - 24.99	1.37
7.55 - 7.72	.42	16.28 - 16.45	.90	25.00 - 25.18	1.38
7.73 - 7.90	.43	16.46 - 16.63	.91	25.19 - 25.36	1.39
7.91 - 8.09	.44	16.64 - 16.81	.92	25.37 - 25.54	1.40
8.10 - 8.27	.45	16.82 - 16.99	.93	25.55 - 25.72	1.41
8.28 - 8.45	.46	17.00 - 17.18	.94	25.73 - 25.90	1.42
8.46 - 8.63	.47	17.19 - 17.36	.95	25.91 - 26.09	1.43

The state and county tax equals 11¢ for each $2 of sales, plus the tax shown above for the fractional part of $2.

APPENDIX G (cont'd)

5.5% STATE AND FOOTBALL STADIUM SALES TAX

Effective November 1, 2000

Sale	Tax	Sale	Tax	Sale	Tax
$ .00 - .09	.00	8.64 - 8.81	.48	17.37 - 17.54	.96
.10 - .27	.01	8.82 - 8.99	.49	17.55 - 17.72	.97
.28 - .45	.02	9.00 - 9.18	.50	17.73 - 17.90	.98
.46 - .63	.03	9.19 - 9.36	.51	17.91 - 18.09	.99
.64 - .81	.04	9.37 - 9.54	.52	18.10 - 18.27	1.00
.82 - .99	.05	9.55 - 9.72	.53	18.28 - 18.45	1.01
1.00 - 1.18	.06	9.73 - 9.90	.54	18.46 - 18.63	1.02
1.19 - 1.36	.07	9.91 - 10.09	.55	18.64 - 18.81	1.03
1.37 - 1.54	.08	10.10 - 10.27	.56	18.82 - 18.99	1.04
1.55 - 1.72	.09	10.28 - 10.45	.57	19.00 - 19.18	1.05
1.73 - 1.90	.10	10.46 - 10.63	.58	19.19 - 19.36	1.06
1.91 - 2.09	.11	10.64 - 10.81	.59	19.37 - 19.54	1.07
2.10 - 2.27	.12	10.82 - 10.99	.60	19.55 - 19.72	1.08
2.28 - 2.45	.13	11.00 - 11.18	.61	19.73 - 19.90	1.09
2.46 - 2.63	.14	11.19 - 11.36	.62	19.91 - 20.09	1.10
2.64 - 2.81	.15	11.37 - 11.54	.63	20.10 - 20.27	1.11
2.82 - 2.99	.16	11.55 - 11.72	.64	20.28 - 20.45	1.12
3.00 - 3.18	.17	11.73 - 11.90	.65	20.46 - 20.63	1.13
3.19 - 3.36	.18	11.91 - 12.09	.66	20.64 - 20.81	1.14
3.37 - 3.54	.19	12.10 - 12.27	.67	20.82 - 20.99	1.15
3.55 - 3.72	.20	12.28 - 12.45	.68	21.00 - 21.18	1.16
3.73 - 3.90	.21	12.46 - 12.63	.69	21.19 - 21.36	1.17
3.91 - 4.09	.22	12.64 - 12.81	.70	21.37 - 21.54	1.18
4.10 - 4.27	.23	12.82 - 12.99	.71	21.55 - 21.72	1.19
4.28 - 4.45	.24	13.00 - 13.18	.72	21.73 - 21.90	1.20
4.46 - 4.63	.25	13.19 - 13.36	.73	21.91 - 22.09	1.21
4.64 - 4.81	.26	13.37 - 13.54	.74	22.10 - 22.27	1.22
4.82 - 4.99	.27	13.55 - 13.72	.75	22.28 - 22.45	1.23
5.00 - 5.18	.28	13.73 - 13.90	.76	22.46 - 22.63	1.24
5.19 - 5.36	.29	13.91 - 14.09	.77	22.64 - 22.81	1.25
5.37 - 5.54	.30	14.10 - 14.27	.78	22.82 - 22.99	1.26
5.55 - 5.72	.31	14.28 - 14.45	.79	23.00 - 23.18	1.27
5.73 - 5.90	.32	14.46 - 14.63	.80	23.19 - 23.36	1.28
5.91 - 6.09	.33	14.64 - 14.81	.81	23.37 - 23.54	1.29
6.10 - 6.27	.34	14.82 - 14.99	.82	23.55 - 23.72	1.30
6.28 - 6.45	.35	15.00 - 15.18	.83	23.73 - 23.90	1.31
6.46 - 6.63	.36	15.19 - 15.36	.84	23.91 - 24.09	1.32
6.64 - 6.81	.37	15.37 - 15.54	.85	24.10 - 24.27	1.33
6.82 - 6.99	.38	15.55 - 15.72	.86	24.28 - 24.45	1.34
7.00 - 7.18	.39	15.73 - 15.90	.87	24.46 - 24.63	1.35
7.19 - 7.36	.40	15.91 - 16.09	.88	24.64 - 24.81	1.36
7.37 - 7.54	.41	16.10 - 16.27	.89	24.82 - 24.99	1.37
7.55 - 7.72	.42	16.28 - 16.45	.90	25.00 - 25.18	1.38
7.73 - 7.90	.43	16.46 - 16.63	.91	25.19 - 25.36	1.39
7.91 - 8.09	.44	16.64 - 16.81	.92	25.37 - 25.54	1.40
8.10 - 8.27	.45	16.82 - 16.99	.93	25.55 - 25.72	1.41
8.28 - 8.45	.46	17.00 - 17.18	.94	25.73 - 25.90	1.42
8.46 - 8.63	.47	17.19 - 17.36	.95	25.91 - 26.09	1.43

The state and football stadium tax equals 11¢ for each $2 of sales, plus the tax shown above for the fractional part of $2.

5.6% STATE, COUNTY, AND BASEBALL STADIUM SALES TAX

Effective January 1, 1996

Sale	Tax	Sale	Tax	Sale	Tax
$ .00 - .08	.00	8.49 - 8.66	.48	17.06 - 17.23	.96
.09 - .26	.01	8.67 - 8.83	.49	17.24 - 17.41	.97
.27 - .44	.02	8.84 - 9.01	.50	17.42 - 17.58	.98
.45 - .62	.03	9.02 - 9.19	.51	17.59 - 17.76	.99
.63 - .80	.04	9.20 - 9.37	.52	17.77 - 17.94	1.00
.81 - .98	.05	9.38 - 9.55	.53	17.95 - 18.12	1.01
.99 - 1.16	.06	9.56 - 9.73	.54	18.13 - 18.30	1.02
1.17 - 1.33	.07	9.74 - 9.91	.55	18.31 - 18.48	1.03
1.34 - 1.51	.08	9.92 - 10.08	.56	18.49 - 18.66	1.04
1.52 - 1.69	.09	10.09 - 10.26	.57	18.67 - 18.83	1.05
1.70 - 1.87	.10	10.27 - 10.44	.58	18.84 - 19.01	1.06
1.88 - 2.05	.11	10.45 - 10.62	.59	19.02 - 19.19	1.07
2.06 - 2.23	.12	10.63 - 10.80	.60	19.20 - 19.37	1.08
2.24 - 2.41	.13	10.81 - 10.98	.61	19.38 - 19.55	1.09
2.42 - 2.58	.14	10.99 - 11.16	.62	19.56 - 19.73	1.10
2.59 - 2.76	.15	11.17 - 11.33	.63	19.74 - 19.91	1.11
2.77 - 2.94	.16	11.34 - 11.51	.64	19.92 - 20.08	1.12
2.95 - 3.12	.17	11.52 - 11.69	.65	20.09 - 20.26	1.13
3.13 - 3.30	.18	11.70 - 11.87	.66	20.27 - 20.44	1.14
3.31 - 3.48	.19	11.88 - 12.05	.67	20.45 - 20.62	1.15
3.49 - 3.66	.20	12.06 - 12.23	.68	20.63 - 20.80	1.16
3.67 - 3.83	.21	12.24 - 12.41	.69	20.81 - 20.98	1.17
3.84 - 4.01	.22	12.42 - 12.58	.70	20.99 - 21.16	1.18
4.02 - 4.19	.23	12.59 - 12.76	.71	21.17 - 21.33	1.19
4.20 - 4.37	.24	12.77 - 12.94	.72	21.34 - 21.51	1.20
4.38 - 4.55	.25	12.95 - 13.12	.73	21.52 - 21.69	1.21
4.56 - 4.73	.26	13.13 - 13.30	.74	21.70 - 21.87	1.22
4.74 - 4.91	.27	13.31 - 13.48	.75	21.88 - 22.05	1.23
4.92 - 5.08	.28	13.49 - 13.66	.76	22.06 - 22.23	1.24
5.09 - 5.26	.29	13.67 - 13.83	.77	22.24 - 22.41	1.25
5.27 - 5.44	.30	13.84 - 14.01	.78	22.42 - 22.58	1.26
5.45 - 5.62	.31	14.02 - 14.19	.79	22.59 - 22.76	1.27
5.63 - 5.80	.32	14.20 - 14.37	.80	22.77 - 22.94	1.28
5.81 - 5.98	.33	14.38 - 14.55	.81	22.95 - 23.12	1.29
5.99 - 6.16	.34	14.56 - 14.73	.82	23.13 - 23.30	1.30
6.17 - 6.33	.35	14.74 - 14.91	.83	23.31 - 23.48	1.31
6.34 - 6.51	.36	14.92 - 15.08	.84	23.49 - 23.66	1.32
6.52 - 6.69	.37	15.09 - 15.26	.85	23.67 - 23.83	1.33
6.70 - 6.87	.38	15.27 - 15.44	.86	23.84 - 24.01	1.34
6.88 - 7.05	.39	15.45 - 15.62	.87	24.02 - 24.19	1.35
7.06 - 7.23	.40	15.63 - 15.80	.88	24.20 - 24.37	1.36
7.24 - 7.41	.41	15.81 - 15.98	.89	24.38 - 24.55	1.37
7.42 - 7.58	.42	15.99 - 16.16	.90	24.56 - 24.73	1.38
7.59 - 7.76	.43	16.17 - 16.33	.91	24.74 - 24.91	1.39
7.77 - 7.94	.44	16.34 - 16.51	.92	24.92 - 25.08	1.40
7.95 - 8.12	.45	16.52 - 16.69	.93	25.09 - 25.26	1.41
8.13 - 8.30	.46	16.70 - 16.87	.94	25.27 - 25.44	1.42
8.31 - 8.48	.47	16.88 - 17.05	.95	25.45 - 25.62	1.43

The state, county, and baseball stadium tax equals 56¢ for each $10 of sales, plus the tax shown above for the fractional part of $10.

6% STATE, COUNTY, AND PREMIER RESORT AREA SALES TAX

Effective April 1, 1998

Sale	Tax	Sale	Tax	Sale	Tax
$ .00 - .08	.00	7.92 - 8.08	.48	15.92 - 16.08	.96
.09 - .24	.01	8.09 - 8.24	.49	16.09 - 16.24	.97
.25 - .41	.02	8.25 - 8.41	.50	16.25 - 16.41	.98
.42 - .58	.03	8.42 - 8.58	.51	16.42 - 16.58	.99
.59 - .74	.04	8.59 - 8.74	.52	16.59 - 16.74	1.00
.75 - .91	.05	8.75 - 8.91	.53	16.75 - 16.91	1.01
.92 - 1.08	.06	8.92 - 9.08	.54	16.92 - 17.08	1.02
1.09 - 1.24	.07	9.09 - 9.24	.55	17.09 - 17.24	1.03
1.25 - 1.41	.08	9.25 - 9.41	.56	17.25 - 17.41	1.04
1.42 - 1.58	.09	9.42 - 9.58	.57	17.42 - 17.58	1.05
1.59 - 1.74	.10	9.59 - 9.74	.58	17.59 - 17.74	1.06
1.75 - 1.91	.11	9.75 - 9.91	.59	17.75 - 17.91	1.07
1.92 - 2.08	.12	9.92 - 10.08	.60	17.92 - 18.08	1.08
2.09 - 2.24	.13	10.09 - 10.24	.61	18.09 - 18.24	1.09
2.25 - 2.41	.14	10.25 - 10.41	.62	18.25 - 18.41	1.10
2.42 - 2.58	.15	10.42 - 10.58	.63	18.42 - 18.58	1.11
2.59 - 2.74	.16	10.59 - 10.74	.64	18.59 - 18.74	1.12
2.75 - 2.91	.17	10.75 - 10.91	.65	18.75 - 18.91	1.13
2.92 - 3.08	.18	10.92 - 11.08	.66	18.92 - 19.08	1.14
3.09 - 3.24	.19	11.09 - 11.24	.67	19.09 - 19.24	1.15
3.25 - 3.41	.20	11.25 - 11.41	.68	19.25 - 19.41	1.16
3.42 - 3.58	.21	11.42 - 11.58	.69	19.42 - 19.58	1.17
3.59 - 3.74	.22	11.59 - 11.74	.70	19.59 - 19.74	1.18
3.75 - 3.91	.23	11.75 - 11.91	.71	19.75 - 19.91	1.19
3.92 - 4.08	.24	11.92 - 12.08	.72	19.92 - 20.08	1.20
4.09 - 4.24	.25	12.09 - 12.24	.73	20.09 - 20.24	1.21
4.25 - 4.41	.26	12.25 - 12.41	.74	20.25 - 20.41	1.22
4.42 - 4.58	.27	12.42 - 12.58	.75	20.42 - 20.58	1.23
4.59 - 4.74	.28	12.59 - 12.74	.76	20.59 - 20.74	1.24
4.75 - 4.91	.29	12.75 - 12.91	.77	20.75 - 20.91	1.25
4.92 - 5.08	.30	12.92 - 13.08	.78	20.92 - 21.08	1.26
5.09 - 5.24	.31	13.09 - 13.24	.79	21.09 - 21.24	1.27
5.25 - 5.41	.32	13.25 - 13.41	.80	21.25 - 21.41	1.28
5.42 - 5.58	.33	13.42 - 13.58	.81	21.42 - 21.58	1.29
5.59 - 5.74	.34	13.59 - 13.74	.82	21.59 - 21.74	1.30
5.75 - 5.91	.35	13.75 - 13.91	.83	21.75 - 21.91	1.31
5.92 - 6.08	.36	13.92 - 14.08	.84	21.92 - 22.08	1.32
6.09 - 6.24	.37	14.09 - 14.24	.85	22.09 - 22.24	1.33
6.25 - 6.41	.38	14.25 - 14.41	.86	22.25 - 22.41	1.34
6.42 - 6.58	.39	14.42 - 14.58	.87	22.42 - 22.58	1.35
6.59 - 6.74	.40	14.59 - 14.74	.88	22.59 - 22.74	1.36
6.75 - 6.91	.41	14.75 - 14.91	.89	22.75 - 22.91	1.37
6.92 - 7.08	.42	14.92 - 15.08	.90	22.92 - 23.08	1.38
7.09 - 7.24	.43	15.09 - 15.24	.91	23.09 - 23.24	1.39
7.25 - 7.41	.44	15.25 - 15.41	.92	23.25 - 23.41	1.40
7.42 - 7.58	.45	15.42 - 15.58	.93	23.42 - 23.58	1.41
7.59 - 7.74	.46	15.59 - 15.74	.94	23.59 - 23.74	1.42
7.75 - 7.91	.47	15.75 - 15.91	.95	23.75 - 23.91	1.43

The state, county, and premier resort area tax equals 6¢ for each dollar of sales, plus the tax shown above for the fractional part of a dollar.

APPENDIX G (cont'd)

6.5% STATE, COUNTY, AND PREMIER RESORT AREA SALES TAX

Effective January 1, 2010 in the Village of Lake Delton and the City of Wisconsin Dells only

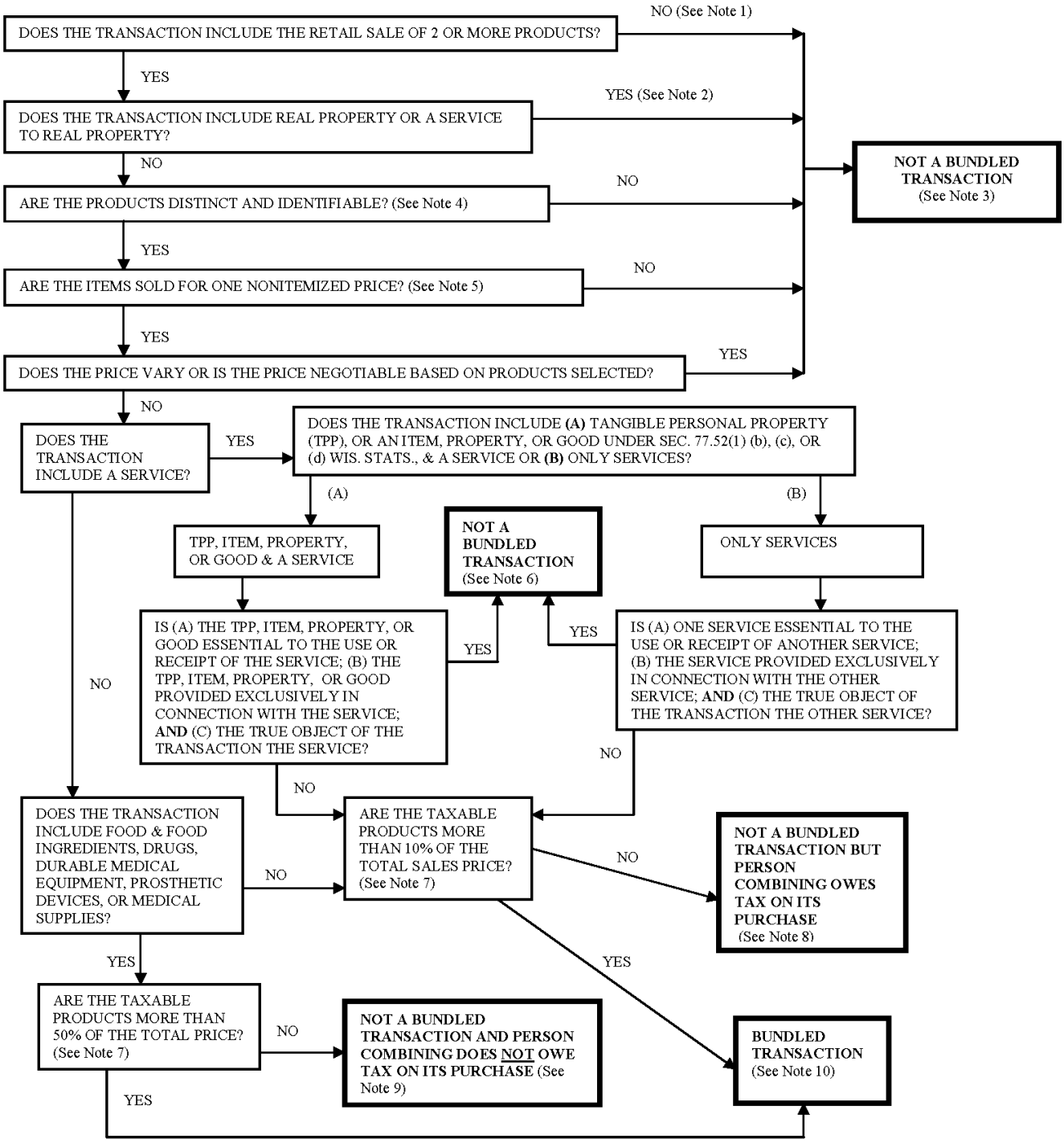
Sale	Tax	Sale	Tax	Sale	Tax
$ .00 - .07	.00	7.31 - 7.46	.48	14.70 - 14.84	.96
.08 - .23	.01	7.47 - 7.61	.49	14.85 - 14.99	.97
.24 - .38	.02	7.62 - 7.76	.50	15.00 - 15.15	.98
.39 - .53	.03	7.77 - 7.92	.51	15.16 - 15.30	.99
.54 - .69	.04	7.93 - 8.07	.52	15.31 - 15.46	1.00
.70 - .84	.05	8.08 - 8.23	.53	15.47 - 15.61	1.01
.85 - .99	.06	8.24 - 8.38	.54	15.62 - 15.76	1.02
1.00 - 1.15	.07	8.39 - 8.53	.55	15.77 - 15.92	1.03
1.16 - 1.30	.08	8.54 - 8.69	.56	15.93 - 16.07	1.04
1.31 - 1.46	.09	8.70 - 8.84	.57	16.08 - 16.23	1.05
1.47 - 1.61	.10	8.85 - 8.99	.58	16.24 - 16.38	1.06
1.62 - 1.76	.11	9.00 - 9.15	.59	16.39 - 16.53	1.07
1.77 - 1.92	.12	9.16 - 9.30	.60	16.54 - 16.69	1.08
1.93 - 2.07	.13	9.31 - 9.46	.61	16.70 - 16.84	1.09
2.08 - 2.23	.14	9.47 - 9.61	.62	16.85 - 16.99	1.10
2.24 - 2.38	.15	9.62 - 9.76	.63	17.00 - 17.15	1.11
2.39 - 2.53	.16	9.77 - 9.92	.64	17.16 - 17.30	1.12
2.54 - 2.69	.17	9.93 - 10.07	.65	17.31 - 17.46	1.13
2.70 - 2.84	.18	10. 08- 10.23	.66	17.47 - 17.61	1.14
2.85 - 2.99	.19	10. 24- 10.38	.67	17.62 - 17.76	1.15
3.00 - 3.15	.20	10.39 - 10.53	.68	17.77 - 17.92	1.16
3.16 - 3.30	.21	10.54 - 10.69	.69	17.93 - 18.07	1.17
3.31 - 3.46	.22	10.70 - 10.84	.70	18.08 - 18.23	1.18
3.47 - 3.61	.23	10.85 - 10.99	.71	18.24 - 18.38	1.19
3.62 - 3.76	.24	11.00 - 11.15	.72	18.39 - 18.53	1.20
3.77 - 3.92	.25	11.16 - 11.30	.73	18.54 - 18.69	1.21
3.93 - 4.07	.26	11.31 - 11.46	.74	18.70 - 18.84	1.22
4.08 - 4.23	.27	11.47 - 11.61	.75	18.85 - 18.99	1.23
4.24 - 4.38	.28	11.62 - 11.76	.76	19.00 - 19.15	1.24
4.39 - 4.53	.29	11.77 - 11.92	.77	19.16 - 19.30	1.25
4.54 - 4.69	.30	11.93 - 12.07	.78	19.31 - 19.46	1.26
4.70 - 4.84	.31	12.08 - 12.23	.79	19.47 - 19.61	1.27
4.85 - 4.99	.32	12.24 - 12.38	.80	19.62 - 19.76	1.28
5.00 - 5.15	.33	12.39 - 12.53	.81	19.77 - 19.92	1.29
5.16 - 5.30	.34	12.54 - 12.69	.82	19.93 - 20.07	1.30
5.31 - 5.46	.35	12.70 - 12.84	.83	20.08 - 20.23	1.31
5.47 - 5.61	.36	12.85 - 12.99	.84	20.24 - 20.38	1.32
5.62 - 5.76	.37	13.00 - 13.15	.85	20.39 - 20.53	1.33
5.77 - 5.92	.38	13.16 - 13.30	.86	20.54 - 20.69	1.34
5.93 - 6.07	.39	13.31 - 13.46	.87	20.70 - 20.84	1.35
6.08 - 6.23	.40	13.47 - 13.61	.88	20.85 - 20.99	1.36
6.24 - 6.38	.41	13.62 - 13.76	.89	21.00 - 20.15	1.37
6.39 - 6.53	.42	13.77 - 13.92	.90	21.16 - 21.30	1.38
6.54 - 6.69	.43	13.93 - 14.07	.91	21.31 - 21.46	1.39
6.70 - 6.84	.44	14.08 - 14.23	.92	21.47 - 21.61	1.40
6.85 - 6.99	.45	14.24 - 14.38	.93	21.62 - 21.76	1.41
7.00 - 7.15	.46	14.39 - 14.53	.94	21.77 - 21.92	1.42
7.16 - 7.30	.47	14.54 - 14.69	.95	21.93 - 22.07	1.43

The state, county, and premier resort area tax equals 13¢ for each $2 of sales, plus the tax shown above for the fractional part of $2.

APPENDIX H

BUNDLED TRANSACTION FLOWCHART

TO DETERMINE IF THE RETAIL SALE OF 2 OR MORE PRODUCTS IS A BUNDLED TRANSACTION



APPENDIX H (cont'd)

Notes To Bundled Transaction Flowchart

1 If a transaction does not contain the retail sale of 2 or more products, the transaction is not a bundled transaction and the tax treatment of the transaction follows the tax treatment of the individual product being sold.

"Retail Sale" means any sale, license, lease or rental for any purpose other than resale, sublease, or subrent, regardless of whether the product sold is taxable or nontaxable.

"Product" includes tangible personal property, and items, property, and goods under sec. 77.52(1) (b), (c), and (d), Wis. Stats., and services.

2 A transaction that includes real property or services to real property is specifically excluded from the definition of a bundled transaction. See secs. Tax 11.67 and 11.68, Wis. Adm. Code, to determine the tax treatment of these transactions.

3 The tax treatment of the transaction follows the tax treatment of the individual product(s) being sold.

4 "Distinct and identifiable product" does not include (a) packaging, including containers, boxes, sacks, bags, bottles, and envelopes and other materials, including wrapping, labels, tags and instructional guides that accompany and are incidental or immaterial to the retail sale of any product, and (b) a product that is provided free of charge to the consumer in conjunction with the required purchase of another product if the sales price does not vary depending on whether the product provided free of charge is included in the transaction. (Note: If a transaction is not a bundled transaction because one product is provided free of charge with the required purchase of another product, the person providing the free product is the consumer of the free product and is required to pay the applicable Wisconsin sales or use tax on his or her purchase price of that product.)

5 "One nonitemized price" does not include a price that is separately identified by product on a binding sales document or other sales-related document that is made available to the customer in paper or electronic form, including an invoice, a bill of sale, a receipt, a contract, a service agreement, a lease agreement, a periodic notice of rates and services, a rate card or a price list. (Note: If the products are not sold for one nonitemized price, the transaction is not a bundled transaction and the tax treatment of the price associated with each of the products follows the tax treatment of each individual product being sold.)

6 The tax treatment of the transaction depends on the service being provided. However, in either case, the service provider is the consumer of the tangible personal property, items, property, or good under sec. 77.52 (1) (b), (c), or (d), Wis. Stats., or other service provided that is not the true objective of the transaction and is required to pay the applicable Wisconsin sales or use tax on his or her purchase price of that property, item, good, or service.

7 The percentage of taxable items included in a transaction is computed by the seller using either the seller's purchase price or sales price, but not a combination of both, or, in the case of a service contract, the full term of the service contract.

8 The transaction is not subject to Wisconsin sales or use tax per sec. 77.54 (51), Wis. Stats. However, the first person combining the products is required to pay the applicable Wisconsin sales or use tax on his or her purchase price of the taxable products included in the transaction.

9 The transaction is not subject to Wisconsin sales or use tax per sec. 77.54 (52), Wis. Stats., and the first person combining the products is NOT required to pay Wisconsin sales or use tax on his or her purchase price of the taxable products included in the transaction.

10 The entire sales price is subject to Wisconsin sales or use tax. Exception: If the retailer can identify, by reasonable and verifiable standards from its books and records that are kept in the ordinary course of its business, the portion of the sales price that is attributable to products that are not subject to Wisconsin sales or use tax, the retailer may, at its option, not charge Wisconsin sales or use tax on that portion of the transaction. However, the retailer does not have this option if the transaction contains food and food ingredients, drugs, durable medical equipment, mobility-enhancing equipment, prosthetic devices, or medical supplies.

APPENDIX I

State, County, and Stadium Sales and Use Taxes Due on Items Registered or Titled in Wisconsin

Description of Transaction	Motor vehicle, boat, recreational vehicle as defined in sec. 340.01(48r), Wis. Stats., and aircraft	Snowmobile, trailer, semitrailer, and all-terrain vehicle
• Sale in a Wisconsin county with a county tax and the county is not part of a stadium district • Buyer brings back to and keeps at a Wisconsin location outside of the county where the purchase occurred.	Seller owes 5% state sales tax and any applicable local (i.e., county and/or stadium) use taxes in effect for the location where the item is customarily kept.	Seller owes 5% state tax and 0.5% county tax for county in which the sale occurred. No additional county or stadium use tax is due.
• Sale in a Wisconsin county with a county tax that is also within the baseball stadium district. • Buyer brings back to and keeps at a Wisconsin location outside of the county where the purchase occurred.	Same tax treatment as above.	Seller owes 5% state tax, the 0.5% county tax for county where sale occurred, and the 0.1% baseball stadium sales tax. No additional county or stadium use tax is due.
• Sale in a Wisconsin county without a county tax and that is not part of a stadium district • Buyer brings back to and keeps at a Wisconsin location outside of the county where the purchase occurred.	Same tax treatment as above.	Seller owes 5% state tax. **Note:** If a buyer stores, uses, or otherwise consumes the item in a taxable county and/or stadium district, the buyer owes the applicable county and/or stadium tax for the location where the item is first stored, used, or otherwise consumed. The seller may choose to collect this tax for the convenience of the buyer.
• Sale in Wisconsin county without a county tax and that is within a stadium district. • Buyer brings back to and keeps at a Wisconsin location outside of the county where the purchase occurred.	Same tax treatment as above.	Seller owes 5% state tax and the applicable stadium tax (i.e., baseball or football) based on where sale occurred. No additional county or stadium use tax is due.