Wisconsin Department of Revenue

Wisconsin Sales and Use Tax Information

Publication 201 (10/26)

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IMPORTANT CHANGES SINCE LAST REVISION

Marketplace providers. Information about marketplace providers has been added to Part 3.N.

Economic nexus threshold change. Effective February 20, 2021, the 200 transaction-threshold was eliminated, and remote sellers are required to use a calendar year to determine if it has economic nexus. See Part 4.A.

Exemption for nonprofit organizations. Effective February 20, 2021, the exemption for certain nonprofits was amended. Parts 9.B.(2) and 11.D.(1).

Insulin exemption modification. Effective March 23, 2024, an exemption certificate is no longer required to claim the exemption for insulin. Part 11.B.(6).

Exemption for electricity placed by certain electric vehicle chargers. New exemption, effective March 23, 2024. Part 11.B.(8).

Farm raised fish exemption modification. Effective March 23, 2024, an exemption certificate is no longer required to claim the exemption for farm raised fish. Part 11.B.(9).

Candy definition amended. The definition of candy was amended to include dried or partially dried fruit. Part 11.B.(10).

Expansion on exemption for household utilities. Effective October 1, 2025, electricity and natural gas sold for residential use is exempt. Part 11.B.(11).

Medical records exemption amended. Effective March 23, 2024, an exemption certificate is no longer required to claim the exemption for medical records. Part 11.B.(15).

Exemption for precious metal bullion. New exemption, effective March 23, 2024. Part 11.B.(19).

Exemption for real estate broker memberships. New exemption, effective June 1, 2024. Part 11.B.(22).

Exemption for data center equipment and materials. New exemption, effective October 1, 2023. Part 11.C.(6).

Exemption for certain information products used by an insurance company. New exemption, effective October 1, 2025. Part 11.C.(16).

Exemption for nuclear fusion technology projects. New exemption, effective July 1, 2026. Part 11.C.(21)

Expansion on exemption for machinery, equipment, and consumables in qualified research. Effective July 1, 2026. Part 11.C.(26).

Expansion on property transferred with certain services. Persons providing certain services can purchase without tax for resale, items transferred to a customer in conjunction with the service, regardless of whether the service is taxable, effective February 20, 2021. Part 11.C.(29).

Exemption for certain road building equipment. New exemption, effective June 1, 2024. Part 11.C.(30).

Exemption for tangible personal property temporarily stored in Wisconsin. New exemption, effective June 1, 2020. Part 11.C.(35).

Expansion of qualifying exempt entities for building materials exemption. First applied to contracts entered on February 20, 2021. Part 12.C.

Expansion on exemption for building materials, supplies, and equipment for professional sports and entertainment home stadiums. Exemption expanded to include property acquired solely for or used solely in the improvement, repair, and maintenance of stadiums, effective December 7, 2023. Part 12.D.

Increased standards for nonprofit organization occasional sales exemption. The standard for total amount paid to all entertainers increased, effective June 1, 2022. Part 16.

Village of Ephraim adopts premier resort area tax. Effective January 1, 2022. Part 20.K.

City of Sturgeon Bay and Town of Minocqua adopt premier resort are tax. Effective July 1, 2026. Part 20.K.

Renaming of the police and fire protection fee. The police and fire protection fee was renamed the 911 fee, effective July 1, 2024.

Lodging marketplace license requirement expired on October 1, 2021.

Baseball stadium tax ended March 31, 2020.

See the Sales Tax Rate Chart for current sales tax rates in Wisconsin. Recent rate changes include:

- Racine County imposed 0.5% county sales and use tax, effective April 1, 2025
- Manitowoc County imposed 0.5% county sales and use tax, effective January 1, 2025.
- Milwaukee County tax rate increased from 0.5% to 0.9%, effective January 1, 2024.
- City of Milwaukee imposed a 2% city tax, effective January 1, 2024.

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of October 30, 2026: ch. 77, Wis. Stats., and ch. Tax 11 Wis. Adm. Code.

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

1. 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 Parts 10.A. and B.

Part 2 explains common situations involving sales and use tax. Parts 10 and 11 explain what types of products and services are taxable or exempt.

The tax treatment of contractors, lessors, and manufacturers is described in Parts 12, 13, and 14. Information about the 0.5% and 0.9% county and 2% city sales and use taxes is found in Part 18.

The Department of Revenue has many resources available to assist you with your sales and use tax questions. Part 21 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 22 for information about how to contact the Department of Revenue.

Links to the publications and forms on the Department of Revenue's website are provided in Part 21 and throughout this publication.

2. 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 10, What is Taxable?

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 their 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.

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

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

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

  - 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 8.M.

3. 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 10 for what is taxable.

See *Exceptions 1 and 2* in Part 4.A. for information that applies for foreign publishers and out-of-state disaster relief workers.

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.

Filing Provisions: An owner may choose to file separate returns for its disregarded entities from the owner's return. In this case, all disregarded entities that make taxable sales in Wisconsin must be registered and file separate electronic returns. See Part 8.D. for additional information.

Notices to Disregarded Entities: A notice from the Department of Revenue to the owner or to the disregarded entity is considered a notice sent to both. Both are liable for any amounts due as specified in the notice. This treatment applies to all laws administered by the department.

For additional information, see the article, *Disregarded Entities,* 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, emailed, or faxed to the department by the purchaser as follows:

Wisconsin Department of Revenue
Clearance Certificates
P.O. Box 8901
Madison, WI 53708-8901

Email: DORSpecialProcedures@wisconsin.gov

FAX: (608) 224-5700

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

See the Common Questions for Successor Liability and Clearance Certificates for additional information.

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 website. (See Part 3.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 website, 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 5.

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, 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.

Email this information to DORSalesandUse@wisconsin.gov or send to the Madison address given in Part 22.

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 3.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 taxable products or services.

Be sure to include the information listed 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 15 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 re-opening an existing account.

If you have been granted a waiver which allows you to file paper returns (see Part 8.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 10.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*, or from Temporary Events Common Questions 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 Report*, may be used to obtain the required information and forwarded to the department.

For additional information, see Publication 228, *Temporary Events*, and the Temporary Events Common Questions web page.

M. Registering Through the Streamlined Website

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

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, email 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 website. 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.

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

- Department of Revenue's Streamlined Sales and Use Tax web page; and
- Streamlined Sales Tax Governing Board's (SSTGB) website.

N. Marketplace Providers

A marketplace provider is required to collect and remit Wisconsin sales and use tax on all sales of taxable products and services that the marketplace provider facilitates on behalf of a marketplace seller, unless a waiver has been granted by the department. A marketplace provider is required to notify the marketplace seller that it is collecting and remitting tax on all taxable sales in Wisconsin.

A marketplace provider is any person who facilitates a retail sale on behalf of another seller by listing or advertising for sale, in any manner, the seller's taxable products or services, and who directly or indirectly processes the payment for the purchaser regardless of whether the person receives compensation or other consideration in exchange for their services.

A marketplace provider includes a person or entity that facilitates a sale on behalf of a seller at a storefront or other physical location.

Example: An e-commerce business operates a website that allows sellers to list its taxable products or services for purchase. The e-commerce business sells the taxable products or services on behalf of seller and forwards the money received from the purchasers (less any commissions due to the e-commerce business or sales tax received from the purchaser) to the seller. The e-commerce business is a marketplace provider that is required to collect and remit sales tax on the entire amount charged to the purchaser for the taxable products or services and must report the sale of the products or services on the e-commerce business's Wisconsin sales and use tax return along with the payment of the tax.

Note: When a nonprofit organization engages the services of a marketplace provider, the sales are made by the marketplace provider and are taxable. The nonprofit occasional sales exemption that may apply to sales by a nonprofit organization do not apply to the marketplace provider's sales.

See the Marketplace Provider Common Questions and sec. Tax 11.555, Wis. Adm. Code for additional information.

4. REGISTERING FOR USE TAX

A. Out-of-State Retailers (Remote Sellers) – Use Tax Registration

The United States Supreme Court ruled in *South Dakota v. Wayfair, Inc.*, that a state can require out-of-state sellers without a physical presence in that state (i.e., remote sellers) to collect and remit sales or use tax on sales delivered into that state.

As of October 1, 2018, Wisconsin requires remote sellers to collect and remit sales or use tax on sales of taxable products and services in Wisconsin. A remote seller that sells taxable products or services into Wisconsin is

required to register and collect Wisconsin sales or use tax if the retailer's annual gross sales into Wisconsin exceed $100,000 in the previous year or current year.

Note: Prior to February 20, 2021, the criteria included a retailer's annual gross sales into Wisconsin exceeding $100,000 or the retailer's annual number of separate sales transactions into Wisconsin were 200 or more to determine if the retailer is required to register and collect Wisconsin sales or use tax.

The following apply to the criteria above:

- Remote sellers are required to use a calendar year to determine if it has economic nexus in the previous or current calendar year.
- The annual amounts include both taxable and nontaxable sales.
- An out-of-state retailer's annual amounts include all sales into Wisconsin by:
    - The retailer on behalf of other persons.
    - Another person on the retailer's behalf.

If one or more of the following conditions exist, a retailer has a physical presence in Wisconsin and is required to register and collect Wisconsin sales or use tax, regardless of whether the criteria above is met:

- 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 products or services.
- The retailer (or its representative) services, repairs, or installs products in Wisconsin.
- The retailer delivers goods into Wisconsin in company operated vehicles.
- The retailer (or its representative) performs construction activities in Wisconsin.
- The person 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:
    - 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.
    - 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.

- 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.

See the webpage for Remote Sellers – Wayfair Decision for more information about use tax obligations of out-of-state retailers.

Exception 1 – Foreign Publishers: 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 taxable products or services in Wisconsin if no more than the above activities occur in Wisconsin.

Exception 2 – Out-of-State Disaster Relief Workers: An out-of-state business that is in Wisconsin solely to perform disaster relief work is not required to register/obtain a business tax registration certificate, a Wisconsin seller's permit or withholding permit, or a use tax registration certificate. An eligible business or employee is exempt from Wisconsin use tax on taxable products and services purchased outside of the state and brought into Wisconsin solely for disaster relief work.

An out-of-state business is a business that is not organized under Wisconsin laws and, except for performing qualified disaster relief work during a disaster period, was not doing business in Wisconsin during the three taxable years immediately preceding the disaster period or the taxable year in which the declared state of emergency occurs.

CAUTIONS:

(1) Although the out-of-state business is not required to obtain a business tax registration certificate, Wisconsin seller's permit, or use tax certificate, the out-of-state business is responsible for Wisconsin sales or use tax on taxable sales and purchases in Wisconsin.

(2) Any out-of-state business and the employer of any out-of-state employee that wants to claim this exemption must notify the Department of Revenue within 90 days after the last day of a disaster period in the manner prescribed by the department.

Publication 411, *Disaster Relief*, provides information for out-of-state businesses and out-of-state employees performing disaster relief work in Wisconsin.

B. Voluntary Registration

Out-of-state retailers who are not required to be registered to collect and remit Wisconsin tax (i.e., they meet both of the criteria in Part 4.A.), 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, P.O. Box 8906, Madison, WI 53708-8906, call (608) 266-3969, or email DORNexusUnit@wisconsin.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 internet, mail order, or other out-of-state purchases, or (2) a Form UT-5, *Consumer 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 using the department's Online Business Tax Registration process. See Part 3.E.

A business may also register through the website of the Streamlined Sales Tax Governing Board's (SSTGB) website. See Part 3.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 BTR fee. For more information on BTR, see Part 5 below.

5. 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 website).

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 website.

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

C. Expedited Fee

Persons that do not use our online Business Tax Registration Process may request 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 Wisconsin Business Tax Registration*, as explained below or by applying through the online registration system (as explained in Part 3).

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

Persons using our online Business Tax Registration Process will not be charged an expedited service fee. In most cases, persons using our online registration process will receive an email containing their account number(s) at the time they register.

D. Faxing the Application

Form BTR-101 may be faxed to the department at (608) 327-0232. 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 F 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).

6. COMPUTING THE AMOUNT OF SALES AND USE TAX

A. Sales Tax Imposed on Sales Price

The 5% sales tax is imposed on a retailer's sales price (Total sales on the sales and use tax return). Sales price is the total amount of the sale, license, lease, or rental price from retail sales of taxable products and services, whether received in money or something other than money. If the purchaser is charged by the seller for the delivery of the product or service, the transportation charges must be included in sales price. Sales price also includes charges made by a retailer which the retailer separately states as credit card fees, 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 sales price subject to sales tax is $1,000 ($950 + $50). The 5% sales tax on the sales price is $50 ($1,000 x 5% = $50 tax). See Part 10.B.(15) for more information on delivery charges.

See the article titled *Sales Tax Treatment of Credit Card Fees Charged by Retailers* in *Wisconsin Tax Bulletin 229* (April 2025).

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

Taxes are included in sales price if ***either*** of the following apply:

- The retailer does not separately state the tax on the invoice, bill of sale, or similar document that the seller gives to the purchaser, **or**
- The tax is imposed on the seller, but the seller is required to pass on and collect the tax from the user or consumer.

Note: If the sales price is subject to a 0.5% or 0.9% county sales tax, the total tax rate is 5.5% or 5.9% for Milwaukee County. If the total sales are subject to the 2% city sales and use tax, the total tax rate could be 7%, 7.5% if a county tax applies, or 7.9% if Milwaukee County tax applies. See Part 18 for information about county and city taxes.

Sales price does 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 sales price subject to tax is $490 ($500 less $10 discount) on which the 5% sales tax is $24.50 ($490 x 5% = $24.50 tax).
- Taxes imposed on the seller that are separately stated on the invoice, bill of sale, or similar document that the seller gives to the purchaser if the law imposing or authorizing the tax provides that the seller may, but is not required to, pass on and collect the tax from the user or consumer.
- Taxes legally imposed directly on the purchaser that are separately stated on the invoice, bill of sale, or similar document that the seller gives to the purchaser.
- The federal excise tax (FET) on heavy trucks and trailers (i.e., the federal tax imposed on the seller in a retail sale of a heavy truck or trailer under sec. 4051 of the Internal Revenue Code) if the FET is separately stated on the invoice or bill that the seller gives 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 7.D.
- If a taxable product is traded in, sales price is the difference between the price of the product purchased and the amount allowed for the product traded in.

Note: No deduction is allowed for a product traded in for a service.

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 sales price subject to tax is $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 6.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 taxable products and 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:

- 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 Publication 202, *Sales and Use Tax Information for Motor Vehicle Sales, Leases, and Repairs*.
- If a taxable product is purchased without sales or use tax using a valid exemption certificate, and the buyer later uses that product in a taxable manner, use tax is owed based on the original purchase price of the product.

  Example: Computer Store buys and sells computers. A laptop computer was purchased without tax for resale for $550. Computer Store subsequently took the laptop out of inventory and gave it away as a promotional item (i.e., taxable use). Computer Store's use tax liability is based on its purchase price of $550.

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:

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

See sec. Tax 11.32, Wis. Adm. Code, 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 , issued by the department.

(3) Conspicuously posting a sign which states Prices Include 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 taxable products 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 city 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 taxable products and services that occurred on tribal lands.

If the purchase, license, rental, or lease of a product or service subject to Wisconsin sales and use taxes occurred on tribal lands and, prior to imposing the tax under sec. 77.53, Wis. Stats., 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, there are no agreements between the Department of Revenue and a Wisconsin American Indian tribe or band for purposes of the credit.

G. Products Given Away for Free

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. 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).

The following examples illustrate these changes.

Example 1 – Taxable Product Given Away with Required Purchase of Nontaxable Product: Retailer 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. (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 to the customer indicates the sales price of the gasoline but does not mention the hat at all. Since Retailer 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 is the consumer of these hats and is required to pay Wisconsin sales or use tax on its purchases of the hats.

Example 2 – Taxable Product Given Away with Required Purchase of a Different Taxable Product: Retailer 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 to the customer indicates that the bicycle is given to the customer for no charge. Although Retailer is providing a bicycle free of charge, Retailer 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.

Example 3 – Retailer Advertises Fourth Tire Free with Purchase of Three Other Tires: Retailer operates an automotive repair facility. Retailer 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 to the customer indicates that the fourth tire is given to the customer for no charge. Although Retailer is providing a tire free of charge to every customer that purchases three other tires (i.e., taxable products), Retailer 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.

H. Manufacturer's Coupons and Rebates, Retailer's Discounts, Gift Certificates and Product Vouchers, and Third-Party Discount Certificates and Product Vouchers

(1) Manufacturer's Coupons and Rebates

Payments received by a retailer from a manufacturer for coupons that are redeemed by a customer for a free taxable item or reduce the price paid for a taxable item, are part of the sales price of the taxable item and are subject to Wisconsin sales tax. A retailer may charge the customer the sales tax due.

Payments received by a retailer from a manufacturer for coupons that are redeemed by a customer for a free **nontaxable** item or reduce the price paid for a **nontaxable** item, are not subject to Wisconsin sales tax.

Coupon handling fees paid by the manufacturer to the retailer are not subject to Wisconsin sales tax, regardless of whether the coupon is for a taxable or nontaxable product.

Example 1 – Manufacturer's Coupon for Free Taxable Product: Customer gives Retailer a manufacturer's coupon for a free candy bar, which normally sells for 75¢. Customer receives a candy bar. Retailer provides the coupon to Manufacturer, who pays Retailer 75¢ plus a 10¢ handling fee for the coupon.

Retailer's receipts of 75¢ from its sale of a taxable item (i.e., candy bar) are subject to Wisconsin sales tax. Retailer may charge Customer the sales tax due on the 75¢. The 10¢ handling fee is not subject to Wisconsin sales tax.

Example 2 – Manufacturer's Coupon for Reduced Price on a Taxable Product: Customer gives Retailer a manufacturer's coupon for 50¢ off the $4 selling price of a box of laundry detergent. Customer receives a box of laundry detergent. Retailer provides the coupon to Manufacturer who pays Retailer 50¢ plus a 10¢ handling fee for each coupon redeemed.

Retailer's receipts of $4, from its sale of a taxable item (i.e., laundry detergent) are subject to Wisconsin sales tax ($3.50 received from Customer plus the 50¢ received from Manufacturer). Retailer may charge Customer the sales tax on the entire $4. The 10¢ handling fee is not subject to Wisconsin sales tax.

Example 3 – Manufacturer's Coupon for Free Nontaxable Product: Customer gives Retailer a manufacturer's coupon for a gallon of 100% pure orange juice, which normally sells for $2.75. Customer receives a gallon of orange juice. Retailer provides the coupon to Manufacturer, who pays Retailer $2.75 plus a 50¢ handling fee for the coupon.

Since orange juice is a nontaxable item, the $2.75 received from Manufacturer is not subject to Wisconsin sales tax. The 50¢ handling fee is also not subject to Wisconsin sales tax.

Manufacturer's rebates are treated the same as a manufacturer's coupon. Therefore, if a manufacturer reimburses a retailer for the amount of a rebate for the retailer's sale of a taxable product, the amount of the reimbursement is included in the retailer's taxable receipts. If a manufacturer reimburses a retailer for the amount of a rebate for the retailer's sale of a nontaxable product, the amount of the reimbursement is not taxable.

(2) Retailer's Discounts

Discounts and coupons offered by retailers which are not reimbursed by a third party are not subject to Wisconsin sales tax. This includes discounts offered by retailers where the retailer matches a discount offered by a manufacturer (e.g., double coupon days). No Wisconsin sales tax should be charged on the discounts and coupons offered by retailers.

Example*:* Retailer offers a coupon which entitles customers to 50¢ off the purchase price of a 12-pack of soft drinks. The 12-pack usually sells for $4.50. Customer provides Retailer with the coupon when purchasing the soft drinks along with $4. Retailer's sales price subject to tax is $4 ($4.50 - 50¢ coupon = $4). Retailer may charge Customer sales tax on the $4.

(3) Gift Certificates and Product Vouchers

The sales price from the sale of a gift certificate is not taxable. When a gift certificate is redeemed for taxable products, the transaction is completed, and the retailer's tax liability accrues at that time.

Example: Retailer sells Customer a gift certificate that is valued at $50. The gift certificate can be used to purchase any items that Retailer sells. The sale of the gift certificate is not subject to Wisconsin sales tax.

The sale of a product voucher that entitles the holder of the voucher to redeem the certificate for a specific product is taxable if the product for which the certificate can be redeemed is taxable.

Example 1: Retailer sells Customer a product voucher that can be redeemed for a radio. The sale of the certificate is subject to Wisconsin sales tax since a radio is subject to tax.

Example 2: Retailer sells Customer a certificate that can be redeemed for 10 pounds of fresh fruit for human consumption. The sale of the certificate is not subject to Wisconsin sales tax since the sale of fresh fruit for human consumption is not subject to tax.

(4) Third-party Promotional Company's Sales of Discounted Certificates and Product Vouchers

A merchant may enter into an agreement with a promotional company to have that promotional company sell discounted gift certificates or product vouchers. The merchant can identify the amount for which the certificate or voucher was sold to the customer.

These certificates and vouchers are commonly advertised on the Internet and are often referred to as *deal of the day* certificates or vouchers. A person desiring to purchase the certificate or voucher does so by contacting and paying the promotional company and not the issuing merchant. The purchaser then presents the certificate or voucher to the issuing merchant in exchange for goods or services from that merchant, as indicated on the certificate or voucher.

The promotional company's sale of the certificate or product voucher is not subject to tax. Sales of such certificates or vouchers are not subject to Wisconsin sales tax.

The merchant accepting the certificate or voucher is the retailer of the goods or services, since the merchant is the person actually transferring ownership of, title to, possession of, or enjoyment of the goods or services to the purchaser. The amount that is subject to tax is the total amount of all consideration received by the merchant, without deduction for any expenses incurred (e.g., no deduction is allowed for the amount that the merchant pays the promotional company for its services of advertising and selling the certificates). This taxable amount is generally the amount that the customer paid for the certificate or voucher.

Note: This tax treatment does not apply to sales of digital codes, admissions to time-sensitive events (e.g., sporting events, concerts), or gift certificates sold directly by the retailer.

Additional information, including examples, is provided in the tax release beginning on page 10 of *Wisconsin Tax Bulletin* 176 (August 2012) titled "*Sales of Discounted Certificates and Product Vouchers*."

7. 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.

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 10.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 10.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 13.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 7.D.
- **Telecommunications services –** Please refer to sec. Tax 11.66, Wis. Adm. Code, 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 7.E.

General Sourcing Rules (Where the Sale Takes Place)

Except as provided above, the location where a sale takes place is determined in (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 10.A.(2) and (3).; taking possession or making first use of digital goods described in Part 10.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 10.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 10.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 10.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 taxable product included with the printed material is not billed directly to the recipients of the printed material. Direct mail includes any taxable product 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.

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, 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.

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

   (a) 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.

   (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 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.

(2) 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 7.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 orders to a person who is a retail florist follow the General Sourcing Rules.

8. 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.

Wisconsin sales and use tax returns must be filed using one of the electronic filing methods listed in Part 8.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.

If the requirement to file causes an undue hardship, you may request an electronic filing waiver by filing Form EFT-102, *Electronic Filing or Electronic Payment Waiver Request.* Form EFT-102 must be filed at least 60 days

prior to the due date of the return. Provide specific details about the undue hardship. Requests can be emailed to DORWaiverRequest@wisconsin.gov; faxed to (608) 224-5761; or mailed to Wisconsin Department of Revenue, P.O. Box 8902, Madison, WI 53708-8902.

Additional information about electronic filing and funds transfer are available online or you may contact the department by mail or email at DORSalesandUse@wisconsin.gov or by telephone at (608) 266-2776.

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. 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 website 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 (Madison) or (414) 227-3895 (Milwaukee) to 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 email acknowledgement to confirm receipt of a successful file transmission. Information about file transmission can be found on the Wisconsin Department of Revenue's website.

(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 website. If you have questions about electronic filing or payments, contact the department by writing to Wisconsin Department of Revenue, Customer Service Bureau P.O. Box 8949, Madison, WI 53708-8949; calling (608) 266-2776; or emailing at DORSalesandUse@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.

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 Wisconsin 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 request to file on a seasonal basis by writing to the Department of Revenue, P.O. Box 8902, Madison, WI 53708-8902; or calling (608) 266-2776; or emailing. 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

Extension requests must be received by the original due date of the return. To request an extension, do one of the following:

- Complete the *Request Extension to File* in My Tax Account
- Email WISalesTax@wisconsin.gov
- Write to Wisconsin Department of Revenue, Tax Operations Business, PO Box 8902, Madison, WI 53708-8902.

The department may grant you an additional month from the due date of the original return to file the return. The department will notify you if the extension is granted. 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 and 1.5% interest per month thereafter. The retailer's discount is allowed if the taxes are paid on or before the expiration of any extension period if one has been granted.

Written or email requests must include the account name, address, identification number, return type, and period for which the extension is requested. The identification number can be a seller's permit number, use tax registration number, federal or Wisconsin employer identification number, or social security number.

Bulk extension requests will not be accepted. Requests must be submitted separately for each account. Good cause must be shown for each request regarding why the filing deadline cannot be met for your request to be considered.

H. Payment of Tax

The tax may be paid by direct debit, credit card, and other electronic methods. See Make a Payment for additional information.

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 0.75% of a retailer's sales and use tax payable, with the exception listed below. The retailer's discount that may be deducted on a sales and use tax return is limited to $8,000 per reporting period.

Exception: If multiplying the sales and use tax payable by 0.75% 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% or 0.9% county sales and use tax payable on retail sales.

(3) The amount of the 2.0% city 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 10.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 8.B.(1) for additional information about how to use My Tax Account.

Instead of using My Tax Account, you may 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, Sales Tax Refund Request, 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.

A seller that receives a fully completed exemption certificate from the purchaser after reporting a sale covered by the exemption certificate as taxable may claim a deduction on its sales tax return for the sales price of the items covered by the exemption certificate if **all** of the following conditions are satisfied:

- The seller has paid the tax to the Department of Revenue,
- The exemption certificate was received by the retailer in the same taxable year (for income or franchise tax purposes) of the seller in which the sale covered by the exemption certificate occurred, and

- The seller has returned to the buyer, in cash or credit, all tax previously paid by the buyer on the sale.

The deduction is claimed on the return filed for the period in which the seller receives the exemption certificate. If the seller is ineligible to claim a deduction on its sales tax return, the seller may file a claim for refund by amending the sales tax return for the period in which the sale was reported and tax paid.

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.

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 City Sales Taxes* (also known as Form BCR). Form S-220a, *Attachment to Form BCR, Buyer's Claim for Refund of Wisconsin State, County, and City 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.

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 a taxable product that is used by the person in that activity or service and transferred to the buyer.

Adjustments and Refunds Received by Sellers

A seller who continues to collect tax erroneously on a product after receiving two or more written notices from the department stating that the product is not taxable is only entitled to an adjustment for, or a refund of, the tax if the seller returns the tax and associated interest to the buyer from whom it was collected within 90 days after the date of the refund. If the seller cannot locate the buyer within 90 days after the date of the adjustment or refund, the seller must return the taxes and related interest to the department.

Offsets

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.

The Department of Revenue may offset state payments against federal nontax obligations. The department may charge a fee of 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. 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.

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, utility terrain vehicle, off-highway motorcycle, 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

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:

- The disallowance of deductions, credits, exemptions, or inclusions of additional taxable sales or additional taxable purchases to which the requested records relate.
- 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.
- The Department of Revenue shall promulgate rules to administer this penalty, and the rules shall include a standard response time, a standard for noncompliance, and penalty waiver provisions.

See sec. Tax 11.90, for additional information about this penalty.

Internet Posting of Seller's Permits that Have Been Revoked

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.

9. 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, 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 taxable products or 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 product or service sold, the amount of exemption, and the reason that the sale was exempt from tax. This record must be signed by the purchaser unless the certificate is received electronically.

Exceptions: This information is not required for:

- Sales, as described in Part 11.B.
- Sales of commodities, as defined in 7 U.S.C. §1a, 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 animal market, as defined in sec. 95.68(1)(ag), Wis. Stats. An animal market means any premises which are open to the public for the purpose of trading in livestock or wild animals 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 taxable products and services is subject to the tax until the contrary is established. (See Penalties for Failing to Provide Records, in Part 8.M.) The seller has the burden of proving that a sale of taxable products or services is exempt, unless the seller takes a fully completed exemption certificate (or other information as described in (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 taxable products or 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 fully completed Wisconsin Sales and Use Tax Exemption Certificate (Form S-211, S-211E, or Form S-211-SST) from the purchaser.

Drop Shipments – Sales for Resale

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.

(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.

(a) 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 purchase order or similar written document identifying the governmental unit, tribe, or band as the purchaser.
- Form S-211, S-211E, or Form S-211-SST.
- Recording the federal or Wisconsin governmental unit's or Tribe's Certificate of Exempt Status (CES) number on the invoice.

(b) Sales to nonprofit organizations that is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC) and has received a determination letter from the Internal Revenue Service (IRS) or churches and religious organizations that meet the requirements of 501(c)(3) of the IRC but are not required to apply for or obtain tax-exempt status from the IRS:

- Form S-211, S-211E, or Form S-211-SST.
- 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 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 11.D.(5) 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 11.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 17 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, for more information about exemption certificates.

10. WHAT IS TAXABLE?

A retailer's sales price from the sale, license, lease, or rental of taxable products or the selling, performing, or furnishing of taxable services is subject to Wisconsin sales tax. The storage, use, or other consumption in Wisconsin of taxable products or services is subject to Wisconsin use tax, unless Wisconsin sales tax was paid by the buyer when purchasing the product or service.

No sales or use tax is payable on a sale or purchase of a product or a service if the product or service is resold or if an exemption applies.

Refer to Part 11 for more information on exemptions.

A description of the types of products and services which are subject to sales and use tax follows:

A. Tangible Personal Property, Items, Property, and Goods (Taxable Products)

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.

(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, *Digital Goods,* for a detailed description of which digital goods are taxable.

The products in 1 to 4, above, are subject to tax under sec. 77.52(1)(a) through (d), Wis. Stats., respectively, and will be referred to collectively in this publication as taxable products.

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 taxable products 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.
- Rental fees or admission charges to multipurpose facilities when the facility will be used for a recreational, amusement, entertainment, or athletic event (e.g., auditoriums, gymnasiums, wedding reception or other party facilities), unless the facility will be rented to a promoter, professional group, or other person who will sell admissions to the public. In order to claim exemption from sales tax, the person renting the facility must provide the seller with an exemption certificate (e.g., Form S-211, S-211E, Form S-211-SST) claiming resale.

  For additional information, see Fact Sheet 2107, *Rentals of Multipurpose Facilities*.

  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.
  - 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, and sec. Tax 11.65, Wis. Adm. Code, 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.

For additional information, see the following:

- Article titled *Amusement Device Operators* on pages 3-5 of Sales and Use Tax Report – 14-3
- Section Tax 11.52, Wis. Adm. Code
- Video gambling machine articles on pages 4-6 of *Wisconsin Tax Bulletin* 140 (October 2004), pages 14-15 of *Wisconsin Tax Bulletin* 146 (February 2006), and pages 5-9 of *Wisconsin Tax Bulletin* 209 (April 2020)

(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 Publication 210, *Sales and Use Tax Treatment of Landscaping Services*, for more information.

(5) Laundry and Dry Cleaning

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

Note 1: This type of service performed on cloth diapers by a diaper service, raw materials or goods in process destined for sale is not taxable.

Note 2: Laundry, dry cleaning, pressing, and dyeing services are not taxable when the service is performed by the customer using self-service machines.

Refer to sec. Tax 11.72, Wis. Adm. Code, for more information.

(6) Parking and Docking

- Parking or providing parking space for motor vehicles and aircraft, including parking for vehicles used for carrying property or passengers.

  Parking includes the temporary storage of a motor vehicle or aircraft that is available for immediate use. Storage of a motor vehicle or aircraft that is not available for immediate use is not taxable (e.g., the storage of a damaged motor vehicle that cannot be driven).

  Refer to sec. Tax 11.49, and sec. Tax 11.84, Wis. Adm. Code, for more information.

- Providing docking or storage space for boats.

Refer to sec. Tax 11.48, Wis. Adm. Code, and sec. Tax 11.85, Wis. Adm. Code, 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, for more information.

(8) Producing, Fabricating, and Printing

The producing, fabricating, processing, printing, or imprinting of taxable products 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 service of printing or imprinting of a taxable product that results in:

- Advertising and promotional direct mail (sec. 77.54(59), Wis. Stats.),
- Printed advertising materials transported outside Wisconsin by the purchaser for use solely outside Wisconsin (sec. 77.54(25), Wis. Stats.), or
- Certain catalogs and their mailing envelopes (sec. 77.54(25m), Wis. Stats.).

See Part 11.C. for information about the exemptions for advertising and promotional direct mail, printed advertising materials, and catalogs.

Refer to sec. Tax 11.38, Wis. Adm. Code, and sec. Tax 11.56, Wis. Adm. Code, for more information.

(9) Repair and Service of Taxable Products

The repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of taxable products. 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 product 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
- 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, Part 12 of this publication, and Publication 207, *Sales and Use Tax Information for Contractors*, for more information.

(10) Contracts for Future Performance of Services

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 taxable products, unless the sale, license, lease, or rental in this state of the product 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 any hospital, sanatorium, or nursing home is not taxable.
- The furnishing of accommodations by nonprofit 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.

Note: Charges by a lodging provider for telecommunications, ancillary, Internet access and cable TV services are not taxable. The lodging provider's purchase of these services is subject to tax.

Refer to sec. Tax 11.46, Wis. Adm. Code, sec. Tax 11.48, Wis. Adm. Code, and Publication 219, *Hotels, Motels and Other Lodging Providers*, for more information.

(12) Prepaid Calling, Telecommunications, and Ancillary Services

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

- 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., and the 911 fee under sec. 196.025(6), Wis. Stats.

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 the 911 fee 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, 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 7.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 11.C. of this publication.

Refer to sec. Tax 11.66, Wis. Adm. Code, 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. 77.585(8), 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.

(15) Delivery Charges

When a retailer sells taxable products or 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 product or service, 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 products or 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 7.D. for additional information about direct mail, including the definition of direct mail.

*Sales of advertising and promotional direct mail, including delivery charges for advertising and promotional direct mail, are exempt from tax. See Part 11.C.

See sec. Tax 11.94, Wis. Adm. Code, for additional information.

C. Bundled Transactions

A bundled transaction is the retail sale of two or more products and services, not including real property and services to real property, if the products are distinct and identifiable and sold for one nonitemized price.*

*Certain exceptions apply. These exceptions are listed in sec. Tax 11.985, Wis. Adm. Code, 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 and services for which the sales price varies or is negotiable based on the purchaser's selection of the products and services 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 enters into a contract with Customer to provide various information technology services. Customer selects the information technology services it wants from Retailer. Through negotiation, Retailer and Customer agree on a price based on the services selected and Retailer bills Customer one nonitemized price for all of the services. Since the price was based on the products selected by Customer, the transaction is not a bundled transaction.

(2) The retail sale of a service and taxable product if **all** of the following apply:

- The taxable product is essential to the use of the service.
- The taxable product is provided exclusively in connection with the service.
- 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:

- 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.
- 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 and services, 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 and services. 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 and services 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 taxable products if **all** of the following apply:

- The transaction includes both taxable and exempt products, but not services.
- The transaction includes food and food ingredients, drugs, durable medical equipment, mobility-enhancing equipment, prosthetic devices, or medical supplies.
- 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 12.

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 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'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 ($11 ÷ $21)	52.38%

Using the Bundled Transaction Flowchart in Appendix H:

- Does the transaction include the retail sale of 2 or more products? Yes.
- Does the transaction include real property or a service to real property? No.
- Are the products distinct and identifiable? Yes.
- Are the products sold for one nonitemized price? Yes.
- Does the price vary or is the price negotiable based on products selected? No.
- Does the transaction include a service? No.
- Does the transaction include food and food ingredients, drugs, durable medical equipment, mobility-enhancing equipment, prosthetic devices, or medical supplies? No.
- Are the taxable products more than 10% of the total price? Yes.

The transaction is a bundled transaction, and Retailer is liable for sales tax on its entire sales price of the flag kit (i.e., $50.00). Retailer may, at its option, collect and remit tax only on the taxable portion of the sale if 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 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.

Example 1: Individual brings their clothing to Laundry. Laundry cleans the clothing for Individual 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.

11. WHAT IS EXEMPT?

A. General

The retail sale or purchase of taxable products and services are subject to Wisconsin sales or use tax, unless an exemption applies. The exemptions that may apply depend on:

- Whether the product or service itself is exempt from the tax. (Exemption certificate is not required. Refer to Part B.)
- How the product or service is used or other specific criteria. (Exemption certificate is required. Refer to Part C.)
- Whether the buyer or seller is exempt from the tax. (Refer to Part D.)

Normally, to purchase taxable products or services in Wisconsin without tax, an exemption certificate must be given to the seller as described in Part 9. 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 and services may be made without sales tax, even though an exemption certificate is not received by the seller. However, if the product or service is not used for the exempt purpose, the purchaser must pay use tax based on the product or service's purchase price.

(1) Aircraft Parts and Repair

- Charges for the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of any aircraft or any aircraft parts.
- Parts used to modify or repair aircraft.

  Note: Sales of aircraft supplies are taxable. For example, hydraulic fluid is a taxable aircraft supply. See the article titled *Sales and Use Tax Exemptions for Aircraft* on the department's website.

(2) 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.

(3) Caskets and Burial Vaults

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

(4) 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.

(5) 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.

(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.
- Insulin furnished by a pharmacist to a person for treatment of diabetes of a human being.
- 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.

See sec. Tax 11.09, Wis. Adm. Code, and sec. Tax 11.45, Wis. Adm. Code, 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 replacement, corrective, or supportive 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) Electricity Used to Charge Electric Vehicles (Effective January 1, 2025)

Sales of electricity delivered or placed into the battery or other energy storage device of an electric vehicle by:

- A Level 3 charger of an electric vehicle charging station
- A Level 1 or Level 2 charger installed on or after March 22, 2024, of an electric vehicle charging station.

Level 1 charger means a device with one or more charging ports and connectors for charging electric vehicles that operates on a circuit up to 120 volts and transfers AC to a device in an electric vehicle that converts AC to DC to recharge an electric vehicle battery.

Level 2 charger means a charger that operates on a circuit from 208 volts to 240 volts and transfers AC to a device in an electric vehicle that converts AC to DC to recharge an electric vehicle battery.

Level 3 charger means a charger that enables rapid charging by delivering DC directly to an electric vehicle's battery and analogous successor technologies.

(9) Farm-Raised Fish

Note: Prior to March 23, 2024, an exemption certificate was required to claim this exemption.

Sales of farm-raised fish sold to either of the following:

- A fish farm that is registered with the Department of Agriculture, Trade and Consumer Protection (DATCP) under sec. 95.60(3m), Wis. Stats., or
- A person who holds a valid permit under sec. 29.736, Wis. Stats., for the stocking of fish.

Farm-raised fish is defined in sec. 95.001(1)(ah), Wis. Stats., to mean any fish egg that is present on a fish farm or any fish that is reared on a fish farm.

Fish farm is defined in sec. 95.001(1)(aj), Wis. Stats., to mean a facility at which a person hatches fish eggs or rears fish for the purpose of introduction into the waters of the state, human or animal consumption, permitting fishing, use as bait or fertilizer or any other purpose specified by the department by rule or for sale to another person to rear for one of those purposes.

(10) 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
- that has as its predominant ingredient dried or partially dried fruit along with one or more sweeteners, and which may also contain other additives including oils, natural flavorings, fiber, or preservatives. This does not apply to a preparation that includes chocolate, nuts, yogurt, or a preparation that has a confectionary coating or glazing on the dried or partially dried fruit. Dried or partially dried does not include fruit that has been ground, crushed, grated, flaked, pureed, or jellied.

  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, or a concentrate, metabolite, constituent, or extract.
  - 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.

  An exemption applies to sales of prepared food that (1) are sold by the retailer in a frozen state without eating utensils (i.e., plates, bowls, knives, forks, spoons, glasses, cups, napkins, straws), or (2) consist of more than 50% yogurt. The prepared food cannot be candy, a soft drink, or a dietary supplement to qualify for this exemption. In addition, the prepared food must be manufactured by the retailer on real property assessed as manufacturing property under sec. 70.995, Wis. Stats., or would be assessed as manufacturing if located outside Wisconsin. This exemption does not apply if the retailer makes any retail sales of prepared food at the building where the prepared food is manufactured.
- 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.

  An exemption applies to sales of prepared food that consist of more than 50% yogurt, regardless of whether utensils are provided. The prepared food cannot be candy, a soft drink, or a dietary supplement to qualify for this exemption. In addition, the prepared food must be manufactured by the retailer on real property assessed as manufacturing property under sec. 70.995, Wis. Stats., or would be assessed as manufacturing if located outside Wisconsin. This exemption does not apply if

the retailer makes any retail sales of prepared food at the building where the prepared food is manufactured.

Refer to the following for more information, including how to apply the 75% test: Publication 220, *Grocers*; sec. Tax 11.51, Wis. Adm. Code, and sec. Tax 11.87, Wis. Adm. Code,

- 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.

  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.

See sec. Tax 11.87, Wis. Adm. Code, for more information.

(11) 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.
- Electricity and natural gas sold for residential use (Effective October 1, 2025).

  Note: Prior to October 1, 2025, electricity and natural gas sold for residential use was only exempt during the months of November through April.
- Fuel and electricity sold for use in farming, including agriculture, dairy farming, floriculture, silviculture, horticulture, and beekeeping.
- Biomass sold for fuel for residential use.

Residential use means used in a structure or portion of a structure which is a person's permanent residence, but does not include use in transient accommodations, motor homes, travel trailers, or other recreational vehicles.

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 11.C.

Note 3: See Part 11.C. for information relating to the exemption for fuel and electricity consumed in manufacturing.

(12) Home Exchange Service Sales

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.

(13) 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 10.B.(10) of this publication.

(14) 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.

  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.

(15) Medical Records

Note: Prior to March 23, 2024, an exemption certificate was required to claim this exemption.

Copies of patient health care records (medical records) that are sold to a patient or to a person authorized by the patient to receive the medical records. Sales of medical records transmitted electronically are also exempt from tax.

(16) 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.

  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.

(17) 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.

(18) Occasional Sales

- Sales of taxable products or services by persons who do not hold and are not required to hold a seller's permit.

  Refer to Parts 15 and 16 of this publication and to Fact Sheet 2110, *Occasional Sales of Business Assets;* secs. Tax 11.33, Wis. Adm. Code, Tax 11.34, Wis. Adm. Code, and Tax 11.35 Wis. Adm. Code, and for more information.

- 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, utility terrain vehicles, off-highway motorcycles, 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.

(19) Precious Metal Bullion (Effective March 23, 2024)

Between March 23, 2024, and March 28, 2026, an exemption certificate was required to claim this exemption.

Precious metal bullion means coins, bars, rounds, or sheets that contain at least 35% gold, silver, copper, platinum, or palladium and that are marked with weight, purity, and content or that a government authority minted on the basis of weight, purity, and content.

This exemption does not apply to other tangible personal property that contains, in whole or in part, precious metal bullion, such as jewelry, works of art, scrap metal, or electronics.

(20) 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 11.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, for additional information.

(21) 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.

(22) Real Estate Broker Memberships (Effective June 1, 2024)

Memberships sold to a real estate broker licensed under ch. 452, Wis. Stats., who, pursuant to the broker's membership agreement, offers to compensate or cooperate with, or both, other real estate brokers in brokering sales of properties and who obtains access to information about real estate listings from other real estate brokers.

(23) Standard Samples

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

(24) Tournament and League Entry Fees Used as Prize Money

The portion of admission fees paid by participants to enter a tournament or league if the fees are advertised and set aside as prize money.

(25) 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 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 10.C. A Bundled Transaction Flowchart is included in Appendix H. At the end of Part 10.C., an example using a flag kit is included to illustrate how to use the Bundled Transaction Flowchart.

This exemption does **not** apply to:

- Flag accessories, except as described above.

  Example 1: Retailer 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 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 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).

(26) United States Government (Sales By)

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

(27) Water Delivered Through Mains

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

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 product 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, *Wisconsin Streamlined Sales and Use Tax Exemption Certificate*

An electronic exemption certificate (S-211E) that can be customized by the user is also available on the department's website.

Caution: It is common 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. When a taxable use is made of such a product, use tax is owed based on the original purchase price of the product.

Example: Computer Store buys and sells computers. A laptop computer was purchased without tax for resale for $550. Computer Store later 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. Computer Store's use tax liability is based on its purchase price of $550.

(1) 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 taxable product included with the printed material is not billed directly to the recipients of the printed material. Direct mail includes any taxable product 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.

Example 1: Company, located in Wisconsin, contracts with Printer to have 10,000 advertising flyers printed. The flyers are designed to promote Company's products. Once Printer finishes printing the advertising flyers, Printer mails the flyers to the addresses on a mailing list provided by Company. The addresses are in and outside Wisconsin. The charge by Printer to Company is exempt from Wisconsin sales and use tax since the advertising flyers are advertising and promotional direct mail.

Example 2: Same as Example 1, except the flyers are sent by Printer to Company, the purchaser, and Company mails the flyers to the addresses on the mailing list. The flyers are not advertising and promotional direct mail because the seller (i.e., Printer) is not delivering the flyers to a mass audience or to addresses on a mailing list at the direction of the purchaser (i.e., Company).

See the exemptions for Catalogs and their Mailing Envelopes and Printed Advertising Materials for related exemptions in Part 11.C.

(2) Affiliated Businesses - Certain Sales By

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.
- Taxable products that are physically transferred to the purchaser as a necessary part of one of the following services:
  - Photographic services taxed under sec. 77.52(2)(a)7, Wis. Stats.
  - Repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, or maintenance of products taxed under sec. 77.52(2)(a)10., Wis. Stats.
  - Producing, fabricating, processing, printing, or imprinting of products taxed under sec. 77.52(2)(a)11., Wis. Stats.
  - Landscaping and lawn maintenance services taxed under sec. 77.52(2)(a)20., Wis. Stats.

If a seller purchases a taxable product or service 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 product or service 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. Also see the tax release titled "*Common and Contract Carrier Exemption*," that was published in *Wisconsin Tax Bulletin* 186 (October 2014).

- 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.

- Aircraft, and accessories, attachments, and fuel 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.

- All types of tangible personal property; or items or property described in Part 10.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.

Note: Charges for motor vehicle parking are taxable, even if the parking is for an exempt motor vehicle or aircraft (e.g., the purchase of the motor vehicle was exempt from tax because it is only used in common or contract carriage).

(4) Catalogs and Their Mailing Envelopes

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 description 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 11.C.

(5) Clay Pigeons, Live Game Birds, and Farm-Raised Deer

- 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:
  - 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.
  - 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.
- Clay pigeons that are sold to a nonprofit gun club that charges for shooting at the facility, if 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.
- Farm-raised deer sold to a person who is operating a hunting preserve or game farm in Wisconsin.

  Farm-raised deer means a cervid that is kept in captivity or a cervid that is present in the wild and that has an ear tag or other mark identifying it as being raised on a farm.

(6) Data Center Equipment and Materials (Effective October 1, 2023)

- Tangible personal property, regardless of whether it is affixed to or incorporated into real property, and property under sec. 77.52(1)(c), Wis. Stats., used exclusively for the development, construction, renovation, expansion, replacement, repair, or operation of a qualified data center and used solely at the qualified data center.
- Tangible personal property or property under sec. 77.52(1)(c), Wis. Stats., used in the development, construction, renovation, expansion, replacement, or repair of a water cooling or conservation system used exclusively to cool or conserve water for one or more qualified data centers.
- Tangible personal property or property under sec. 77.52(1)(c), Wis. Stats., sold to a construction contractor that, in fulfillment of a real property construction activity, transfers the property to a qualified data center, if the property becomes a component of the qualified data center.

  A qualified data center means one or more buildings owned, leased, or operated by the same business entity or its affiliate. Additionally, the buildings must be used to centralize the processing, storage, management, retrieval, communication, or dissemination of data and information and create a minimum qualified investment in the state.

  The Wisconsin Economic Development Corporation (WEDC) is responsible for certifying a qualified data center for purposes of the exemption and contracting with that business entity. The department will provide additional information about claiming the exemption when a qualified data center is certified by WEDC.

(7) 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 11.B.

(8) 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 10.A.(4) for additional information about digital goods.

(9) Disaster Relief Services

Service provided by an electric cooperative to another electric cooperative, or by a telecommunications utility to another telecommunications utility, for disaster relief work performed during a disaster period.

- Disaster period means the time that begins 10 days before a state of emergency and ends 60 days after the state of emergency ends.
- Disaster relief work means work, including repairing, renovating, installing, building, or performing other services or activities, relating to infrastructure in Wisconsin that has been damaged, impaired, or destroyed in connection with a state of emergency.
- Electric cooperative means a cooperative association organized under ch. 185, Wis. Stats., that carries on the business of generating, transmitting or distributing electric energy to its members at wholesale or retail.
- State of emergency means the time when an electric cooperative wishing to receive services from another electric cooperative or a telecommunications utility wishing to receive services from another telecommunications utility invokes a mutual aid agreement and at least 20 percent of the electrical or telecommunications system is nonoperational.
- Telecommunications utility means any person, corporation, company, cooperative, unincorporated cooperative association, partnership, association and lessees, trustees or receivers appointed by any court that owns, operates, manages or controls any plant or equipment used to furnish telecommunications services within the state directly or indirectly to the public. Telecommunications utility does not include a telecommunications carrier.

(10) Farm Products

Tangible personal property; and items and property described in Part 10.A.(2) and (3); as explained below, sold to persons engaged in farming. Farming includes dairy farming, agriculture, horticulture, silviculture, floriculture, beekeeping, and custom farming services when engaged in as a business enterprise.

- Tractors and machines, including accessories, attachments, and parts for such tractors and machines, 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

  This exemption does not include:

  - Automobiles, trucks, and other motor vehicles for highway use,
  - 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
  - Tangible personal property; and items and property described in Part 10.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:

  - Auxiliary power generators
  - Bale loaders
  - Barn cleaners and elevators

- Conveyors
- Feed elevators and augers
- Grain dryers and grinders
- Irrigation implements
- Milk coolers
- Milking machines; including piping, pipeline washers, and compressors
- Powered feeders, but not including platforms or troughs constructed from ordinary building materials
- Silo unloaders (top and bottom)

- 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, bees, beehives, and bee combs, 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 11.B.

For purposes of the sales and use tax exemption for farming, the following definitions apply:

Beekeeping means the business of moving, raising, producing, and other management of bees or bee products, regardless of the number of hives of bees managed.

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 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.

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).

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

Refer to sec. Tax 11.12, Wis. Adm. Code, and Publication 221, *Farm Suppliers and Farmers*, for more information.

(11) Fertilizer Blending, Feed Milling, and Grain Drying Operations

- Machines and specific processing equipment used exclusively and directly in a fertilizer blending, feed milling, or grain drying operation, including holding structures used for weighing and dropping feed or

fertilizer ingredients into a mixer, wet corn holding bins, grain dryers, mixers, conveying equipment, and grinding, mixing, and saturation bins, regardless of whether such items become an addition to, a component of, or a capital improvement of real property. The exemption includes repair parts, replacements, and safety attachments for such machines and equipment.

- Building materials acquired solely for and used solely in the construction or repair of holding structures used for weighing and dropping feed or fertilizer ingredients into a mixer or for storage of grain, if such structures are used in a fertilizer blending, feed milling, or grain drying operation.

  Caution: These exemptions apply only to:

  - Items located on the same parcel of property where the fertilizer blending, feed milling, or grain drying operation activities are conducted, or on an adjoining parcel, including parcels that are separated only by a public road, and
  - Persons who are primarily engaged in fertilizer blending, feed milling, or grain handling operations which include grain drying operations, or primarily engaged in any combination of fertilizer blending, feed milling, or grain handling operations which include grain drying operations, and to contractors providing real property construction activities to such persons.

(12) Fire Fighting Equipment

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

(13) Fuel and Electricity Consumed in Manufacturing Tangible Personal Property; and Items and Property Described in Part 10.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 and Fact Sheet 2111, *Sales and Use Tax Exemption for Fuel and Electricity Consumed in Manufacturing* on the Department of Revenue's website.

(14) Fuel Sold for Use in Charter Fishing Boats

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.

(15) 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.

(16) Information Products Used by an Insurance Company (Effective October 1, 2025)

Information products containing reports, statistics, records, or other data for purposes of quoting, underwriting, determining insurability, assessing risks, setting rates, or adjusting claims and used exclusively by:

- An insurance company possessing a certificate of authority issued by the commissioner of insurance whether purchased by the insurance company or an affiliate, as defined in sec. 600.03(1), Wis. Stats.
- An insurance intermediary licensed by or subject to the jurisdiction of the commissioner of insurance.

The exemption applies regardless of whether the information products are transferred in tangible or digital form, and regardless of whether the charges for such products are made on a transaction basis or through a license, subscription, or similar fee for access to the products.

(17) 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 10.A.(2) and (3).
- Tangible personal property; or an item described in Part 10.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 10.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 10.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 10.A.(2) and (3); that is destined for sale. See Part 11.C. for information relating to the exemption for fuel and electricity consumed in manufacturing.

  Note: 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.

  Refer to Part 14 for additional information about manufacturers and the exemptions for persons engaged in manufacturing.

(18) Maple Syrup Equipment

Equipment sold for use in the production of maple syrup.

(19) 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.

(20) Music Sold in Jukeboxes

Music sold in a tangible form to a person in the business of providing a taxable service through a jukebox is exempt from tax if the music is used exclusively in the jukebox. When music is sold with a jukebox, the music is a separate sale (and exempt) from the jukebox if the sales prices of the music is separately indicated from the sales price of the jukebox on the invoice or bill of sale that the seller gives to the purchaser.

Music sold as a digital good that is transferred electronically to a person in the business of providing a taxable service through a jukebox is also exempt from tax if the music is used exclusively for the jukebox.

(21) Nuclear Fusion Technology Projects (Effective July 1, 2026)

Tangible personal property and property described in Part 10.A.(3) exclusively and directly used for a nuclear fusion technology project and used solely at the nuclear fusion technology project's location, including purchases of tangible personal property and property described in Part 10.A.(3) made by construction contractors who transfer such property to their customers in fulfillment of a real property construction activity.

For this exemption, nuclear fusion technology project means a project that has a purpose of undertaking the controlled fusion of atomic nuclei or research thereupon, including energy generating, propulsion systems, materials research, medical isotope production, neutron sources, plasma physics research, and any other application making use of fusion reactions or fusion-enabling technologies.

(22) 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 10.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.

(23) 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.

See the following for related exemptions:

- Catalogs and Their Mailing Envelopes - Part 11.C.
- Advertising and Promotional Direct Mail - Part 11.C.

(24) Printing Exemptions

Purchases of the following by a person primarily engaged in, as determined by the Department of Revenue: (a) commercial printing as described under code 323111 of the North American Industry Classification System (NAICS); (b) books printing as described under code 323117 of the NAICS; or (c) support activities for printing as described under code 323120 of the NAICS:

- Computers and servers used primarily to store copies of the product that are sent to a digital printer, a platemaking machine, or a printing press or are used primarily in prepress or postpress activities.
  - Primarily means more than 50%.
  - Prepress activities include making print-ready plates, typesetting, trade binding, and sample mounting.
  - Postpress activities include paper bronzing, die-cutting, edging, embossing, folding, gilding, gluing, and indexing.
- Tangible personal property purchased from out-of-state sellers that is temporarily stored, remains idle, and is not used in Wisconsin and that is then delivered and used solely outside Wisconsin. Temporarily means not more than 180 days.

(25) Prizes for Amusement Devices

Tangible personal property sold to a person who provides a taxable service through an amusement device if the property is used exclusively as a prize awarded or transferred through the use of the amusement device.

An amusement device operator is the consumer of tangible personal property that is used to play the amusement devices but not awarded as a prize through the use of the amusement device. Therefore, the amusement device operator is required to pay Wisconsin sales or use tax on its purchase of such property (e.g., paper tickets dispensed from the amusement device and redeemed for prizes, tokens used to play the amusement device).

(26) Qualified Research and Biotechnology – Machinery, Equipment, and Consumables

Machinery and equipment, including attachments, parts, and accessories, and (b) other tangible personal property or items, or property described in Part 10.A.(2) and (3) consumed or destroyed or losing their identities, if that machinery, equipment, or tangible personal property is used exclusively and directly in qualified research and is sold to any of the following:

- A person engaged in manufacturing in Wisconsin at a building assessed under sec. 70.995, Wis. Stats.
- A person primarily engaged in biotechnology in Wisconsin.
- A combined group member who is conducting qualified research for another combined group member and that other combined group member is a person described above.
- A person engaged in contract research services in Wisconsin. (Effective July 1, 2026)

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 14.E. for more specific information about the exemption.

(27) Radio and Television Broadcasting Equipment

Tangible personal property and property described in Part 10.A.(3) that is sold to a person who is licensed to operate a commercial radio or television station in Wisconsin, if the property is used exclusively and directly in, or is fuel or electricity consumed in, the origination or integration of various sources of program material for commercial radio or television transmissions that are generally available to the public free of charge without a subscription or service agreement. This exemption applies to vehicles licensed for highway use and equipment used to transmit or receive signals from a satellite.

For additional information, see Part 4.G. of Publication 247, *Commercial Radio and Television Stations*.

(28) 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.

(29) Resale

Caution: If a person purchases a taxable product or service for resale and makes any use of the product or service 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) A taxable product 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) A taxable product physically transferred, or transferred electronically, by a service provider to a customer in conjunction with the selling, performing, or furnishing of the following 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 a taxable product (sec. 77.52 (2)(a)10., Wis. Stats.)
- Producing, fabricating, processing, printing, or imprinting of taxable product (sec. 77.52(2)(a)11., Wis. Stats.)
- Landscaping and lawn maintenance services (sec. 77.52(2)(a)20., Wis. Stats.)

Note: Prior to February 20, 2021, persons selling the taxable services above could purchase without tax for resale, items that were transferred to the customer in conjunction with the taxable service. However, if the sale of the service to the customer was exempt from tax, the person providing the service was required to pay sales or use tax on their purchases of items that were transferred to the customer.

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

Example 1: A company repairs a furnace for an individual for $50, which includes the replacement of a furnace part. The company may purchase the furnace part without tax 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) A taxable product which is sold to a service provider who physically transfers, or electronically transfers the product, to a customer in conjunction with the selling, performing, or furnishing of nontaxable services or taxable services not listed in (b) above, 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.

A taxable product 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 taxable product, even though the taxable product may be necessary or essential to providing the service. Also see Bundled Transactions, in Part 10.C.

The incidental test does *not* apply to contractors. Contractors should refer to Part 12. for information about their purchases.

Note 1: A taxable product 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 (b) above, is subject to sales and use tax if the transfer of the product 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 purchases a stock photograph that it receives on a disk. Company uploads the image of the stock photograph to its website and sells digital reproductions of the stock photograph to its customers. Company's purchase of the stock photograph on a disk is subject to Wisconsin sales or use tax.

Following are examples of taxable product transfers that are incidental to the service and, therefore, the service provider must pay the tax upon the purchase of the product:

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.

(30) Road Building Equipment (Effective June 1, 2024)

Machinery and equipment, including accessories, attachments, parts, and supplies for such machinery and equipment, used primarily to crush, mill, produce, or pulverize asphalt, concrete, gravel, rock, or aggregate base for road or commercial surface lot construction or resurfacing.

(31) Semen

Semen used in the artificial insemination of livestock.

(32) Snowmaking and Snow-Grooming Machines and Equipment

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.

(33) 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.

(34) State Veterans Organizations

Property and services sold to a state veterans organization, as defined in sec. 45.41(1)(b), Wis. Stats. The exemption does not include property and services used primarily in preparing, storing, serving, selling, or delivering food and beverages, that are sold by the veterans organization. Additionally, products and services for cleaning machinery and equipment used for the food and beverages sales are not exempt.

Note: The state veterans organization should not apply for a Certificate of Exempt Status (CES) number.

(35) Tangible Personal Property Temporarily Stored in Wisconsin (Effective June 1, 2020)

Tangible personal property that is stored in Wisconsin for not more than 120 days, if the property, including property that is altered by covering, fabricating, manufacturing, printing, processing, or shaping before its use outside Wisconsin, if it is to be used:

- in fulfillment of a real property construction activity that occurs solely outside Wisconsin at a nonprofit organization, public school district, or business district where business tax incentives have been granted, and
- by a person engaged in an activity classified as construction under sector 23 of the North American Industry Classification System, 2017 edition, published by the federal office of management and budget.

This exemption does not apply to tangible personal property that is stored in Wisconsin, leaves Wisconsin, and is subsequently returned to Wisconsin.

(36) 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.

(37) Vegetable Oil or Animal Fat Converted to Motor Vehicle Fuel

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.

(38) Video and Electronic Games Sold to Amusement Device Operators

A video or electronic game sold to a person who provides a taxable service through an amusement device if the video or electronic game is used exclusively for the amusement device. A video or electronic game sold as a digital good that is transferred electronically to a person in the business of providing a taxable service through an amusement device is also exempt if the video or electronic game is used exclusively for the amusement device.

The sale of the amusement device that holds the video or electronic game is subject to Wisconsin sales or use tax. The video or electronic game is exempt as a separate sale from the amusement device through which the game is played if the sales price of the video or electronic game is separately stated on the invoice, bill of sale, or similar document that the seller gives to the amusement device operator.

(39) Waste Treatment Facilities

A sales and use tax exemption applies for the following:

- A taxable product becoming a component part of an *industrial* waste treatment facility that is exempt from Wisconsin property tax. (See Note.) Department of Revenue approval is *not* required.
- A taxable product 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 Manufacturing and Utility Bureau, 2135 Rimrock Rd., Mail Stop 6-301, P.O. Box 8909, Madison, WI 53708-8909.
- A taxable product becoming a component part of a *Wisconsin governmental unit* waste treatment facility. (See Note.) 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.

Note: 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, S-211E, Form S-211-SST) claiming this exemption.

More information is contained in sec. Tax 11.11, Wis. Adm. Code.

(40) 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).

(41) Wind, Solar, and Gas from Anaerobic Digestions of Agricultural Waste

- 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.

Additional information is available in sec. Tax 11.10, Wis. Adm. Code.

(42) 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.

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 16). 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 That Hold a Certificate of Exempt Status (CES) Number

All taxable products and services sold *to* nonprofit organizations that are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC) and has received a determination letter from the Internal Revenue Service (IRS) or *to* churches and religious organizations meeting the requirements of section 501(c)(3) if the IRC, even if they do not have an IRS 501(c)(3) determination letter. Such organizations are organized and operated exclusively for the following exempt purposes: religious, charitable, scientific, or educational purposes, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals.

Note: These requirements for exempt sales to nonprofit organizations were effective February 20, 2021.

An exemption also applies to sales to title holding entities that are organized under sec. 501(c)(2), IRC, and exempt from federal income tax under sec. 501(a), IRC.

To qualify for this exemption, a Wisconsin organization or holding company must obtain a CES number from the Wisconsin Department of Revenue and provide the number to the seller when purchasing taxable products or services. However, a similar out-of-state organization or holding company may use this exemption to purchase taxable products and services without tax even though it has not been issued a Wisconsin CES number.

Refer to Part 9 for information about obtaining a CES number.

(2) Wisconsin Governmental Units, Agencies, and Instrumentalities

- Sales of taxable products and 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.
  - 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.
  - A local exposition district or professional baseball park district under subchs. II and III 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 Wisconsin Aerospace Authority.
  - The Wisconsin Quality Home Care Authority.
  - The Wisconsin Economic Development Corporation.

- 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.

Sales to foreign countries, other states, or municipalities in other states or foreign countries are taxable if the sale occurs in Wisconsin.

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

- An exemption certificate (e.g., Form S-211, S-211E, Form S-211-SST).
- A completed purchase order or similar document clearly identifying the purchaser.
- 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.

See sec. Tax 11.05, Wis. Adm. Code, for additional information about exempt sales by governmental units.

(3) Wisconsin American Indian Tribes and Bands

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 taxable products (but not services, except admissions described below, 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.

(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, *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 is a victim of a hurricane and receives funds from FEMA through an electronic funds transfer directly into Individual's bank account. Individual uses these funds to purchase gasoline for their automobile and a meal at a restaurant. Individual's purchase of the gasoline for their automobile is not subject to Wisconsin sales tax since gasoline for automobiles is generally not subject to Wisconsin sales tax. Individual'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 by FEMA does not affect the taxability of the transactions.

- 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 Carrying Changes

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 taxable products and services are not included in the sales price.

(3) Interstate Commerce Sales

- Sales of taxable products and services by retailers are exempt from sales tax if the sale takes place at a location outside Wisconsin. See Part 7.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 taxable product 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 10.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 taxable products 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 7.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, 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 7.C. for information about where a sale or purchase takes place (i.e., where a sale or purchase is sourced).

- Household goods, taxable products, or aircraft, motor vehicles, boats, snowmobiles, mobile homes, manufactured homes, recreational vehicles, trailers, semitrailers, all-terrain vehicles, utility terrain vehicles, and off-highway motorcycles 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.

(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 taxable products to a corporation upon its organization solely in consideration for the issuance of its stock.
- The contribution of taxable products to a newly formed partnership solely in consideration for a partnership interest therein.
- The contribution of taxable products to a limited liability company upon its organization solely in consideration for a membership interest.
- The transfer of taxable products to a corporation, solely in consideration for the issuance of its stock, pursuant to a merger or consolidation.
- The transfer of taxable products to a limited liability company solely in consideration for a membership interest, pursuant to a merger.
- The distribution of taxable products by a corporation to its stockholders as a dividend or in whole or partial liquidation.
- The distribution of taxable products by a partnership to its partners in whole or partial liquidation.
- The distribution of taxable products by a limited liability company to its members in whole or partial liquidation.
- Repossession of taxable products 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 taxable products 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 taxable products 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 products of the corporation or other entity. Substantially similar means 80% or more of ownership.

A business entity that converts to another business entity under secs. 178.1141, 179.1141, 180.1161, 181.1161, or 183.1041, 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 without tax for resale or with a valid exemption certificate is exempt from use tax.

To claim this exemption and not pay use tax, the person donating the property will need to establish and document that it is donating the property to a qualifying organization under sec. 77.54(9a), Wis. Stats. One way to document this is to get a statement from the organization receiving the donation that indicates the specific type of entity that it is from the list provided in Part 11.D. of this publication.

12. 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 taxable products. When selling, installing, repairing, or servicing taxable products, the contractor is liable for sales tax on all receipts from labor, material, and other charges for such sales or activities (unless an exemption applies as described in Part 11.).

Important: See 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, taxable products 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 state or federal governmental unit, 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.

A sales and use tax exemption applies to the sale of building materials sold to a construction contractor who, in fulfillment of a real property construction activity, transfers the building materials to a Wisconsin county, city,

village, town, school district, county-city hospital, sewerage commission, metropolitan sewerage district, joint local water authority, eligible nonprofit organization, a technical college district, the University of Wisconsin Hospitals and Clinics Authority, the Board of Regents of the University of Wisconsin System, an institution, as defined in sec. 36.05(9), Wis. Stats., a college campus, as defined in sec. 36.05(6m), Wis. Stats., or the University of Wisconsin-Extension, and the building materials become a component of a facility located in Wisconsin that is owned by that entity.

For the exemption to apply, the following criteria must be met:

- The construction must be for a qualifying exempt entity;
- The property must become part of a facility in Wisconsin that is owned by the exempt entity; and
- The property must be transferred to the qualifying exempt entity.

Facility means any building, shelter, parking lot, parking garage, athletic field, athletic park, storm sewer, water supply system, or sewerage and waste water treatment facility, but does not include a highway, street, or road.

This exemption is further explained in the article titled "*New Sales and Use Tax Exemption Effective January 1, 2016 - Building Materials That Become Part of a Local Government or Qualifying Nonprofit Facility*," which was published in *Wisconsin Tax Bulletin* 192 (January 2016), beginning on page 19.

For additional information about construction contracts with exempt entities, refer to Publication 207, *Sales and Use Tax Information for Contractors*, Part 4.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).

The list of entities whose facilities qualify for the exemption was expanded for contracts entered into on September 1, 2017, July 1, 2018, and February 20, 2021. See page 8 of *Wisconsin Tax Bulletin* 202 (July 2018) and page 14 of *Wisconsin Tax Bulletin* 212 (February 2021).

D. Construction, Improvement, Renovation, Repair, Maintenance, 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, improvement, renovation, repair, maintenance, or development of sports and entertainment home stadiums are exempt from Wisconsin sales and use tax. Note: Prior to December 7, 2023, the exemption did not include property the improvement, repair, or maintenance of the stadium. For more information, see the article, *Sales and Use Tax Exemptions for Local Professional Baseball Park District,* on page 3 of *Wisconsin Tax Bulletin* 224 (January 2024).

E. Construction and Development of Sports and Entertainment Arena Facilities

The sale of building materials, supplies, equipment, and landscaping services to; and the storage, use, or other consumption of the same property and services by; owners, lessees, contractors, subcontractors, or builders if that property or service is acquired solely for, or used solely in, the construction or development of sports and entertainment arena facilities, as defined in sec. 229.41(11g), Wis. Stats. The exemption will no longer apply one year after the Secretary of Administration issues the certification under sec. 229.42(4e)(d), Wis. Stats.

Section 229.41(11e), Wis. Stats., defines sports and entertainment arena as the arena structure and the land necessary for its location that is used as the home arena of a professional basketball team and for other sports, recreation, and entertainment activities. Sports and entertainment arena facilities are further defined in sec. 229.41(11g), Wis. Stats.

This exemption ended July 31, 2019, which was one year after the Secretary of Administration issued the certification under sec. 229.42(4e)(d), Wis. Stats. Purchases made after July 31, 2019, for the construction and development of sports and entertainment arena facilities may be subject to tax.

However, the owners of the arena, and their contractors and subcontractors, may make purchases exempt from tax under D. above, if the property is acquired solely for the uses in the construction, improvement, renovation, repair, maintenance, or development of the property that is exempt under sec. 70.11(36), Wis. Stats.

F. Construction and Development of an Electronics and Information Technology Manufacturing Zone

The sale of building materials, supplies, equipment, and landscaping services to; and the storage, use, or other consumption of the same property and services by; owners, lessees, contractors, subcontractors, or builders if that property or service is acquired solely for, or used solely in, the construction or development of a facility in an electronics and information technology manufacturing zone.

In order for the exemption to apply, the zone must be designated as an electronics and information technology manufacturing zone under sec. 238.396(1m), Wis. Stats. An additional requirement is that the capital expenditures for the construction or development of such facilities must be eligible to be claimed as a credit under sec. 71.07(3wm)(bm) or sec. 71.28(3wm)(bm), Wis. Stats., as certified by Wisconsin Economic Development Corporation.

G. Lump Sum and Construction Contract Exemption

Some contractors sell both real property improvements (not taxable) and tangible personal property (taxable). An exemption applies for certain contracts entered into October 1, 2013, through November 30, 2017, in which the contractor sells both real property improvements and tangible personal property for one price (lump-sum contract exemption). The exemption was expanded to certain construction contracts first entered into or extended, modified, or renewed on December 1, 2017 (construction contract exemption).

Lump-Sum Contract Exemption (applies to contracts entered into on October 1, 2013 through November 30, 2017): When a contractor sells both a real property improvement and tangible personal property or taxable services in a single contract, the contract is a lump-sum contract if the contractor quotes one price for all of its various charges (labor, services of subcontractors, tangible personal property, items or property under sec. 77.52(1)(b) or (c), Wis. Stats. A lump-sum contract may include a contract for which the contractor itemizes its various charges as a part of a schedule of values or similar document.

The lump-sum contract exemption applies if the contractor's sales price that relates to the taxable products and services are less than 10% of the total contract price. When the lump-sum contract exemption applies:

- The contractor's sale to its customer is not taxable.
- The contractor's purchase of materials and supplies is taxable. (See Exception, below.)

Construction Contract Exemption (first applies to contracts entered into or extended, modified, or renewed on December 1, 2017): The lump-sum contract exemption for contractors was expanded to include sales and purchases by subcontractors. Sales of products and services sold by "prime contractors" and "subcontractors" as part of a real property construction contract, which includes lump-sum and time and materials contracts, are exempt from tax if more than 90 percent of the total contract price relates to real property construction activities.

Exception for contracts entered into with entities that are exempt from tax under sec. 77.54(9a), Wis. Stats. Taxable products and services sold by a contractor as a part of a lump-sum contract or a construction contract with an exempt entity that are not consumed in a real property construction activity may be purchased by the

contractor or subcontractor without tax, for resale. However, materials and supplies that are consumed in a real property construction activity under a lump-sum contract or a construction contract with any customer, including an exempt entity, may not be purchased by the contractor or subcontractor without tax, unless another exemption applies.

See Part 2.D. in Publication 207, *Sales and use Tax information for Contractors*, for additional information.

13. LEASES, LICENSES, AND RENTALS

A. Sales Price From Leases, Licenses, and Rentals

The sales price from the lease, license, or rental of taxable products is subject to the sales and use taxes to the same extent that the sales price from the sale of the same product 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 product may have previously been acquired, used, or both by the lessee or licensee in another state. See Part 13.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 taxable products are also included in the sales price or purchase price:

- 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.
- Contract documentation or administration fees.
- Disposal and return fees.
- Service contract charges, warranty charges, and maintenance agreement charges.

The following charges related to the lease, license, or rental of taxable products 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:

- Personal property taxes imposed directly on the lessee or licensee.
- Title and registration fees.
- Late payment fees that do not extend the term of the lease, license, or rental.
- Returned check fees.
- 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, taxable products 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 taxable products used solely in leasing, licensing, or renting may also be purchased without tax for resale. However, if the same products 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 products 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 10.A. at different locations.

- **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 7.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 7.C. Subsequent periodic payments are sourced to the primary location of the taxable products. The primary location is the address of the product 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.

- **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 7.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.

- **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 7.C.

  Transportation equipment means any of the following:

  - Locomotives and railcars that are used to carry persons or property in interstate commerce.
  - 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.
  - 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.
  - 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, for additional information on specific lease transactions.

14. 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 10.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:

- Crushing, washing, grading and blending sand, rock, gravel and other minerals.
- 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.
- 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 10.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 10.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 10.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 10.A.(4). Also see Publication 240, *Digital Goods,* 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.

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 10.A.(2) and (3).

D. Exemption for Ingredients, Component Parts, and Consumable Items

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 10.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 tangible personal property; or item or property described in Part 10.A.(2) and (3).

The exemption does not apply to fuel and electricity, except that the following are exempt:

- 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.
- Fuel and electricity consumed in manufacturing tangible personal property; or items or property described in Part 10.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. Exemption for Property Used in Qualified Research

Purchases of the following are exempt from Wisconsin sales and use taxes:

- Machinery and equipment, including attachments, parts, and accessories, and other tangible personal property or items, or property under sec. 77.52(1)(b) or (c), Wis. Stats., consumed or destroyed or losing their identities, used exclusively and directly in qualified research, if that machinery, equipment, or tangible personal property is sold to any of the following:

  (1) A person engaged in manufacturing in Wisconsin at a building assessed under sec. 70.995, Wis. Stats.

  (2) A person primarily engaged in biotechnology in Wisconsin.

  (3) A combined group member who is conducting qualified research for another combined group member and that other combined group member is a person described in (1) or (2).

  (4) A person engaged in contract research services in Wisconsin. (Effective July 1, 2026)

  For purposes of this exemption:

  - Combined group has the meaning given in sec. 71.255(1)(a), Wis. Stats.
  - Machinery has the meaning given in sec. 70.11(27)(a)2., Wis. Stats.

- Qualified research means qualified research as defined under sec. 41(d)(1) of the Internal Revenue Code, except that it includes all of the following:
  - Qualified research that is funded by a member of a combined group for another member of a combined group.
  - Qualified research that is funded by customers for whom contract research services are provided. (Effective July 1, 2026)
- Used exclusively has the meaning given in sec. 77.54(3)(b)3., Wis. Stats.

See Fact Sheet 2101-2, *Sales and Use Tax Exemption for Qualified Research* for additional information.

- The following items, if 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:
  - Machines and specific processing equipment, including accessories, attachments, and parts for the machines or equipment.
  - Items listed in sec. 77.54(3m)(a) to (m), Wis. Stats., drugs, semen for artificial insemination, fuel, and electricity.

  Qualified research means qualified research as defined under sec. 41(d)(1) of the Internal Revenue Code.

  For additional information about this exemption, see Fact Sheet 2102, *Sales and Use Tax Exemptions Relating to Raising Animals Sold for Use in Qualified Research and Manufacturing.*

  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, Tax 11.38, Wis. Adm. Code Tax 11.39, Wis. Adm. Code, Tax 11.40, Wis. Adm. Code, and Tax 11.41, Wis. Adm. Code.

15. SELLING A BUSINESS OR BUSINESS ASSETS

The sale of business assets consisting of taxable products 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:

- The sale is of taxable products (other than inventory held for sale); previously used by the seller to conduct its trade or business at a location.
- 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, utility-terrain vehicles, off-highway motorcycles, 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.

See Fact Sheet 2110, *Occasional Sales of Business Assets*, and sec. Tax 11.34, Wis. Adm. Code, for more information.

16. OCCASIONAL SALES

The occasional sales of products 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 taxable products 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 $50,000* 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.

* Prior to June 1, 2022, the entertainment standard was $10,000.

An organization is deemed to be engaged in a trade or business if its sales of taxable products and services and its events occur on more than 75 days during the year. For events involving the sale of tickets, only the actual days of the events are counted for the 75-day standard (not the days of ticket sales). However, if an organization's taxable sales price for taxable products and services do not exceed $50,000 for the calendar year, it is not considered to be engaged in a trade or business even if its sales and/or events exceed 75 days.

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 taxable products and 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 email message stating that the permit should be inactivated. The email should include the reason for inactivation, the organization's tax account number, and the day on which the inactivation will be effective. This email should be sent to DORSalesandUse@wisconsin.gov.

IMPORTANT: An organization is liable for Wisconsin sales or use tax on all of its Wisconsin sales of taxable products and 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 Exemptions for Nonprofit Organizations*. Also refer to sec. Tax 11.35, Wis. Adm., Code, 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*, 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 15.). 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 taxable products or services by a person not otherwise required to hold a seller's permit, if the total taxable sales price from sales of taxable products and services is less than $2,000 during the calendar year, are occasional sales.

See the Occasional Sale Exemption common questions for additional information

Sales of bingo supplies and cards by persons conducting bingo games.

Sales by persons engaged primarily in the business of making nontaxable sales of taxable products; such as manufacturers, wholesalers, and grocers. Since these persons are in the business of selling taxable products, 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, utility terrain vehicles, off-highway motorcycles 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, Wisconsin Title/ License Plate Application, with the Department of Transportation and pays any tax due. The purchaser of an aircraft pays any tax due to the Department of Transportation on Form DT1556, Aircraft Registration or Exemption. The purchaser of a boat, snowmobile, all-terrain vehicle, utility terrain vehicle, or off-highway motorcycle pays the tax to the Department of Natural Resources (or Lac du Flambeau Band for a snowmobile, all-terrain vehicle, utility terrain vehicle, or off-highway motorcycle registered with the Lac du Flambeau Band) at the time the boat, snowmobile, all-terrain vehicle, utility terrain vehicle, or off-highway motorcycle is registered with that department.

Filing an incorrect return due to neglect may result in a penalty of 50% of the tax finally determined.

17. DIRECT PAY

Eligible persons may purchase certain taxable products or services without Wisconsin sales or use tax using a direct pay permit. If the taxable products or 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 product or service.

A. Products That May Not Be Purchased Using a Direct Pay Permit

A direct pay permit ***may not*** be used for the purchase of the following:

- Lodging services
- Admissions to amusement, athletic, entertainment, or recreational events, devices, or facilities.
- Prepaid calling services and intrastate, interstate, and international telecommunications services, except interstate 800 services; ancillary services, and telecommunications message services
- Parking for motor vehicles and aircraft and docking or storage space for boats
- Cable television services
- Landscaping services and products provided in connection with the purchase of landscaping services
- Motor vehicles, boats, snowmobiles, recreational vehicles as defined in s. 340.01 (48r), Stats., trailers, semitrailers, all-terrain vehicles, utility terrain vehicles, off-highway motorcycles, or aircraft
- Candy, soft drinks, dietary supplements, prepared foods, and alcoholic beverages

Although the listed products may not be purchased without sales or use tax using a direct pay permit, the purchaser may purchase these products without tax if a resale, farming, manufacturing, or other exemption applies.

B. 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 taxable products under circumstances that make it difficult to determine whether the products 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.

C. How to Apply for a Direct Pay Permit

Form S-101, *Application For Direct Pay Permit*, may be obtained by writing to Wisconsin Department of Revenue, P.O. Box 8949, Madison, WI 53708-8949 or calling (608) 266-2776.

D. Additional Information

See sec. Tax 11.13, Wis. Adm. Code, for more information about direct pay.

18. COUNTY AND CITY SALES AND USE TAXES

A. Introduction

(1) County Sales and Use Taxes

There is a 0.5% county sales and use tax in 70 counties and an additional 0.4% county sales and use tax for Milwaukee County. Effective January 1, 2024, Milwaukee County sales and use tax rate increased from 0.5% to 0.9%.

See the Sales Tax Rate Chart for a list of all counties, if applicable, the effective date and rate for each county's tax.

There is no county sales and use tax in Waukesha County or Winnebago County.

The Wisconsin Department of Revenue administers the county tax. Retailers who make sales subject to the 0.5% or 0.9% county tax must collect 5.5% or 5.9% sales tax on their retail sales (5% state sales tax and 0.5% or 0.9% 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 must complete and submit Schedule CT located on pages 3-4 of Form ST-12 along with the return 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: 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 sales and use taxes for any sales that occur in a county that has adopted the applicable county sales or use tax. This provision applies regardless of whether the retailer is engaged in business in the county to which the sale takes place.

(2) City Sales and Use Tax

Effective January 1, 2024, the city of Milwaukee imposes a 2% city sales and use tax.

The Wisconsin Department of Revenue administers the city tax. Retailers who make sales subject to the 2% city tax must collect 7% (5% state sales tax and 2% city sales tax) or 7.9% (5% state sales tax, 0.9% Milwaukee County sales tax, and 2% city sales tax).

City tax is reported by retailers on Form ST-12, Wisconsin Sales and Use Tax Return.

The department, after receiving the city tax from retailers, makes monthly distributions of the tax revenues to the city of Milwaukee.

Caution: 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 city of Milwaukee sales and use tax for any sales that occur in the city of Milwaukee. This provision applies regardless of whether the retailer is engaged in business in the city of Milwaukee.

B. What Types of Products and Services Are Taxable?

The types of products and services that are subject to the 5% state sales and use tax are also subject to the 0.5% or 0.9% county or 2% city sales and use taxes.

The county and city taxes may not be imposed on any types of products or services that are not subject to the 5% state tax. If products or services are exempt from the 5% state tax, they are also exempt from the 0.5% or 0.9% county and 2% city taxes.

C. What Sales Are Subject to the County and City Sales Tax?

The 0.5% or 0.9% county and 2% city sales taxes are imposed on the sales price from retail sales, licenses, leases, or rentals of products and taxable services in a county with a county tax or in the city of Milwaukee. For purposes of county and city sales tax, the location where a sale, license, lease, or rental takes place is provided in Part 7.C.

Note: 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 city 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, utility terrain vehicles, off-highway motorcycles, 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.

D. When Do the County and City Use Taxes Apply?

(1) General

A 0.5% or 0.9% county use tax and/or a 2% city use tax is imposed on the sales price of products and services stored, used, or consumed in a county with a county tax or a city with a city tax. Exceptions to this tax treatment and special situations are explained in (2) through (5), below.

(2) Exceptions

- No county or city use tax will be imposed if a receipt indicates that a county or city sales tax has been paid, except as provided in the parts titled Contractors, Motor Vehicles, Boats, Recreational Vehicles, and Aircraft, Snowmobiles, Trailers, Semitrailers, All-Terrain Vehicles, Utility Terrain Vehicles, and Off-Highway Motorcycles that follow.
- No county or city use tax will be imposed if the buyer purchased taxable products in a sale consummated in a Wisconsin county that does not have such tax and the product is later brought by the buyer into a county with a county and/or a city with a city tax, except as provided in the parts titled Contractors, Motor Vehicles, Boats, Recreational Vehicles, and Aircraft, Snowmobiles, Trailers, Semitrailers, All-Terrain Vehicles, Utility Terrain Vehicles, and Off-Highway Motorcycles that follow.
- If the buyer properly paid sales or use taxes in another state on the purchase of the taxable products or services, that tax may be credited against the state, county, and city use taxes due on the product.

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 and city use taxes are imposed upon a contractor engaged in construction activities in a county with a county tax and a city with a city tax. The tax is imposed on the sales price of taxable products that are used in constructing, altering, repairing, or improving real property and that becomes a component part of real property within the county and/or city.

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 city tax on the purchase of taxable products, the tax that was paid may be used as a credit against any additional Wisconsin county or city use tax owed on the purchase (e.g., city tax may be credited against county tax).

(4) Motor Vehicles, Boats, Recreational Vehicles, and Aircraft

(a) Sales - County and city 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 city with a city tax.

(b) Leases

- Multiple payment leases of motor vehicles and aircraft – County and city taxes are imposed based on where the motor vehicle or aircraft is customarily kept. **Note:** If the property is transportation equipment, the tax is imposed in the same manner as the second bullet. Transportation equipment is defined in sec. 77.522(1)(a)2., Wis. Stats.
- Multiple payment leases of boats and recreational vehicles – County and city taxes are imposed on the first payment where the purchaser receives possession of the boat or recreational vehicle. The tax on the subsequent payments is based on where the boat or recreational vehicle is customarily kept.
- One payment leases of motor vehicles, boats, recreational vehicles, and aircraft – County and city taxes are imposed based on where the purchaser receives possession of the property.

(5) Snowmobiles, Trailers, Semitrailers, All-Terrain Vehicles, Utility Terrain Vehicles, and Off-Highway Motorcycles

(a) Sales - County and city *sales* tax is imposed upon every sale of a snowmobile, trailer, semitrailer, all-terrain vehicle; utility terrain vehicle, or off-highway motorcycle that takes place in a county or city that imposes the county and/or city tax, as explained in Part 18.C. County and/or city *use* tax is due if no county or city sales tax was paid on the purchase of the snowmobile, trailer, semitrailer, all-terrain vehicle, utility terrain vehicle, or off-highway motorcycle and the item is stored, used, or consumed in a county that imposes the county tax or in a city that imposes the city tax. No county or city use tax is due if the purchaser has a receipt indicating that a county or city sales tax has been paid on the purchase of the item.

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, all-terrain vehicles, utility terrain vehicles, and off-highway motorcycles.

(b) Leases

- Multiple payment leases of trailers and semitrailers – County and city taxes are imposed based on where the trailer or semitrailer is customarily kept. **Note:** If the property is transportation equipment, the tax is imposed in the same manner as the second bullet. Transportation equipment is defined in sec. 77.522(1)(a)2., Wis. Stats.
- Multiple payment leases of snowmobiles, all-terrain vehicles, utility terrain vehicles, and off-highway motorcycles – County and city taxes are imposed on the first payment where the purchaser receives possession of the snowmobile, all-terrain vehicle, utility terrain vehicle, or off-highway motorcycle. The tax on the subsequent payments is based on where the boat or recreational vehicle is customarily kept.
- One payment leases of snowmobiles, trailers, semitrailers, all-terrain vehicles, utility terrain vehicles, and off-highway motorcycles – County and city taxes are imposed based on where the purchaser receives possession of the property.

E. Transitional Provisions

(1) Services and Leases, Rentals, and Licenses

In the event of an increase in the rate of a county or city tax, the sales price from the lease, rental, or license of taxable products and services is subject to the increase beginning with the first billing period starting on or after the effective date of the county or city ordinance, or rate increase, regardless of whether the service is furnished or the product 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 city tax, the sales price from the lease, rental, or license of taxable products and services is subject to the decrease beginning with bills rendered on or after the effective date of the repeal or sunset of a county or city ordinance 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 Taxable Products. (except construction materials used in real property construction – see 3. below)

Sales of taxable products before the effective date of the county or stadium tax are not subject to the county or city sales or use tax.

A sale takes place when the seller or the seller's agent transfers possession of the product to the buyer or the buyer's agent, regardless of when the product was paid for or ordered.

Example: On December 20, 2024, Individual places an order for an automobile with Dealership. The automobile is not available for delivery until January 15, 2025. Individual will pick up the vehicle from Dealership on January 16, 2025. If County (where Individual will customarily keep the automobile) adopts the county tax effective January 1, 2025, the sale of the automobile to Individual is subject to the County tax. The sale of the automobile will take place on January 16, 2025, when Individual receives possession, which is after the effective date of the County tax (January 1, 2025).

(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 city 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 city 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 city tax.

F. Collecting County and City Tax from Customers

Part 6 explains how the 5% state tax, 0.5% or 0.9% county tax, and 2% city tax is collected from customers.

G. Sales and Use Tax Return Requires County and City Tax Data

Retailers engaged in business in a county with a county tax or a city with a city tax must keep records showing the amount of their taxable receipts subject to sales tax and purchases subject to use tax for each county that has a county tax and city that has a city tax.

Retailers who report sales and purchases subject to county sales and use tax must complete Schedule CT starting on page 3 of Form ST-12 along with the return they file.

H. Seller's Permits

No additional seller's permit is required by a retailer for the county and city 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 city taxes, to impose interest and penalties related to such taxes, and to collect any unpaid county and city taxes. Interest rates on refunds and unpaid county and city taxes are the same as the rates that apply to the 5% state sales and use taxes. A county and city may not intervene in any matter related to the audit, appeal, or collection of any county and city sales and use taxes.

19. 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. You have the right to appeal if you disagree with the audit. The notice from the department will explain the procedures for appealing.

20. 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 they have gross income of $2,000 or more from personal services performed in Wisconsin or from business or property in Wisconsin.

For more information, submit a question or 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, submit a question or write to: Wisconsin Department of Revenue, P.O. Box 8908, Madison, WI 53708-8908.

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, submit a question or 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 $500 or more of income tax with your income tax return. The estimated tax requirement applies to full-year residents, part-year residents, and nonresidents. An interest charge may be imposed if you fail to make these payments.

For more information, submit a question or write Wisconsin Department of Revenue, P.O. Box 3028, Milwaukee, WI 53201-3028 or call any department office. The Madison office telephone number is (608) 266-2486.

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, submit a question or write Wisconsin Department of Revenue, P.O. Box 8908, Madison, WI 53708-8908 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 7946, Madison, WI 53707-7946.

G. Excise Taxes

(1) Alcohol Beverage Tax

An alcohol beverage tax is imposed on both liquor and beer to a person who holds a beverage tax permit issued by the Division of Alcohol Beverages.

See Publication 303, *Alcohol Beverage Tax Information*, for additional information.

(2) Cigarette, Tobacco, and Vapor Products Tax

See Publication 304, *Cigarette, Tobacco, and Vapor Products Tax and Regulatory Information*, for additional information.

(3) Electric Vehicle Charging Tax

An electric vehicle charting tax is imposed on kilowatt-hours of electricity delivered or placed into the battery or other energy storage device of an electric vehicle by:

- A Level 3 charger
- A Level 1 or Level 3 charger installed on or after March 22, 2024

See Publication 305, *Electric Vehicle Charging Tax Information*, for additional information.

(4) Alternative 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.

See Publication 306, *Alternative Fuel Tax Information* for additional information.

(5) Motor Vehicle Fuel Tax and Petroleum Inspection Fees

A motor vehicle fuel tax and petroleum inspection fee are imposed when petroleum products are withdrawn and metered out at the terminal or refinery rack.

See Publication 307, *Motor Vehicle Fuel Tax Information Including Petroleum Inspection Fee* for additional information.

(6) General Aviation Fuel Tax

A general aviation fuel tax is imposed on all aviation fuel sold, used, or distributed in Wisconsin.

See Publication 308, *General Aviation Fuel Tax Information*, for additional information.

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, see Publication 410, *Local Exposition Taxes*.

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.

For more information, contact the Department of Revenue in Madison. See Part 22.

J. 911 Fees (Formerly Police and Fire Protection Fees)

Every communications provider and retailer required to impose the 911 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 are 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 911 Fee.

K. Premier Resort Area Taxes

Persons selling taxable products or services in the Village of Lake Delton, the City of Wisconsin Dells, the City of Bayfield, the City of Eagle River, the Village of Stockholm, the City of Rhinelander, the Village of Sister Bay, the Village of Ephraim, the City of Sturgeon Bay, and the Town of Minocqua 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, the City of Eagle River, the Village of Stockholm, the City of Rhinelander, the Village of Sister Bay, the Village of Ephraim (effective January 1, 2022), the City of Sturgeon Bay (effective July 1, 2026), and the Town of Minocqua (effective July 1, 2026) is 0.5%.

The rate of the premier resort area tax for the City of Wisconsin Dells and the Village of Lake Delton is 1.25%.

For more information, see Publication 403, *Premier Resort Area Tax*.

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) 266-2776).

21. 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 aids available to you include:

A. Sales and Use Tax Report

The *Sales and Use Tax Report* is no longer being published. The Department of Revenue published this report from June 1968 through December 2015. General information about sales and use tax, including new tax laws enacted by the legislature is included in the *Wisconsin Tax Bulletin*. All past reports are available on the department's website.

B. Publications and Fact Sheets

You may obtain sales and use and other local tax publications and fact sheets on the department's website.

C. Forms

You may obtain sales and use tax and other forms from any Department of Revenue office or on the department's website.

D. Wisconsin Tax Bulletin

The *Wisconsin Tax Bulletin* is a quarterly publication of the Department of Revenue, which is available on the department's website. 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 21.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. Rules in progress by the department, including the status of those rules, is found on the department's website. You may also subscribe to the department's administrative rules electronic mail list to receive updates and notifications of rules in progress, such as notices of public hearings and comment periods.

The Department of Administration no longer offers its subscription service for printed updates. If you would like to be notified of changes, see Electronic Notification of Administrative Code and Register Publication.

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.

22. DO YOU HAVE QUESTIONS OR NEED ASSISTANCE?

If you are unable to find an answer to your question about sales and use taxes, email, write, or call the department.

Visit our website: revenue.wi.gov

Email: DORSalesandUse@wisconsin.gov

Write: Wisconsin Department of Revenue
P.O. Box 8949
Madison, WI 53708-8949

Telephone: (608) 266-2776

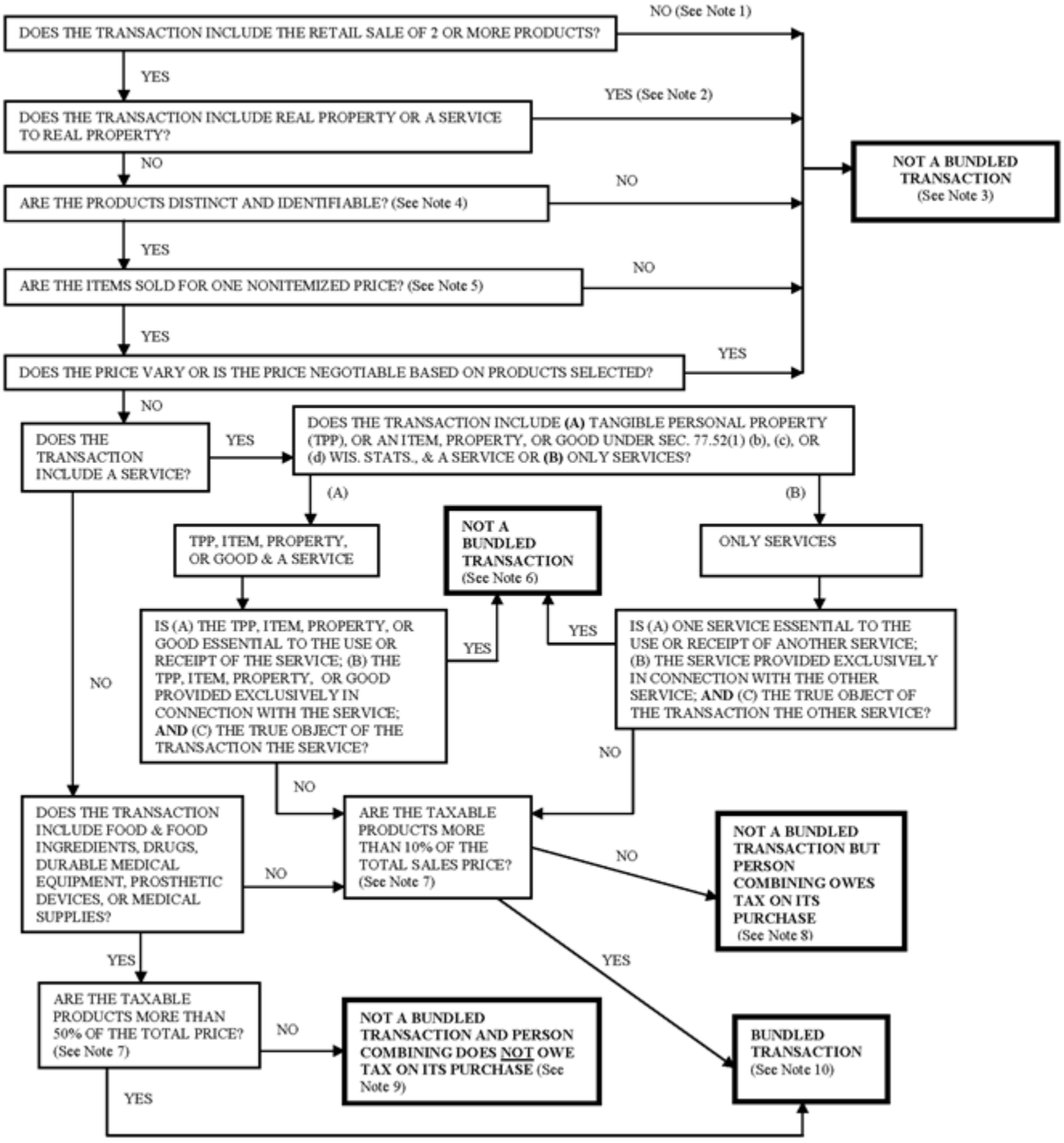
Fax: (608) 267-1030

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 website.

APPENDIX H

BUNDLED TRANSACTION FLOWCHART

TO DETERMINE IF THE RETAIL SALE OF 2 OR MORE PRODUCTS IS A BUNDLED TRANSACTION



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 CITY 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 that is not a recreational vehicle as defined in sec. 340.01(48r), Wis. Stats.,* semitrailer, all-terrain vehicle, utility terrain vehicle, and off-highway motorcycle
• Sale in a Wisconsin county with a county tax and a city without a city tax. • 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 city) use taxes in effect for the location where the item is customarily kept.	Seller owes 5% state tax and 0.5% or 0.9% county tax for county in which the sale occurred. No additional county or city use tax is due.
• Sale in a Wisconsin county with a county tax and a city with a city tax. • Buyer brings back to and keeps at a Wisconsin location outside of the county and city where the purchase occurred.	Same tax treatment as above.	Seller owes 5% state tax, the 0.5% or 0.9% county tax, and the 2% city sales tax for county and city where the sale occurred. No additional county or city use tax is due.
• Sale in a Wisconsin county without a county tax and city without a city tax. • 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 city, the buyer owes the applicable county and/or city 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.

*Recreational vehicle is defined in sec. 340.01(48r), Wis. Stats., to mean a vehicle that is designed to be towed upon a highway by a motor vehicle, that is equipped and used, or intended to be used, primarily for temporary or recreational human habitation, and that does not exceed 46 feet in length. "Recreational vehicle" includes a camping trailer, 5th-wheel recreational vehicle, park model recreational vehicle, as defined in sec. 218.10 (7m), and travel trailer, as defined in sec. 218.10 (8v).