

SALES AND USE TAX REPORT

1-02

March 2002

I. REMINDER: GRANT COUNTY TAX EFFECTIVE APRIL 1

Beginning April 1, 2002, the 0.5% county tax will be in effect in Grant County.

Sellers who are not located in Grant County may still be subject to the Grant County tax if they deliver property into Grant County with their own vehicles or are in some other way “engaged in business” in the county.

Information about what sales and purchases are subject to county sales or use tax and transitional provisions that apply to Grant County sellers can be found in Wisconsin Publication 201, *Wisconsin Sales and Use Tax Information*, which is available from any Department of Revenue office or online at www.dor.state.wi.us/html/pubs.html.

II. COMMON ERRORS IN COMPLETING FORM ST-12

The Department of Revenue has received a number of questions and discovered some common errors that are made by taxpayers when filing the Wisconsin Sales and Use Tax Return (Form ST-12) that was revised in October 2001. The following is information you might find useful in correctly filing your Form ST-12:

- A return must be filed even though your tax liability on Line 26 is zero (0). If the return is not filed by the due date, you may be subject to a late filing fee.
- Make sure when writing a check for payment of the tax due, the check is for the amount on Line 29 on Page 2 of Form ST-12. Some taxpayers have been writing their check for the amount on Line 15 at the bottom of Page 1 of Form ST-12. In doing so, credit is not taken for the retailer’s discount computed in Part D of Form ST-12, and use tax is not remitted that was reported in Part E of Form ST-12.

- Steps E and F on Page 2 of Form ST-12 are not a duplication of Steps A and B on Page 1 of Form ST-12. Steps A and B are for computing state, county, and stadium **sales tax** on retail sales, while Steps E and F are for computing state, county, and stadium **use tax** on purchases. See the Form ST-12 instructions for a definition of use tax and common examples of use tax.

III. IMPORTANT CHANGES IN SALES AND USE TAX RETURN MAILINGS

Due to recent budget cuts, the Department of Revenue has begun implementing many cost saving measures, including reducing costs of sales and use tax return (Form ST-12) mailings.

First, mailing labels containing the Department of Revenue’s return address will no longer be sent to monthly, quarterly, and annual sales and use tax return filers after April 2002. The address that should be entered on the envelope used to mail your Wisconsin sales and use tax return to the Department of Revenue is provided on page 2, Step H, of Form ST-12.

Second, after April 2002, sales and use tax registrants who are required to file Form ST-12 on a monthly basis will no longer receive the following with the Forms ST-12 sent to them:

- Form ST-12 instructions (S-114)
- Form ST-12 worksheet (S012-WS)

Exception: If the Form ST-12 or its instructions are revised as a result of law changes, new counties adopting the county tax, etc., the above items will be included with Forms ST-12 first mailed after the items have been revised.

Therefore, it is important that you keep as part of your records a copy of the instructions and worksheets

mailed with this *Sales and Use Tax Report* for future reference and use.

If you need additional copies of the Form ST-12 instructions or worksheets, you may do one of the following:

- Make photocopies of the instructions and worksheets you received with this *Sales and Use Tax Report*.
- Have copies faxed to you from the Department of Revenue's Fax-A-Form system by calling (608) 261-6229 from a fax telephone.
- Download copies from the department's web site at www.dor.state.wi.us/html/taxsales.html.

If you have any questions, please contact the Department of Revenue's Technical Assistance Unit at (608) 266-2776.

IV. FILE YOUR SALES TAX RETURNS ELECTRONICALLY

Sales Internet Process (SIP) is the Wisconsin Department of Revenue's secure web-based application that enables you to electronically file sales and use tax returns over the Internet. Your returns can be direct filed on the DOR web site. SIP also gives you the flexibility to make your tax payment by Electronic Funds Transfer (EFT).

In order to use SIP, you must have a state issued logon ID. Applying for your logon ID is easy.

1. Download and print the application form (Form S-002) by using the **APPLY** link at www.salestax.dor.state.wi.us.
2. Complete and mail the SIP application.
3. Receive your logon ID and a one-time use password in the mail.
4. Log onto SIP at www.salestax.dor.state.wi.us.
5. SIP will automatically test your Internet browser for compatibility and will alert you to any needed adjustments.
6. Follow the online instructions to complete your sales and use tax returns.

More information can be found in Wisconsin Publication 227, *E-File Sales Tax Returns With SIP*, available at any Department of Revenue office or online at www.dor.state.wi.us/html/pubs.html.

V. DON'T FORGET USE TAX

Failure to report use tax is the most common error on sales and use tax returns. Make sure use tax is correctly reported on your sales and use tax return (Form ST-12).

The 5% use tax is imposed on the purchase price of tangible personal property or taxable services that are to be used, stored, or consumed within Wisconsin, **upon which a sales tax is not imposed**.

Common examples involving use tax include:

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

Example: A Wisconsin company purchases an office machine from an Illinois seller who does not charge Wisconsin sales or use tax. The machine is used in Wisconsin. The Wisconsin company is liable for Wisconsin use tax on the purchase price of this machine.

- Building materials are purchased by a nonresident contractor from a seller located in a state other than Wisconsin, 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 real property construction in Wisconsin.

Example: A contractor located in Illinois purchases building materials in another state and pays that state's 3% sales tax on the materials. The contractor uses the materials in constructing a building in Wisconsin. The contractor owes the 5% Wisconsin use tax on the purchase price of the materials used in Wisconsin. The contractor is allowed a credit for the sales tax paid to the other state.

- Property is purchased for resale (to sell to others) or for a nontaxable use, and then is used by the purchaser in a taxable manner. No sales tax is paid when the property is purchased.

Example: A furniture store buys desks to resell to customers. The furniture store gives the seller an exemption certificate claiming resale, therefore, no sales tax is charged on the sale of the desks to the furniture store. A desk is then taken from the furniture store's inventory and used by the store bookkeeper. The store owes use tax on its purchase price of the desk.