

CERTIFICATE

STATE OF WISCONSIN)
) SS
DEPARTMENT OF REVENUE)

I, Mark D. Bugher, Secretary of the Department of Revenue and custodian of the official records, certify that the annexed rule, relating to sales and use taxes for financial institutions, was duly approved and adopted by this department on August 16, 1996.

I further certify that this copy has been compared by me with the original on file in this department and that it is a true copy of the original, and of the whole of the original.



IN TESTIMONY WHEREOF, I have hereunto set my hand at 125 South Webster Street in the city of Madison, this 16th day of August, 1996.

Mark D. Bugher
Secretary of Revenue

CKRUL/306

ORDER OF THE DEPARTMENT OF REVENUE
RENUMBERING, RENUMBER AND AMENDING, AMENDING
AND CREATING RULES

The Wisconsin Department of Revenue adopts an order to: renumber Tax 11.69(2)(title), (intro.), (a), (b), (c), (d), (e), (f) and (g) and (3)(title); renumber and amend Tax 11.69(1), (2)(h), (3)(a), (b) and (c) and (4); amend Tax 11.69(title) and (5)(a); and create Tax 11.69(4)(c), relating to the Wisconsin sales and use tax treatment of sales and purchases by financial institutions.

Analysis by the Department of Revenue

Statutory authority: s. 227.11(2)(a), Stats.

Statutes interpreted: ss. 77.51(13)(a), (14)(intro.) and (k) and (20) and 77.52(1) and (2)(a)9, Stats.

SECTION 1. Tax 11.69(title), relating to financial institutions, is amended to add statute references that are interpreted in this section but were not previously mentioned.

SECTION 2. Tax 11.69(1), (2)(title), (intro.), (a), (b), (c), (d), (e), (f) and (g) and (3)(title) and (c), relating to exempt and taxable sales and purchases by financial institutions, are renumbered Tax 11.69(2), (3)(title), (intro.), (b), (d), (c), (e), (h), (f) and (a) and (4)(title) and (d), and Tax 11.69(2) and (4)(d) as renumbered are amended, per Legislative Council Rules Clearinghouse standards.

Tax 11.69(2)(h), relating to sales of personalized imprinted checks, is renumbered Tax 11.69(3)(g) and amended to:

- a. Reflect Legislative Council Rules Clearinghouse standards.
- b. Reflect the department's position that a financial institution will not be considered the retailer of checks where the check printer sets the price for the checks, provides the order forms for the checks and invoices or bills the customer for the checks, even though the financial institution collects the order from the customer, charges the customer's account on behalf of the check printer and remits the amount charged to the account to the check printer.

Tax 11.69(3)(a) and (b), relating to purchases by financial institutions, are renumbered Tax 11.69(4)(a) and (b) and amended to:

- a. Reflect Legislative Council Rules Clearinghouse standards.
- b. Reflect the department's position that a financial institution may not purchase for resale items it will give to customers without charge. Items sold for an amount below cost may be purchased without tax because they are resold.

Tax 11.69(4), relating to the definition of financial institution, is renumbered Tax 11.69(1) and amended to add savings banks to the definition and to reflect Legislative Council Rules Clearinghouse standards.

SECTION 3. Tax 11.69(4)(c), relating to purchases for resale, is created to address purchases for resale. This was previously addressed in Tax 11.69(3)(b), prior to its renumbering and amending.

SECTION 4. Tax 11.69(5)(a), relating to sales to certain financial institutions, is amended to clarify that sales for resale are not taxable, and to include savings banks in the listing of financial institutions.

SECTION 1. Tax 11.69(title) is amended to read:

Tax 11.69(title) FINANCIAL INSTITUTIONS. (ss. 77.51(13)(a), (14)(intro.) and (k) and (20) and 77.52(1) and (2)(a)9, Stats.)

SECTION 2. Tax 11.69(1), (2)(title), (intro.), (a), (b), (c), (d), (e), (f), (g) and (h), (3)(title), (a), (b) and (c) and (4) are renumbered Tax 11.69(2), (3)(title), (intro.), (b), (d), (c), (e), (h), (f), (a) and (g), (4)(title), (a), (b) and (d) and (1), and as renumbered Tax 11.69(1), (2), (3)(g) and (4)(a), (b) and (d) are amended to read:

Tax 11.69(1) DEFINITION. In this ~~rule~~ section, "financial institution" includes a bank, savings and loan association and savings bank or credit union.

(2) EXEMPT SALES. Financial institutions are primarily engaged in providing nontaxable services. Such Those services include charges to customers for cashier's checks, money orders, traveler's checks, checking accounts and the use of safe deposit boxes.

(3)(g) Personalized imprinted checks, except where the ~~financial institution has paid the tax on its purchases of such checks from a retailer and the financial institution resells the checks to customers at the same price or a price lower than its purchase price~~ check printer is the retailer of the checks to customers. A check printer is the retailer of checks where it sets the price for the checks, provides the order forms for the checks and

invoices or bills the customer for the checks, even though the financial institution collects the order from the customer, charges the customer's account on behalf of the check printer and remits the amount due from the account to the check printer.

(4)(a) A financial institution's purchases subject to sales or use tax include office furniture and equipment (such as desks, chairs, couches, writing tables and offices machines), safe deposit boxes, drive-up and walk-up windows, night depository equipment, vault doors, remote TV auto teller systems and camera security equipment.

(b) Any tangible personal property purchased by a financial institution to be given away ~~or sold at cost or less than cost~~ to a customer, whether or not based upon the amount of a deposit, is taxable at the time it is purchased. This property includes calendars, playing cards, plat books, maps and any other items transferred to customers to promote business. Checking account and savings account forms provided to customers free of charge are also subject to the tax. ~~When such items are sold by a financial institution at a price in excess of cost, the financial institution is a retailer and shall report the sales tax on such sales. The financial institution may purchase such property without tax by giving its supplier a properly completed resale certificate when acting as a retailer.~~

(d) If a financial institution is not required to have a seller's permit and has a use tax obligation because purchases are made without tax, it shall apply for a consumers' use tax registration certificate and report the tax on ~~such~~ the purchases.

SECTION 3. Tax 11.69(4)(c) is created to read:

Tax 11.69(4)(c) Purchases of tangible personal property that the financial institution will resell, rather than give away, may be purchased without tax by giving its supplier a properly completed resale certificate.

SECTION 4. Tax 11.69(5)(a) is amended to read:

Tax 11.69(5)(a) Sales to state chartered credit unions, and to federal and state chartered banks and savings and loan associations and savings banks are taxable, unless resold by the credit union, bank, savings and loan association or savings bank.

The rules contained in this order shall take effect on the first date of the month following publication in the Wisconsin administrative register as provided in s. 227.22(2)(intro.), Stats.

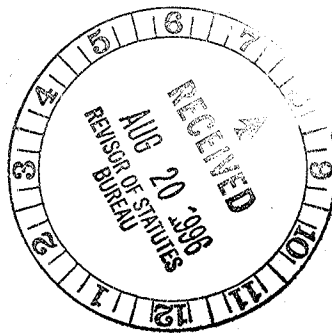
Final Regulatory Flexibility Analysis

The rule order does not have a significant economic impact on a substantial number of small businesses.

Dated: August 16, 1996

DEPARTMENT OF REVENUE
By: [Signature]
Mark D. Bugher
Secretary of Revenue

CKRUL/150



LRB or Bill No./Adm. Rule No.

Tax 11.69

Amendment No. if Applicable

FISCAL ESTIMATE
DOA-2048 N(R10/94)

- ORIGINAL
- UPDATED
- CORRECTED
- SUPPLEMENTAL

Subject

Sales and Use Tax Treatment of Sales and Purchases by Financial Institutions

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation
- Decrease Existing Appropriation
- Create New Appropriation
- Increase Existing Revenues
- Decrease Existing Revenues

Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

- 1 Increase Costs
 - Permissive
 - Mandatory
- 2 Decrease Costs
 - Permissive
 - Mandatory

- 3 Increase Revenues
 - Permissive
 - Mandatory
- 4 Decrease Revenues
 - Permissive
 - Mandatory

5. Types of Local Governmental Units Affected:

- Towns
- Villages
- Cities
- Counties
- Others _____
- School Districts
- WTCS Districts

Fund Sources Affected

- GPR
- FED
- PRO
- PRS
- SEG
- SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

The rule order updates the Department of Revenue's Administrative Code with respect to the sales and use tax treatment of sales and purchases by financial institutions. The rule reflects the Department's current position regarding services provided by financial institutions, clarifies existing language, and makes changes in style and format to conform with Legislative Council Rules Clearinghouse standards. These changes do not have a fiscal effect.

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)

Wisconsin Department of Revenue
Craig Kammholz, (608) 261-8984

Authorized Signature/Telephone No.

Yeang-Eng Braun
(608) 266-2700



Date

2/28/96



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-8466 • FAX 608-266-5718

Tommy G. Thompson
Governor

Mark D. Bugher
Secretary of Revenue

August 16, 1996

Gary L. Poulson
Deputy Revisor
131 West Wilson Street, Suite 800
Madison, WI 53703-3233

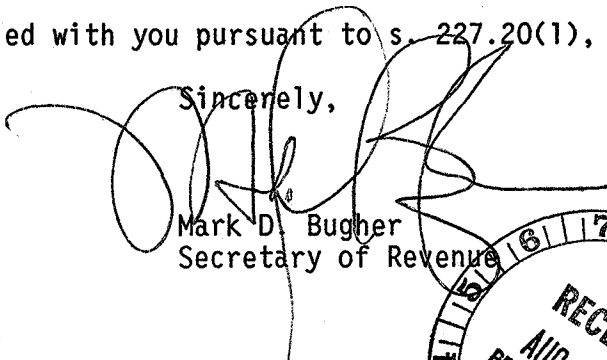
Re: Clearinghouse Rule 96-053

Dear Mr. Poulson:

Enclosed are a certified copy and an extra copy of an Order of the Department of Revenue promulgating rules relating to the Wisconsin sales and use tax treatment of sales and purchases by financial institutions.

These materials are filed with you pursuant to s. 227.20(1), Stats.

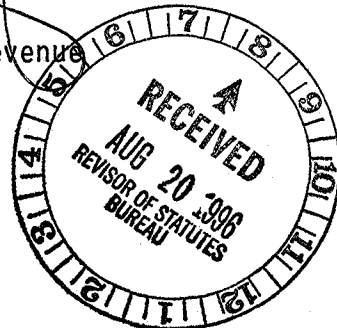
Sincerely,


Mark D. Bugher
Secretary of Revenue

MDB:MPW:c11
CKRUL/303

Enclosure

cc: Douglas J. La Follette, Secretary of State
Commerce Clearing House, Inc.
Research Institute of America, Inc.





State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-6466 • FAX 608-266-5718

Tommy G. Thompson
Governor

Mark D. Bugher
Secretary of Revenue

August 16, 1996

Douglas La Follette
Secretary of State
30 West Mifflin Street, 10th Floor
Madison, WI 53703

Dear Secretary La Follette:

Enclosed are a Certificate and an Order of the Department of Revenue adopting Clearinghouse Rule 96-053.

These materials are filed with you pursuant to s. 227.20(1), Stats.

Sincerely,

Mark D. Bugher
Secretary of Revenue

MDB:MPK:c11
CKRUL/302

Enclosure

cc: Deputy Revisor

