

**WISCONSIN DEPARTMENT OF REVENUE
DIVISION OF INCOME, SALES, AND EXCISE TAX**

NOTICE OF PROPOSED GUIDANCE DOCUMENTS

Pursuant to sec. 227.112, Wis. Stats., the Wisconsin Department of Revenue, Division of Income, Sales, and Excise Taxes hereby seeks comment on the proposed guidance document listed in the table below.

SUBMITTING PUBLIC COMMENTS

Public comments on proposed or adopted guidance documents may be submitted online at: <https://www.revenue.wi.gov/Pages/contactUs/proposed-Guidance.aspx>.

DEADLINE FOR SUBMISSION

The period for public comment for proposed guidance documents ends 21 days after publication in the Administrative Register, unless the Governor approves a shorter commenting period.

Document Number	Document Title
100114	Difference Between Wisconsin Sales Tax and Use Tax - Common Questions

State of Wisconsin
Department of Revenue

Difference Between Wisconsin Sales Tax and Use Tax

This is a proposed guidance document. The document has been submitted to the Legislative Reference Bureau for publication in the Administrative Register for public comment as provided by sec. 227.112(1), Wis. Stats.

1. What is the difference between Wisconsin sales tax and use tax?
2. Examples of use tax situations.

1. **What is the difference between Wisconsin sales tax and use tax?** **Sales Tax**

Sales tax is imposed on retailers who make taxable retail sales or provide taxable services in Wisconsin (unless an exemption applies). All sales are generally considered retail sales unless the buyer purchases the product or taxable services for the purpose of reselling it. In addition to the 5% state sales tax, the 0.5% county sales tax or 0.1% baseball stadium tax (the baseball stadium tax ends on March 31, 2020) may also apply.

For more information see [What is Taxable](#).

Use Tax

Use tax is the counterpart of sales tax. Use tax must be paid when Wisconsin sales tax is not charged and no exemption applies. In addition to the 5% state use tax, a 0.5% county use tax or 0.1% baseball stadium use tax (the baseball stadium tax ends on March 31, 2020) may apply. If you properly paid sales tax in another state, the sales tax paid may be used to offset the Wisconsin use tax due.

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

For more information see [Use Tax](#).

2. **Examples of use tax situations.**

Common use tax situations include the following:

- Property to be used in Wisconsin is purchased outside the state (e.g., internet, mail order, catalog) and the property would have been subject to sales tax if purchased in Wisconsin.
- Building materials are purchased by a nonresident contractor from a seller located in another state, the seller either does not charge sales tax or charges tax at a rate less than the applicable Wisconsin rate (5.0%, 5.1%, 5.5%, or 5.6%), and the nonresident contractor uses the materials on a real property job in Wisconsin.
- 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. Sales tax was not charged when purchasing the property.
- Property is purchased outside Wisconsin without payment of the Wisconsin sales tax and is then brought into Wisconsin and given away free. Exception: If a retailer provides an item free of charge with the required purchase of another taxable product, the retailer may purchase the item provided free of charge without tax, for resale.
- 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 location at the direction of the purchaser.
- Property is purchased from a supplier outside Wisconsin without payment of the Wisconsin tax and the supplier ships the property to Wisconsin where it is stored by the purchaser until subsequently shipped outside Wisconsin.

Exception - Use tax does not apply to certain printing related purchases:

- Printed advertising materials purchased and stored for transport outside of Wisconsin (see Publication 235, [Part 6.](#))
- Raw materials used in printed materials transported outside Wisconsin (see Publication 235, [Part 6.](#))
- Certain property sold to commercial printers (see September 2013 Sales and Use Tax Report, [Part 5.B.](#))

Credit for tax paid in another state:

- If tax was first due and paid to another state, the amount of Wisconsin use tax due may be offset by the tax paid in the other state.

Additional information about credits for taxes paid in other states is provided in *Wisconsin Tax Bulletin* [157](#) (July 2008), beginning on page 28.

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of February 19, 2020: Sections 77.52, 77.53, 77.54, 77.55, 77.56 and 77.71, Wis. Stats.

Laws enacted and in effect after February 19, 2020, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to February 19, 2020, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2) (a), Wis. Stats.

FOR QUESTIONS OR COMMENTS CONTACT:

MS 5-77

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Guidance Document Certification: <https://www.revenue.wi.gov/Pages/Certification-Statement.aspx>

Guidance Document Number: 100114

February 19, 2020

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