



State of Wisconsin • DEPARTMENT OF REVENUE

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Scott Walker
Governor

Richard G. Chandler
Secretary of Revenue

October 29, 2012

Scott Peterson
Executive Director
Streamlined Sales Tax Governing Board
4219 Hillsboro Pike, #234
Nashville, TN 37215

Dear Mr. Peterson,

This letter is in response to the questions or comments relating to Wisconsin's compliance with the requirements of the Streamlined Sales and Use Tax Agreement included in the initial report by the Streamlined Sales Tax Governing Board staff on the state's 2012 recertification.

Attachment 1 identifies each of the questions or comments raised in the preliminary report along with Wisconsin's response and what action Wisconsin has already completed or is in the process of completing with respect to each of those items. I am also enclosing Wisconsin's revised Taxability Matrix, which reflects the suggested changes as indicated in the preliminary report and described in our responses in Attachment 1.

If you have any questions or concerns regarding this, please contact Diane Hardt, Administrator at (608) 266-6798 or via e-mail at diane.hardt@revenue.wi.gov or Craig Johnson, Revenue Tax Specialist at (608) 634-6794 or via e-mail at craig.johnson@revenue.wi.gov.

Sincerely,

A handwritten signature in blue ink that reads "Richard Chandler".

Richard Chandler
Secretary of Revenue

WISCONSIN'S RESPONSES TO 2012 SSTP RECERTIFICATION REVIEW

Preliminary Report Comment 1:

"Bottled water - add 77.54(20n)"

Wisconsin Response 1:

Wisconsin has updated its Taxability Matrix to add the reference to sec. 77.54(20n), Wis. Stats., in the comments section with respect to "bottled water."

Preliminary Report Comment 2:

"Under optional computer software maintenance contracts, the category for support services only shows 100% taxable with a comment that it assumes a bundled transaction. Are support services taxable and, if not, should this be marked 100% not taxable and the comment deleted?"

Wisconsin Response 2:

Depending on the type of "support services" being provided, they may or may not be subject to tax in Wisconsin. If the "support services" ONLY consist of the seller answering the purchaser's questions over the telephone and instructing the purchaser how to correct the problem they are having, the service is not subject to Wisconsin sales or use tax. However, if the "support services" include the ability of the seller to connect to the purchaser's system via modem to correct the problem or to have the seller come to the purchaser's place of business to fix the problem, those types of "support services" would be subject to Wisconsin sales or use tax. Our experience has shown that in many cases, the sellers are offering a combination of taxable and nontaxable support services. Therefore, we believe our taxability matrix is correct as submitted and no change is necessary.

Preliminary Report Comment 3:

"The statute does not define over-the-counter drugs or grooming and hygiene products. The Agreement defines over-the-counter drugs to include grooming and hygiene products that meet the definition of over-the-counter drugs unless specifically excluded. The statute exempts drugs, which include over-the-counter drugs, with a prescription. The taxability matrix shows grooming and hygiene products as taxable with no comment regarding those that meet the definition of over-the-counter drugs with a prescription."

Wisconsin Response 3:

A comment has been added to Wisconsin's updated Taxability Matrix to indicate that products that fall within the definition of "grooming and hygiene products" are exempt from Wisconsin sales and use tax to the extent they meet the definition of "drug" and the requirements of sec. 77.54(14), Wis. Stats. (2009-10).