

Excise Tax Division Newsletter
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In This Issue:

- Tax Rate Changes
- New Laws Effective 7/1/15
- Educational Seminars
- Field Offices

This publication is not an official taxability ruling. Your specific facts must be reviewed in detail before we can make official taxability rulings. Please direct your written inquiries for such rulings to the department at the address or fax number listed above. Or e-mail your inquiry to: dor_taxability@wyo.gov Please be sure to include all pertinent facts in your inquiry. We will respond with written guidance for your particular business transactions.

Tax Rate Changes:

Present:

Effective with the tax return quarter beginning July 1, 2015 there will be no sales, use or lodging tax rate changes.

Future:

Future Tax Rate Changes:

Pursuant to W.S. 39-15-207(c) and 39-16-207(c) notice is given of the following future tax rate changes.

Effective with the tax return quarter beginning October 1, 2015 there will be the following sales, use tax lodging tax rate changes in Wyoming.

- Effective October 1, 2015 the sales/use tax rate in Weston County will increase to 6% as voters passed a 1% specific purpose option tax.
- Effective October 1, 2015 the combined sales, use and lodging tax rate in Weston County will be 10%.

The Department is not aware of any other sales, use or lodging tax rate changes for the tax return quarter beginning October 1, 2015.

It is prudent to periodically check our website for notices of tax rate changes. It is possible that there will be rate changes effective October 1, 2015 that the department has not been notified of to date. You can access our tax rate charts on line at <http://revenue.wyo.gov> from the Home page, find the Excise (Sales & Use Tax) Division, click on "Publications" click on Sales & Use Tax Rate Charts. We also have a Zip Code Directory which combines a listing of all zip codes in Wyoming with the associated sales tax rates. This document is in an Excel format.

New Laws Effective July 1, 2015:

Senate File 0124 (Enrolled Act No. 59) Effective July 1, 2015

Attention vendor's delinquent in paying sales and use tax.

This law provides the Department the ability to publish on its website a list of delinquent taxpayers. Any vendor or taxpayer that is one hundred fifty (150) days or more delinquent in paying taxes due will be notified by

mail of the delinquency, and if after 30 days is still delinquent, the Department shall post monthly the name of the vendor or taxpayer, the sales/use tax license number, physical address and the unpaid balance owed by the vendor or taxpayer.

This list will be updated monthly and will include any vendor or taxpayer who has an outstanding balance that is over 150 days delinquent. The balance indicated on the report will not be a pay off balance as interest continues to accrue until the debt is paid. The Department will not include any accounts which have entered into a payment agreement with the Department, provided the account is current and all payments under the agreement are current.

House Bill 0051 (Enrolled Act. No. 42) Effective July 1, 2015

This law changes the definition of oil and gas well sites. Effective July 1, 2015, "Well site" will be defined as; "an area where production equipment is installed to store or prepare oil or gas for transportation off the well site. Production equipment includes, but is not limited to, wellheads, valves, tanks, dehydrators, heater-treaters, separators, flow lines, meters, flares, vapor recovery units and emission equipment. Except as provided in this paragraph, production equipment for purposes of defining a well site shall not include compressors, off well site gathering lines and processing facilities;"

This definition expands the area of the well site, but does not impose tax on any product or service that was not taxable under the previous definition of a well site. As the industry modifies their approach to building the well sites, the production equipment may be further away from the wellbore. Therefore the previous definition using a prescribed radius no

longer captures sales tax on the same products and or services on all well sites.

House Bill 0052 (Enrolled Act No. 35) Effective July 1, 2015

This law adds a new exclusion from the definition of a sale and allows for the lease or rental of tangible personal property for consideration between parent and closely held subsidiary corporations, between subsidiary corporations closely held by the same parent corporation, or between affiliated companies, partnerships, corporations or other business entities which are owned in similar percentages by the same persons, to be excluded from sales tax. "Closely held subsidiary corporation" "means a corporation in which the parent corporation owns stock possessing at least eighty percent (80%) of the total combined voting power of all classes of stock entitled to vote and owns at least eighty percent (80%) of the total number of shares of all other classes of stock;"

Vendors who also act as contractors:

Lately we have received numerous questions from vendors who also act as contractors about when they should be charging sales tax. In order to understand the differing tax consequences for vendors and contractors we must first understand their differing roles. Vendors sell tangible personal property and or perform services to tangible personal property. An example of a taxable service is making repairs to a clothes dryer. The dryer is tangible personal property and the party performing that repair is a vendor. The vendor will charge his customer, sales tax on both the labor charge and materials used in the repair.

When that same repair person, performs a repair to a built in dishwasher, he is now acting as a contractor performing a service to a fixture of real property. The tax consequence now changes. The contractor is the liable party for the

tax on the materials used in the repair, and the labor charge is not subject to sales tax. By statute contractors are the end consumer of all the materials, supplies and fixtures they use in their work to real property. A contractor may not charge his customer sales tax; he may include the tax he paid on his materials in his bid price to the customer but he may not charge a line item of sales tax.

In this instance and many more the business is acting as both a vendor and a contractor. A licensed vendor who also acts as a contractor may take advantage of an exemption to purchase materials and supplies without the payment of sales tax on a wholesale for resale basis. Wyoming allows this exemption because at the time of purchase it may be difficult for the business to determine which materials and supplies will be consumed as a contractor and which will be sold by the same business acting as a vendor. As a vendor the expectation is that the tax will be collected when the property is sold to their customer. Rather than paying the tax "upfront" to suppliers on the materials consumed as a contractor and purchasing materials on a wholesale for resale basis as a vendor, creating a mixed inventory, those businesses that act in both capacities maintain a tax free inventory and are required to determine the tax consequence at the time that the materials are removed from inventory. For example: The vendor removes a belt from inventory to repair a dryer, the belt and the labor charge are taxable to the customer. The vendor will collect the sales tax from the customer. As a contractor: A pipe is removed from inventory to repair a built in dishwasher at the customer's location, the contractor will owe tax on his cost of the pipe used in the repair to real property. The contractor will not charge the customer sales tax on the pipe or the labor. As the contractor is not selling the pipe to the customer, the contractor is providing a non-taxable service to real property.

Educational Seminars

Our 2015 Seminars are underway. The Department of Revenue will be in the following locations in the next few months presenting seminars.
July 14, 2015 Riverton, WY
Location: Riverton Fire Academy
General Sales/Use Tax Seminar
Construction Industry Seminar
July 15, 2015 Casper, WY
Location: Game & Fish Department Office
Construction Industry Seminar
Oil & Gas Industry Seminar
July 16, 2015 Casper, WY
General Sales/Use Tax Seminar
Lodging Industry Seminar
August 18, 2015 Pinedale, WY
Location: Bureau of Land Management Bldg.
Construction Industry Seminar
Oil & Gas Industry Seminar
August 19, 2015 Rock Springs, WY
Location: Sweetwater Events Complex
Construction Industry Seminar
Oil & Gas Industry Seminar
August 20, 2015 Rock Springs, WY
General Sales/Use Tax Seminar
September 15, 2015 Jackson, WY
Location: UW Teton County Extension 4-H Bldg.
General Sales/Use Tax Seminar
Lodging Industry Seminar
September 17, 2015 Cody, WY
Location: Park County Court House
General Sales/Use Tax Seminar
Construction Industry Seminar
Please see our web site at <http://revenue.wyo.gov> under the "What's New Column" on the home page for specific information on all the seminars.

Field Offices:

The area code prefix is 307 for all of our field offices.

Casper	266-3621
Cheyenne	777-5211
Gillette	682-6061
Riverton	856-1185
Laramie	742-4207
Powell	754-2686
Rock Springs	382-4531
Sheridan	674-8559
Jackson	734-9354
Torrington	532-5566