

Excise Tax Division Newsletter
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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@wy.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:

Past:

Effective July 1, 2007 tax rate changes were as follows:

The sales/use tax rates for Lincoln County will decrease to 4 % from 5%.

Future:

There are no sales, use or lodging tax rate changes for the tax return quarter beginning October 1, 2007.

Find our tax rate charts on line at <http://revenue.wy.gov> by clicking on the "Publications" tab in the red banner. Then scroll to "Sales and Use Tax Materials" followed by a click on "Sales and Use Tax Rates." We also have added a Zip Code Directory which combines a listing of all zip codes in Wyoming with the associated sales tax rate. This document is in an Excel format.

Important Information:

- **Exemptions not transferable:** Vendors are reminded that exemptions offered to exempt entities are not transferable. When an employee of an exempt entity is purchasing items for later reimbursement, the purchase is subject to tax. Payment by the employee establishes that the employee is acting in his own behalf. Example: A government employee rents a hotel room and pays for the room with a personal credit card; this room rental is subject to sales and lodging tax. The government employee will be reimbursed by the government agency for the room rental and any applicable tax charged.
- **Long-term rental:** Lodging vendors are reminded that lodging services for long term guests are not subject to sales or lodging tax. Lodging tax is a tax on accommodations to transient guests. Per W.S. 39-15-101(a)(xiv) "Transient guest" means a guest who remains for less than thirty (30) continuous days. If a business contracts with a lodging establishment for thirty (30) or more continuous

days the room rental is not subject the sales or lodging tax even if the business chooses to rotate their employees during the term of the contract. If the lodging service ends before the thirtieth day, the sales and lodging tax would be due.

- **Information changes.** Vendors often have changes in their business information, such as mailing and location addresses, a new business location, changes in ownership, and many others. Vendors are asked to report these changes to the department in writing. Changes in mailing address are especially frequent for Wyoming vendors that spend their winters in a warmer climate. Please notify the department of the temporary mailing address change, to ensure that you continue to receive bulletins, rate changes and returns in a timely manner. Vendors must also notify the department of the intent to cancel their license. Please indicate this information in writing or by completing the information at the bottom of the sales/use tax return.
- **Vendors are often consumers.** Did you know that purchases by businesses of equipment, tools and supplies for use in conducting their business are subject to sales or use tax? The vendor must pay the tax at the time of purchases on these types of items. If the purchase is made out of state the vendor must pay the use

tax on their monthly or quarter sales/use tax return.

- *Sale of a business excluded from sales/use tax:* The Department of Revenue will for a qualifying business exclusion, provide the purchaser a letter to document that we have reviewed the transaction and that it qualifies for the business transfer exclusion. To verify that tax was paid by the previous owner, on any vehicles involved in the sale, the department must review the current registration for each vehicle involved or the receipts for sales tax paid issued by the county treasurer.
- *Lease of tangible personal property:* True leases of tangible personal property involve a transfer of possession of the property from the lessor to the lessee. These leases are subject to sales tax based on the gross rental paid for the lease. W.S.39-15-103(a)(i)(B) In contrast leases with an operator are really a service. Often companies invoice their customers for personnel, trucks, and equipment in one per hour charge. In this situation the company is not transferring possession of their equipment. As such, equipment rental is considered part of the services performed to either real property or tangible personal property. Services (labor) performed to real property are not subject to sales tax, while services performed to tangible personal property are subject to sales tax. [WY Dept. of Rev. Rules, Chap. 2, Sec. 12(d), W.S. 39-15-103(a)(i)(J)]

- *Information required on sales/use tax returns:* Vendors making wholesale sales are required to report sales information. Line one on the sales and use tax return is used to indicate the total gross sales and taxable services. This figure would include any wholesale sales made during the reporting period. Line two on the return is used to indicate the total deductions for the reporting period. This figure would include any wholesale sales made during the reporting period. Line three (net taxable sales) is calculated by subtracting line two from line one. If all the sales made during the reporting period were wholesale in nature, line three will be zero.
- *Drop Shipments:* These scenarios are often better understood by looking at the transactions one at a time. In the first transaction a vendor is making a purchase from their supplier for resale. The vendor would issue a certificate of exemption to the supplier to document the exempt purchase. The second transaction is between the vendor and their customer. At the vendor's instruction the supplier is shipping the item directly to the customer. The supplier is not a party to the sales transaction between the vendor and the customer. The supplier is not required to collect tax, as they are only the shipping agent in the second transaction. The vendor would collect Wyoming sales tax from their customer for any sales in Wyoming.

- *Manufacturing Survey:* In 2004 the Wyoming legislature attached an annual survey requirement to the exemption for manufacturing machinery. The reporting period for the next survey for exempt manufacturing machinery purchases is July 1, 2006 through June 30, 2007. The survey was mailed to registered manufacturers August 20, 2007 with a due date of October 31, 2007. For more information please refer to our Manufacturing Information Exemption Bulletin on our website, or contact the department at (307)777-2459.
- *Interest Rate Correction:* In the December 2006 Taxing Issues the interest rate for 2007 was misquoted. The annual interest rate for delinquent accounts is 11.79%. The equivalent daily interest rate is .03063%. The annual interest rate for delinquent accounts effective January 1, 2008 will be 12.250%.

Field Offices:

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

Casper	266-3621
Cheyenne	777-5211
Gillette	682-6061
Lander	332-3370
Laramie	742-4207
Powell	754-2686
Rock Springs	382-4531
Sheridan	674-8559
Thayne	883-2934
Torrington	532-5566