

Excise Tax Division Newsletter
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In This Issue:

- Interest Rate Change
- Tax Rate Changes
- Attention Cigarette Retailers
- Backhoe Repairs
- Taxing Photography
- Tax Education Bulletins
- Simplifying Exemption Approvals
- Manufacturing Survey
- Tax Education Seminars
- IRS Expense Limit for SUVs
- Field Offices
- A Reminder & Sentiments

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 Robert Tompkins at the address or fax number listed above. Be sure to include all pertinent facts in your inquiry. Or e-mail your inquiry to:
Robert.Tompkins@wy.gov

We will respond with written guidance for your particular business transactions.

Interest Rate Change: Effective January 1, 2005 our interest rate for delinquent accounts decreases to an annual percentage rate of 8.001%. The equivalent daily interest rate is .02192%. Annually the State Treasurer establishes this rate according to a statutory formula.

Tax Rate Changes:

Past: Effective October 1, 2004 the sales/use tax rates decreased to 5% for both Sweetwater and Uinta counties.

Present: Effective January 1, 2005 the sales/use tax rates decrease to 4% for both Goshen and Park counties.

Future: Pursuant to W.S. 39-15-207(c) and W.S. 39-16-207(c) notice is given of the following tax rate changes effective April 1, 2005 and July 1, 2005:

Effective April 1, 2005 the sales/use tax rates increase to 6% for Crook County and to 5% for both Goshen and Washakie counties. Also effective April 1, 2005 the lodging tax rates for Hot Springs and Weston counties and the City of Sheridan in Sheridan County increase to 4%. Lastly, effective July 1, 2005 the 2% lodging tax rate for the City of Gillette in Campbell County is repealed.

It is prudent to periodically check our website for notices of tax rate changes. You can do so at our Internet address located in the information block at the top of the preceding column. Click on "Publications" and scroll to the heading "Sales and Use Tax Materials." Click on "Sales and Use Tax Rates."

Attention Cigarette Retailers: Please be on notice that our division will be conducting more cigarette tax stamp inspections than at any time in the past. We will be looking for cigarette packs that are unstamped, partially stamped and for those having another state's tax stamp. Any packs that do not bear a Wyoming tax stamp are illegal and will be confiscated. With the start of a new year we encourage you to check your inventories. Work out any of the problems mentioned above with your wholesalers.

Backhoe Repairs: Both the parts and labor associated with repairing a backhoe in Wyoming are subject to Wyoming sales tax. W.S. 39-15-103(a)(i)(J) imposes sales tax on "The sales price paid for services performed for the repair, alteration or improvement of tangible personal property."

We mention this because an erroneous article on this subject appeared in the October 2004 issue of *South Dakota Taxation News*. In that issue the taxation of a backhoe repair in Wyoming for South Dakota use tax purposes was discussed. The article incorrectly stated, in pertinent part, that "Wyoming charges sales tax on the parts, but not the labor." One of our vendors read this erroneous statement and made inquiry of our agency. We thank the Editor of *South Dakota Taxation News* for his willingness to run a correction article in their January 2005 issue.

Taxing Photography: Our rule for "Photography, Photo Developing and Enlarging" states:

"The sales price paid for photographs, photo equipment and supplies, photography and photo developing,

and printing shall be subject to the sales tax. Materials and supplies such as paper and chemicals consumed in the process of producing photographs intended for resale shall be exempt from the sales tax.” *Wy Dept of Rev Rules, Chap 2, Sec. 15(z)*.

The basis of this rule is that photographers produce photographs for retail sale to their customers. Every step in the process goes into the creation of photographs for retail sale. W.S. 39-15-103(a)(i)(A) imposes sales tax on the sales price paid for all retail sales of tangible personal property in Wyoming. We do not distinguish between photographs as prints and those created digitally or delivered electronically. In our view all photographs are tangible personal property and their retail sale is subject to Wyoming sales tax.

Tax Education Bulletins: We have added three (3) new bulletins to our website. They are:

- Gift Certificates (Issued 9/30/04)
- Fees, Surcharges and Supplemental Costs – Telecommunications (Issued 10/25/04)
- Fees, Surcharges and Supplemental Costs – Motor Vehicle Leases or Rentals (Issued 10/25/04)

For a copy of these, or any of our other bulletins, click on “Publications” in the red banner. Scroll to the grey scale heading “Sales and Use Tax Materials” and click on the subcategory “Sales & Use Tax Bulletins.” If you do not have access to our website, please contact our field office near you or our Cheyenne office. We will provide you a copy of the bulletin(s) you need.

Simplifying Exemption Approvals: Non-profit religious and charitable organizations must make written

application to us for exemption approval and registration. *Wy Dept of Rev Rules, Chap 2, Sec. 9(c)(i)(A-F)*. We have simplified the process for those non-profit religious and charitable organizations that possess a 501(c)(3) income tax ruling from the Internal Revenue Service (IRS). Rather than providing us the categories of information enumerated in our rules, such organizations need only provide us a copy of their IRS 501(c)(3) letter. We will issue our sales tax exemption letter based on the IRS determination letter. For more information please contact Gwynne James at (307)777-5216 or by e-mail at: Gwynne.James@wy.gov

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, 2004 through June 30, 2005. A survey return will be mailed to registered manufacturers in September 2005 with a due date of October 31, 2005. For more information, please refer to our Manufacturing Information Exemption Bulletin on our website.

Tax Education Seminars: We conduct tax education seminars in Wyoming upon request. To request a seminar, please submit to us a completed “Seminar Request Form” (ETS 126). For this form go to our website’s main page and click on “Forms” in the red banner. On the page that appears go to “Excise” and click on “Miscellaneous Excise Forms.” In the drop down click on “Seminar Request Form.”

Notice of upcoming seminars will be posted under the “What’s New?” section of our website’s main page. Our seminars are tailored to fit our audience. We encourage questions! PowerPoint presentations are often a component of our seminars. Lastly,

we will furnish certificates of attendance for those needing them for continuing education requirements.

IRS Expense Limit for SUVs:

Businesses should be aware of a change regarding the deduction for certain sport utility vehicles (SUVs) placed in service after October 22, 2004. Under the American Jobs Creation Act of 2004, businesses cannot take a first year deduction of more than \$25,000 for an SUV.* A business would depreciate the remaining cost. The new limit does not affect other types of property where the taxpayer decides to expense the cost instead of depreciating the property. For more information contact Maura Morgan, IRS Senior Tax Specialist at (307)633-0919 or maura.morgan@irs.gov
* The previous limit was \$100,000 prior to October 23, 2004.

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

The General Session of the 58th Wyoming Legislature is scheduled to convene on January 11, 2005 and to adjourn on March 3, 2005. In our March 2005 Taxing Issues we will summarize any new laws impacting sales and use taxes.

Best wishes for a safe and prosperous year in 2005! We look forward to serving you!