

Excise Tax Division Newsletter
Herschler Building
122 W. 25th Street
Cheyenne, WY 82002-0110

Director
Daniel W. Noble

Staff
Kim E. Lovett, Administrator
Donna Campbell, Vendor Operations
Manager
Terri Lucero, Education & Taxability
Manager

Phone (307) 777-5200

FAX (307) 777-3632

Internet Address:
<http://revenue.wyo.gov>

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Attention: NEW Tax – E-911

Vendors do you sell prepaid wireless communications access?

Prepaid wireless communications access means; wireless communications access requiring advance payment that is sold in predetermined units or dollars of which the number declines with use in a known amount. Some examples of these services are:

- The sales price of prepaid wireless calling cards preloaded with minutes or units of airtime.
- The sales price of prepaid wireless phones that are sold for a single, non-itemized or “bundled” price if they are preloaded with more than 10 minutes of airtime or with

more than \$5.00 worth of prepaid wireless service.

- The sales price of a recharge or reload of units or minutes of prepaid wireless airtime whether through the seller’s website, or over the telephone or in person at the seller’s physical location.
- The sales price of prepaid wireless service where the purchaser pays in advance for the unlimited use of the service for a fixed time period, and such service automatically terminates unless additional payment is made.

Effective July 1, 2016 a 1.5 percent (1.5%) tax will be imposed upon prepaid wireless communications access. The department must determine those vendors selling prepaid wireless communications access. Therefore, the Department will be surveying all licensed vendors to identify those vendors that will need to be trained to collect and remit the tax. This survey will be sent to all licensed vendors in December 2015 and **must** be completed and returned to the Department no later than January 31, 2016. It is important for all vendors to respond to the survey even if the vendor does not sell prepaid wireless communications access. If the Department does not receive a response we will conclude that the business does sell prepaid wireless communications access and the vendor will be required to complete and submit a special return for each filing period.

Tax Rate Changes:

Present:

Effective with the tax return quarter beginning January 1, 2016 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.

The Department is not aware of any sales, use or lodging tax rate changes for the quarter beginning April 1, 2016.

It is prudent to periodically check our website for notices of tax rate changes. It is possible that there will be rate changes effective January 1, 2016 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. Please Note: Sales tax rate charts are only updated as rate changes occur.

Documentation Required for Exempt Purchases:

Vendors selling to customers claiming sales tax exemption are required to obtain a Streamlined Sales/Use Tax Agreement Certificate of Exemption from their customers. The selling vendor must keep the exemption certificate in their business records for at least three years for audit purposes. In order for the certificate to be valid for claiming the exemption the seller should verify that the certificate is completed in its entirety. Meaning all sections must contain valid responses and the certificate must be signed. If the customer is utilizing the wholesale for resale exemption, section four should indicate the type of business and section five the purchaser should select G “Resale” and indicate their sales/use tax license number on the

line provided. If the purchaser is a governmental entity in section four, the purchaser should select 18 "Government" and in section five either A "Federal Government" or B "State or local government" and indicate the department or agency in the line provided. The governmental agency will not have any kind of exempt number to include on the form, as they are exempt by statute. When a religious or charitable organization is purchasing exempt from sales tax, the organization also must supply the exemption certificate to the seller. In In this case the organization would select the most appropriate business type in section four, and in section 5 they would select "E" or "F" whichever is most appropriate. Again these organizations will not have a tax exempt number to indicate on the form as they are not required to seek prior approval from the department to utilize the exemption. Please note: the exemption certificate is the only document a purchaser is required to provide the seller in order to make tax exempt purchases. The certificate is also the only document the seller is required to maintain in their business records as proof of tax exempt sales. You may view the Streamlined Exemption Form with instructions and information on the different exemption available, on our website at <http://revenue.wyo.gov>

Third Party Drop Shipping Transactions:

We have recently received multiple questions concerning third party drop shipment transactions. The department views third party drop shipping as a series of transactions where the supplier/manufacturer sells his product to a vendor for subsequent resale but ships the item to the vendor's customer directly. The first transaction is between the vendor and the supplier/manufacturer the vendor would make the purchase on a wholesale for resale basis, by supplying the supplier/manufacturer with an exemption certificate from the

vendors home state, indicating the purchase is for resale. The second transaction is between the vendor and the Wyoming customer. This is the retail transaction where we would expect sales tax to be due and payable. If the vendor is licensed to collect Wyoming sales tax, the final customer would remit the tax to the vendor who in turn would remit the tax to our department on his periodic sales/use tax return. However, if the vendor is not licensed to collect Wyoming sales tax, the tax would be handled between the final customer and our office directly once the goods are received in the state. The tax liability in this second transaction would never rest on the supplier as the supplier is only acting as a shipping agent to the final customer, not acting as the vendor selling the product.

Vendors Don't Forget to Submit Use Tax on Your Business Purchases:

Businesses hold a sales tax free inventory because they will collect the sales tax from their customer in the retail transaction. However that doesn't mean all items the vendor purchases are exempt from sales tax. When a vendor purchases items to be used in their business to conduct their business those items are taxable to the business. This would include items like, an office computer, paper, ink, business cards, signage, tools etc. When a vendor purchases these items from a Wyoming seller, the seller should charge and collect sales tax from the vendor. However, often times a vendor will purchase these items from a seller located in another state or over the internet and these sellers may not be licensed to collect Wyoming sales tax. In these cases the vendor owes Wyoming use tax, once the items are received in the state. Use tax is complementary to our sales tax and imposes tax on purchases of tangible personal property made in another state and brought into Wyoming for storage, use or consumption. The rate of use tax is equivalent to the sales tax rate in the

county in which the purchases are received.

2016 Legislative Session:

The 2016 budget session of the Wyoming Legislature will convene February 8, 2016. The Wyoming Legislative Sessions will be held at the Jonah Business Center, due to the capitol construction project. You may view information about the legislative session on their website at legisweb.state.wyo.us

Annual Interest Rate for Delinquent Taxes:

Per W.S. 39-15-108(b)(i) the interest rate for delinquent taxes is adjusted annually, equal to the average prime interest rate for the preceding fiscal year plus four percent. The annual interest rate effective January 1, 2016 will be 7.25%. The equivalent daily interest rate for delinquent accounts will be .019%.

Educational Webinars:

We have scheduled many educational seminars to be presented in a webinar format. If you are interested in reviewing the schedule please see our website at <http://revenue.wyo.gov> under the "What's New" column. If you do not find a webinar on the subject matter you are interested in attending, please contact the Education & Taxability Section at dor_taxability@wyo.gov to request a webinar.

Field Offices:

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