



TAXING ISSUES

WYOMING DEPARTMENT OF REVENUE

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Excise Tax Division

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*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:

Present:

Effective with the tax return quarter beginning April 1, 2012 there will be the following sales, use and lodging tax rate changes in Wyoming.

- Laramie County's sales/use tax rate will decrease to 5%.
- Effective April 1, 2012 the combined sales, use

and lodging tax rate for Laramie County will be 9%.

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 tax return quarter beginning July 1, 2012.

It is prudent to periodically check our website for notices of tax rate changes. It is possible that there will be rate changes effective July 1, 2012 that the department has not been notified of to date. You can access our tax rate charts on line at <http://revenue.state.wy.us> by clicking on the "Publications" tab in the red banner. Then scroll to "Sales and Use Tax Rates." 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.

Legislative Update:

The 2012 Budget Session of the Wyoming Legislature adjourned March 8th 2012. For sales and use tax purposes one new bill became law.

Senate File 0083 (Enrolled Act No 36) Effective July 1, 2012:

This bill adds to the current definition of a "cigarette" to include any roll or tube of tobacco, or product derived from tobacco, that is produced by a machine on the premises of a retail dealer or a wholesale dealer. The bill also defines a "cigarette manufacturer" to include any person who maintains at a retail or wholesale establishment a machine which enables a person to process into a roll or tube, tobacco or any product made or derived from tobacco. This bill deems any person

who maintains a machine which enables a person to process tobacco, or any tube product derived from tobacco, into a cigarette to be a cigarette manufacturer and the product is deemed a cigarette. These manufactured cigarettes must be **stamped** as cigarettes, no different than prepackaged cigarettes. The retail or wholesale outlet maintaining the machine must be licensed as a cigarette manufacturer and must purchase cigarette stamps from the Wyoming Department of Revenue. If cigarettes are made utilizing these machines and the cigarettes are not stamped, they are contraband and will be confiscated. The cigarettes produced from these machines must also be manufactured using tubes which are certified as fire safe paper. For information regarding the licensing process as well as information on purchasing cigarette stamps, please contact the department at (307)777-5544 or by e-mail at dor@wyo.gov.

Issues related to Vendor

Compensation:

At present we have completed one cycle of reporting where the vendor compensation credit has been available. We have noticed a few issues as it relates to vendor compensation that we would like to address to assist you in utilizing this credit.

Multiple licenses under the same ownership:

When an owner has multiple sales tax licenses under the same ownership and files a consolidated return (one return for all locations) vendor compensation is easy to calculate and is handled by our system without issue. However when the owner files a return for each location the vendor compensation credit is a bit more difficult to calculate and isn't handled quite as eloquently by our system. Remember

that no ownership will receive more than \$500.00 in vendor compensation in a reporting period, so when one owner files multiple returns the system calculates the credit based on the first return to post in the system. This may not be the order in which the vendor has calculated the return and therefore can cause vendor compensation to be denied on one or more of the returns. Solutions: The number one solution to this issue is to consolidate your licenses and file one return for all locations under the same ownership. However if this solution doesn't fit your business activities, another solution might be to not calculate the amount of vendor compensation on any of the returns and allow the system to calculate the credit. Then you will receive a monthly statement indicating the credit amount, which you would utilize the following month.

If you choose not to consolidate your license to file one return, and you do not want to wait for our system to calculate the credit for you, the following example may assist you in calculating the credit.

License Number 1 owes \$3,124.60 (total tax due line F). $\$3,124.60 \times 1.95\% = \60.93 . This is the amount of vendor compensation credit due for the first return for this ownership. \$60.93 will be placed on line G for this return and subtracted from the total tax due.

License Number 2 owes \$12,300.00 (total tax due, Line F). As vendors receive 1.95% for the first \$6250.00 due in tax you must calculate the amount remaining to receive 1.95%. On this return the vendor will receive 1.95% on \$3125.40 (the amount remaining to reach the first \$6250.00 due in tax). $\$3125.40 \times 1.95\% = \60.95 . Then you must calculate the amount now exceeding \$6250.00 due in tax for the 1% vendor compensation credit. The amount remaining out of the \$12,300.00 total tax due on this return is \$9174.60. Take that amount

times 1% which equals \$91.75. So far on these two returns the vendor has utilized \$213.63 in vendor compensation credit. Remember that under the ownership you are allowed a total of \$500.00 in vendor compensation credit per reporting period. To continue with the illustration, license number 3 owes \$9998.85 (total tax due line F). On this return you will calculate the vendor compensation at only the 1% as you have already utilized the 1.95% for the first \$6250.00 in tax due. $\$9998.85 \times 1\% = \99.99 . The vendor would enter this amount on line G of this return and subtract it from line F. For this reporting period the vendor would receive \$313.62 in total vendor compensation credit.

Using the same example; when reporting for all locations under this ownership on a consolidated return the vendor would have an easier time calculating the vendor compensation. The total tax due for all three locations equals \$25,423.45. The vendor receives 1.95% credit for the first \$6250.00 due in tax which equals \$121.88, and then receives 1% for any amount of tax due exceeding \$6250.00 (up to the \$500.00 cap per reporting period). For this example the tax due exceeding \$6250.00 is \$19,173.45 $\times 1\% = 191.73$ for a total vendor compensation credit of \$313.62.

If you would like to consolidate and file one return for all your locations under the same ownership please contact your vendor operations service team or e-mail the Department at dor@wyo.gov.

Additional information on vendor compensation credit:

We have had some issues with vendors who submit the incorrect payment amount. This can result in your vendor compensation credit being denied, if your return is under paid. Line J (total amount due) of your return should be the amount of payment submitted. The vendor

compensation credit is only calculated in Part I – Summary of your return. It is calculated on the total tax due (line F) this line includes the jurisdictional tax due, Line D (sales/use and excess tax) as well as the lodging tax due from line E. Vendor compensation credit is **not** calculated on the net taxable sales amount.

In Part II Jurisdictional Tax Information, you still report the total sales, use and excess tax due for each jurisdiction.

To be eligible to claim the vendor compensation credit you must have your return and payment postmarked by the 15th of the month the tax is due. March 2012 returns must be post marked by April 15th 2012 to be eligible for the compensation credit. If the vendor compensation credit was denied on a previous return and you have an outstanding balance due, please make payment for the outstanding balance due prior to submitting your next return claiming vendor compensation. Our system verifies, prior to allowing the vendor compensation that a previous balance does not exist. If a previous balance exists vendor compensation will be denied.

Instructions for completing your sales/use tax return can be found on our website at <http://revenue.state.wy.us> under the "Forms tab".

Educational Seminars:

For information on our upcoming sales/use tax educational seminars please see our website (address listed above) under the "What's New" heading, or you may e-mail us at dor_taxability@wyo.gov for information on the dates and locations of seminars currently scheduled.

Torrington Field Office:

The Torrington Field Office is currently closed due to the passing of our beloved Field Representative

Richard Foltz. Richard will be dearly missed by all.