

# **Hotels, Motels, and Other Lodging Providers**

**How Do Wisconsin Sales and Use Taxes  
Affect Your Operations?**

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### **IMPORTANT CHANGES**

**Updates for Streamlined Sales Tax.** The Wisconsin Legislature has passed the legislation necessary to conform Wisconsin's sales and use tax laws to the requirements of the Streamlined Sales and Use Tax Agreement as part of 2009 Wisconsin Acts 2 and 28. The conforming legislation, known as the Main Street Equity Act, became effective in Wisconsin on October 1, 2009. Changes effective on October 1, 2009 include:

- For sales of certain coins and stamps and leases of certain property, the sales tax is imposed separately from the sales tax on “tangible personal property.” Under prior law these items were taxed as sales or leases of tangible personal property. Therefore, these items are now listed separately in this publication. See Part II. on page 2.
- Wisconsin sales and use taxes apply to the sales of and the storage, use, or other consumption of “specified digital goods,” “additional digital goods,” and “digital codes” in Wisconsin. See Part II. on page 2.

**Sales to American Indian Tribes or Bands.** Effective August 1, 2009, all sales to federally recognized American Indian tribes or bands in Wisconsin are exempt from tax. See page 4.

**On-Premise Consumption No Longer a Factor in Determining if Sales of Food and Food Ingredients Are Subject to Tax.** Effective October 1, 2009, sales of food and food ingredients consumed on the seller's premises are not subject to Wisconsin sales tax unless the food or food ingredient meets the definition of “candy,” “dietary supplement,” “prepared food,” or “soft drink.” See pages 6 and 7.

**Exemption for Items Furnished to a Restaurant's Employees Limited.** Effective October 1, 2009, the exemption for items provided to a restaurant's employees during the employee's work hours is limited to items that are furnished free of charge to the employee. See page 14.

## **I. INTRODUCTION**

This publication explains how Wisconsin sales and use taxes affect hotels, motels, and other lodging providers. It includes examples of taxable and nontaxable sales and rentals and information about purchases by hotels, motels, and other lodging providers.

“**Hotel,**” as used in this publication, includes hotels, motels, bed and breakfasts, resorts, lodges, inns, and others providing lodging accommodations to the public.

**Note:** Certain sales and purchases by hotels which are subject to the 5% state sales and use tax may also be subject to the: (a) 0.5% county sales and use tax, (b) 0.1% baseball stadium sales and use tax, (c) 0.5% football stadium tax, (d) local exposition taxes, and (e) 0.5% premier resort area sales tax for the City of Bayfield and the City of Eagle River or 1.0% premier resort area sales tax for the City of Wisconsin Dells and the Village of Lake Delton. (**Note:** Prior to January 1, 2010, the premier resort area tax rate for the City of Wisconsin Dells and the Village of Lake Delton was 0.5%.) Additional information about these taxes is contained in the following:

- (a) County tax: [Publication 201](#), *Wisconsin Sales and Use Tax Information*, Part XVIII.
- (b) Baseball stadium tax: [Publication 201](#), *Wisconsin Sales and Use Tax Information*, Part XVIII. Applies to sales and purchases made in Milwaukee, Ozaukee, Racine, Washington, and Waukesha counties.
- (c) Football stadium tax: [Publication 201](#), *Wisconsin Sales and Use Tax Information*, Part XVIII. Applies to sales and purchases made in Brown County.
- (d) Local exposition taxes: [Publication 410](#), *Local Exposition Taxes*. Applies to sales and purchases of certain lodging, food, beverages, and car rentals in municipalities wholly or partially within Milwaukee County.
- (e) Premier resort area tax: [Publication 403](#), *Premier Resort Area Tax*. Applies to sales by certain types of retailers of tangible personal property; certain items, property, and goods under sec. 77.52(1)(b) to (d), Wis. Stats.; and taxable services in the Village of Lake Delton, City of Wisconsin Dells, City of Bayfield, and City of Eagle River.

Publications [201](#), [403](#), and [410](#) are available from any Department of Revenue office or online at [www.revenue.wi.gov](http://www.revenue.wi.gov).

### CAUTION

- The information in this publication reflects interpretations by the Wisconsin Department of Revenue of laws enacted by the Wisconsin Legislature and in effect as of September 1, 2011. Laws enacted and in effect after that date, new administrative rules, and court decisions may change the interpretations in this publication.
- The examples and lists of taxable and nontaxable sales and purchases are not all-inclusive. They merely set forth common examples.

## II. HOTEL'S SALES AND RENTALS TO CUSTOMERS

### A. General

Sales, licenses, leases, and rentals of the following property, items, and goods are subject to the 5% Wisconsin state sales tax:

1. Tangible personal property;
2. Coins or stamps of the United States that are sold, licensed, leased, rented, or traded as collector's items above their face value;
3. Leased property that is affixed to real property, if the lessor has the right to remove the leased property upon breach or termination of the lease agreement, unless the lessor of the leased property is also the lessor of the real property to which the leased property is affixed;
4. Specified digital goods, additional digital goods, and digital codes. These digital goods are characterized by the fact that they are transferred electronically to the purchaser (i.e., accessed or obtained by the purchaser by means other than tangible storage media). "Specified digital goods" means "digital audio works," "digital audiovisual works," and "digital books." "Additional digital goods" means greeting cards, finished artwork, periodicals, video or electronic games, and newspapers or other news or infor-

mation products. See [Publication 240](#) for a description of the products that are included;

In addition, certain services are subject to Wisconsin sales and use taxes. For a list of taxable services, see Part X.B. of [Publication 201](#).

As used throughout this publication, the terms "property, items, and goods," and "property, items, or goods," or "property, item, good," refers to the property, items, and goods described in Parts II.A.1. to 4.

As used throughout this publication, the term "digital goods" refers collectively to the products listed in Part II.A.4.

### B. Lodging Services

- **Less Than One Month** — Furnishing lodging to the same person or entity (for example, corporation, partnership, sole proprietorship) at a hotel for a continuous period of **less than one month** is subject to Wisconsin sales tax.

**"One month,"** as used in this publication, means the lesser of: (1) a calendar month, or (2) a continuous period of 30 days. For purposes of counting the number of days stayed at a hotel, the day the customer checks into the hotel is counted as a day. However, the day the customer checks out of the hotel is **not** counted as a day.

*Example — Lodging for Less Than One Month:* Customer B checks into Hotel A on August 1 and checks out of Hotel A on August 30. Hotel A has provided lodging to Customer B for 29 days. The charge to Customer B is subject to Wisconsin sales tax because he did not stay for an entire calendar month or for a continuous period of 30 days or more.

- **One Month or More** — Furnishing lodging to the same person or entity (for example, corporation, partnership, sole proprietorship) at a hotel for a continuous period of **one month or more** is **not** subject to Wisconsin sales tax.

**Example — Lodging for One Month or More:** Customer D checks into Hotel C on July 20 and checks out of Hotel C on August 19. Hotel C has provided lodging to Customer D for 30 days. The charge to Customer D is **not** subject to Wisconsin sales tax because Customer D purchased lodging services for a continuous period of 30 days or more.

- **Rooms Provided to Airlines, Trucking Companies, Railways, etc.**

A continuing monthly rental of a particular room or rooms by a business, including airlines, trucking companies, or railways, to be used by its employees for layover is not taxable because the stay is one month or more. The hotel is providing lodging for a continuous period of one month if the hotel is at all times during the month providing or obligated (that is, airline has paid for the room or rooms) to provide a room or group of rooms to the customer.

If at **any time** during the month the hotel is not providing and is not obligated (that is, airline has not paid for the use of the room or rooms) to provide a room or group of rooms to the customer, the hotel is not providing lodging for a continuous period of one month. The following two examples illustrate how to determine whether a room is provided for a “continuous period.”

**Example 1 - 2-Day Continuous Period:** Airline X’s Flight Crew A checks into the hotel at 8:00 p.m. on June 5, 2011. Flight Crew A checks out of the hotel at 9:00 a.m. on June 6, 2011. Flight Crew B (Airline X’s next crew) arrives at the hotel and checks in at 5:00 p.m. on June 6, 2011.

Under its contract with Airline X, the hotel is obligated to provide the rooms to Flight Crew A for a period of 25 hours and 15 minutes starting at the time the crew checks in. Therefore, the hotel is obligated to provide these rooms to Airline X until 9:15 p.m. on June 6, 2011 under the contract.

Even though Flight Crew A checked out of the hotel prior to the arrival of Flight Crew B, the hotel is still considered to have provided lodging for a continuous 2-day period since Flight Crew B arrived within 25 hours and 15 minutes of when Flight Crew A originally checked in (that is, Flight Crew B checked in prior to 9:15 p.m.).

**Example 2 - Not A 2-Day Continuous Period:** Airline X’s Flight Crew A checks into the hotel at 7:00 p.m. on June 5, 2011. Flight Crew A checks out of the hotel at 9:00 a.m. on June 6. Flight Crew B (the next crew) arrives at the hotel and checks in at 9:00 p.m. on June 6, 2011.

Under its contract with Airline X, the hotel is only obligated to provide lodging to Flight Crew A for a period of 25 hours and 15 minutes starting at the time the crew checks in. Under the contract, Airline X is only renting these rooms from the hotel up until 8:15 p.m. on June 6, 2011.

Since the hotel is not providing the airline any lodging service from 8:15 p.m. on June 6, 2011 (25 hours and 15 minutes after Flight Crew A arrived) until 9:00 p.m. on June 6, 2011 (the time when Flight Crew B checks in to the hotel), the hotel has not provided lodging for a continuous period of June 5 through June 6, 2011.

- **Lodging Packages** — The entire charge for furnishing lodging packages, which include lodging along with other taxable or nontaxable property or services, is subject to Wisconsin sales tax, assuming more than 10 percent of the purchase price and sales price of the package is related to taxable products (i.e., lodging service, prepared food, admissions, etc.).

**Example — Lodging Packages:** Hotel E offers a lodging package for \$170. The package includes two nights of lodging, two breakfast buffets, dinner, and the use of the health spa. The entire \$170 is subject to Wisconsin sales tax.

- **Lodging for Federal and Wisconsin Governmental Agencies, Federally Recognized American Indian Tribes or Bands in Wisconsin, and Certain Nonprofit Organizations** —

Lodging furnished to the agencies, tribes or bands, and organizations listed below is not subject to Wisconsin sales tax:

- 1) **Wisconsin** governmental agencies (including counties, cities, villages, towns, and public school districts),
- 2) federal governmental agencies,
- 3) federally recognized American Indian tribes or bands in Wisconsin, and
- 4) nonprofit organizations organized and operated exclusively for religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals.

For lodging furnished to these governmental agencies, tribes or bands, and nonprofit organizations to be exempt from Wisconsin sales tax, the following conditions must be met:

- 1) The hotel issues the invoice or billing document in the name of the governmental agency, tribe, band, or nonprofit organization, and

**Note:** If the employee pays for the lodging, the employee should provide a document from the employer that he or she is traveling on government, tribe, band, or nonprofit organization business and will be reimbursed by his or her employer.

- 2) The hotel receives one of the following:
  - a) For Wisconsin or federal governmental units or federally recognized American Indian tribes or bands in Wisconsin:
    1. A purchase order or similar written document identifying the governmental unit, tribe, or band as the purchaser,

2. A properly completed Wisconsin sales and use tax exemption certificate (Form S-211) or Streamlined Sales and Use Tax Exemption Certificate – Wisconsin version (Form S-211-SST) , or

3. The federal or Wisconsin governmental unit's, tribe's, or band's CES number which the hotel records on its copy of the invoice.

- b) For **Wisconsin** nonprofit organizations, the Certificate of Exempt Status (CES) number which the hotel must enter on the hotel's copy of the invoice or billing document, or a properly completed Wisconsin sales and use tax exemption certificate (Form S-211) or Streamlined Sales and Use Tax Exemption Certificate – Wisconsin version (Form S-211-SST), which provides the nonprofit organization's CES number.

- c) For nonprofit organizations **not located in Wisconsin**, which are organized and operated exclusively for religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals, a properly completed Wisconsin sales and use tax exemption certificate (Form S-211) or Streamlined Sales and Use Tax Exemption Certificate – Wisconsin version (Form S-211-SST), even though they have not been issued a Wisconsin CES number.

The hotel must keep a copy of each of the documents (for example, invoice or billing document, purchase order, CES number, exemption certificate, etc.) referred to in numbers 1) and 2) above, to show that the sale was exempt.

**Example — Exempt Sale to Wisconsin Governmental Employee:** A City of La Crosse employee purchases two nights of lodging while traveling on city business. The employee provides to the hotel a letter from the City of La Crosse, indicating that

the employee is on city business and is authorized to purchase lodging relating to such business. On its billing, the hotel indicates that the City of La Crosse is the customer (the name of the city employee may also appear on the billing). The employee pays the bill with his or her own funds and is subsequently reimbursed by the City of La Crosse. The sale of the lodging is **not** subject to Wisconsin sales tax because it is considered a sale to a Wisconsin governmental agency. The hotel should keep the letter from the City of La Crosse in its files.

**Note:** In the above example, if the hotel issues the billing solely in the employee's name (rather than the city's), the sale is subject to Wisconsin sales tax since it is considered to be a sale to the individual, rather than a sale to the City of La Crosse.

- **Governmental Agencies of Other States** — Furnishing lodging to governmental agencies (including counties, cities, villages, towns, and school districts) of states other than Wisconsin is subject to Wisconsin sales tax.

*Example — Taxable Sale to Governmental Agency Located Outside Wisconsin:* A City of Chicago employee purchases four nights lodging from Hotel F while traveling on city business in Wisconsin. The sale of the lodging is subject to Wisconsin sales tax. The City of Chicago is not a Wisconsin governmental agency.

- **Foreign Diplomats** — Furnishing lodging to a foreign diplomat who has an exemption card issued by the federal Department of State is **not** subject to Wisconsin sales tax. A valid exemption card has a photograph of the individual, personal data, an expiration date, the mission name, and a tax exemption number on it. Beginning on September 1, 2011, valid cards also have an animal image (owl, buffalo, eagle, or deer) to identify the level of exemption the cardholder is authorized to receive. The tax exemption number must be recorded on the hotel's invoice to exempt this type of sale from Wisconsin sales tax.

**Caution:** Not all foreign officials are entitled to tax exemption, because this privilege is based on reciprocity the Department of State has with other foreign missions. The Department of State, Office of Foreign Missions, issues a Diplomatic Tax Exemption Card to qualifying foreign officials. The Office of Foreign Missions includes on its web site a database that allows retailers to verify the tax-exempt status of foreign officials. It may be accessed at [www.state.gov/ofm/resource/ihv/20290.htm](http://www.state.gov/ofm/resource/ihv/20290.htm).

- **Rooms Generally Used as Sleeping Accommodations** — Rentals of rooms generally used as sleeping accommodations are subject to Wisconsin sales tax, regardless of how the room is used.

*Example — Sleeping Room Used by a Salesperson for Display Room:* A salesperson pays to use a room, which is normally used for sleeping accommodations, as a display room from 8:00 a.m. to 4:00 p.m. Since this room is generally used for sleeping accommodations, the charge for the use of the room is subject to Wisconsin sales tax.

- **Complimentary Rooms** — A hotel is not liable for sales tax on the furnishing of complimentary rooms that are provided for no consideration to guests, employees, travel agents, advertisers, or other persons.
- **Meeting and Conference Rooms** — Rentals of meeting and conference rooms used for meetings, conventions, conferences, and seminars are **not** subject to Wisconsin sales tax. Rentals of meeting and conference rooms are taxable if the rooms are used for amusement, entertainment, athletic, or recreational purposes.
- **Forfeited Room Deposits** — Amounts customers deposit to hold a room and which are forfeited to the hotel because the customer fails to arrive and use the room ("no shows") are **not** subject to Wisconsin sales tax, if the room is available to be furnished to another guest.

If the hotel keeps the room available for the guest who is charged the deposit, the deposit is taxable.

- **Security Deposits** — Amounts charged to customers as security deposits solely for damages to the room are not subject to Wisconsin sales tax if such amounts are returned to the customer if there is no damage to the room.
- **Cleaning Fees** — A mandatory cleaning fee charged in connection with the furnishing of lodging (for example, charged on all rooms, charged on all smoking rooms, charged on rooms with three or more guests) is considered part of the sale of the lodging. If the lodging charge is subject to tax, the cleaning fee is also subject to tax.
- **Cancellation Fees** — Amounts charged to customers who cancel a room reservation are not subject to Wisconsin sales tax if the room is available to be furnished to another guest. If the hotel keeps the room available for the customer who is charged the cancellation fee, the cancellation fee is taxable.
- **Late Check-Out Fees** — Amounts charged to customers for late check-out in connection with the furnishing of lodging are part of the sale of the lodging to the customer. If the lodging charge is subject to tax, the late check-out fee is also subject to tax.
- **Damage Fees** — Fees charged by the hotel for damages to the hotel room or furnishings are not subject to Wisconsin sales or use tax.
- **Smoking Fees** — A fee charged by the hotel for cleaning that is charged on all smoking rooms is considered a part of the sales price from lodging (that is, taxable, unless an exemption applies). However, if the charge is a cleaning fee that is imposed only on rooms that require additional cleaning after the lodging period is over (that is, the guest has already “checked-out” of the room), the fee is not taxable.
- **Child Care Services** — Fees for providing child care services are not subject to Wisconsin sales or use taxes.
- **Pet Fees** — Amounts charged to customers with a pet are considered a part of the total sale of the lodging to the customer. If the lodging charge is

subject to tax, the amount charged as a pet fee is also subject to tax.

- **Local Room Taxes** — Local room taxes that are imposed by municipalities are not subject to Wisconsin state, county, or stadium district taxes.

### C. Food and Beverages

- **Prepared Foods, Candy, Soft Drinks, and Dietary Supplements** — Sales of prepared foods, candy, soft drinks, alcoholic beverages, and dietary supplements are taxable.

Examples of taxable food and beverage sales include:

- Beer
- Candy
- Dried fruit with sweeteners
- Heated food and beverages
- Juices that contain sweeteners and 50% or less fruit or vegetable juice by volume
- Nuts that are candy such as honey roasted cashews
- Sandwiches that are prepared foods
- Soft drinks
- Water, sweetened

For more information concerning sales of food and beverages, see [Publication 220, \*Grocers: How Do Wisconsin Sales and Use Taxes Affect Your Operations?\*](#), which is available from any Department of Revenue office or from the department’s web site at [www.revenue.wi.gov](http://www.revenue.wi.gov).

- **Room Service Charges, Delivery Charges, and Gratuities** — Room service charges, delivery charges, and gratuities added by the seller on taxable sales of food and beverages are subject to Wisconsin sales tax. However, gratuities given at the customer’s discretion are not subject to Wisconsin sales tax.
- **Food and Beverages Sold to Employees** — Sales of food and beverages to employees are taxable in the same manner as explained previously in the sections titled *Prepared Foods, Candy, Soft Drinks, and Dietary Supplements*

and *Room Service Charges, Delivery Charges, and Gratuities*. See the **Exception** in Part III.B.4. if the food and beverages are furnished to the employees “for no consideration,” rather than being “sold” to the employees.

A hotel is considered to have “sold” a meal (i.e., prepared food) to an employee in any of the following four situations:

- 1) Employee pays cash for the meal.
- 2) A charge for the meal is deducted from the employee’s wages.
- 3) An employee receives meals in lieu of cash to bring the employee’s compensation up to the legal minimum wage.
- 4) An employee has the option to receive cash for meals not consumed.

The hotel’s *sales* of prepared foods, candy, soft drinks, alcoholic beverages, and dietary supplements are subject to tax, even if sold to employees during the employee’s work hours.

**Example 1:** Hotel Restaurant A sells prepared food to Restaurant Employee B during Restaurant Employee B’s work hours. Hotel Restaurant A’s sale of the prepared food to Restaurant Employee B is subject to tax.

If a hotel also operates a restaurant, see Part III.B.4. of this publication for information relating to the restaurant’s purchases of items that are furnished *for no consideration* to the restaurant’s employees during the employee’s work hours.

- **Beer, Liquor, and Other Alcoholic Beverages** — Sales of alcoholic beverages, such as beer, liquor, and wine, are subject to Wisconsin sales tax.
- **Bottled Water in Rooms** — Sales of bottled water that is provided in a guest’s individual sleeping room are not subject to Wisconsin sales tax, unless the water is sweetened. Sales of bottled water that are sweetened are subject to Wisconsin sales tax.

- **Mandatory Banquet Room or Cleaning Fees With Prepared Food** — Banquet room fees, including room rental or cleaning fees, that are mandatory in order to receive prepared food, soft drinks, or alcoholic beverages are taxable as part of the selling price of the prepared food, soft drinks, or alcoholic beverages.
- **Cover Charges** — Cover or minimum charges which entitle customers to receive entertainment or to dance are subject to Wisconsin sales tax.

**Example — Cover Charges:** A hotel provides entertainment in its bar on Saturday nights. Everyone entering the bar after 8:00 p.m. is charged a \$2 cover charge. The \$2 charge is subject to Wisconsin sales tax.

**Note:** Sales of prepared foods, candy, soft drinks, dietary supplements, and cover charges to Wisconsin and federal governmental agencies, federally recognized American Indian bands or tribes in Wisconsin, certain nonprofit organizations, and qualifying foreign diplomats are not taxable. See the section titled *Lodging for Federal and Wisconsin Governmental Agencies, Federally Recognized American Indian Bands or Tribes in Wisconsin, and Certain Nonprofit Organizations*, on page 4 of this publication, concerning sales to these types of customers.

#### **D. Telephone Calls, FAX Transmissions, Cable TV, and Internet Access Charges**

- Charges by a hotel for telephone services, FAX transmissions, cable TV, and Internet access services are not subject to Wisconsin sales tax.
- Charges by a hotel for “pay-per-view” channels which the hotel purchases from the pay-per-view provider and then provides to the customer are not subject to Wisconsin sales tax. **Note:** If the hotel is acting as the billing and collection agent of the pay-per-view service or Internet access provider, the hotel is required to collect the applicable tax from the customer on behalf of the pay-per-view or Internet access provider.

## E. Vending Machines, Video Games, and Amusement Devices

1. **Vending Machines** — Sales of certain tangible personal property; items, property, and goods described in Part II.A. 2. to 4.; and taxable services through vending machines are subject to Wisconsin sales tax. If the hotel “controls” or is the “operator” of the machine, the hotel’s receipts from the vending machine sales of items listed in Part b., below, are subject to Wisconsin sales tax.

A hotel is considered to have “control” over the vending machine or be the “operator” if: (1) the hotel has the right to access the machine for stocking, restocking, or removing the receipts from the machine, or (2) the hotel owns the tangible personal property or items, property, or goods, sold through the vending machine.

### a. Exempt Vending Machine Sales

Examples of exempt sales from vending machines, assuming the items do not meet the definition of “candy,” “dietary supplement,” “soft drink,” or “prepared food,” as those terms are defined in [Publication 220](#), include:

- Beverages that contain milk or milk products
- Cookies
- Donuts
- Fruit
- Granola bars that contain flour
- Ice tea that is not sweetened
- Juices that are more than 50% fruit or vegetable juice by volume
- Milk
- Newspapers
- Peanuts that are plain or just salted
- Potato chips and corn chips
- Pretzels
- Raisins that are not sweetened
- Unpopped bags of microwave popcorn
- Water that is not sweetened
- Yogurt

See [Publication 220](#), *Grocers – How Do Wisconsin Sales and Use Taxes Affect Your Operations?*, for more examples.

**Example:** Hotel A sells fruit, milk in sealed cartons, and potato chips through vending machines located in the hotel lobby. Such sales are exempt from Wisconsin sales tax.

### b. Taxable Vending Machine Sales

Sales of the following items from vending machines are taxable (list is not all-inclusive):

- baby care supplies, such as disposable diapers and wipes
- cameras, film, and other photography supplies
- candy and chewing gum
- cigars, cigarettes, tobacco, and lighters
- dietary supplements
- electrical supplies, such as flashlights, bulbs, batteries, and fuses
- fermented malt beverages and intoxicating liquors
- heated foods, heated beverages, and other prepared foods
- hygiene products, such as soap, shampoo, combs, deodorant, shaving cream, and razors
- juices that contain sweeteners and 50% or less fruit or vegetable juice by volume and powdered drink mixes that are dietary supplements
- drugs, tonics, vitamins, and medicinal preparations in any form
- photocopies
- popcorn that is candy, such as caramel corn
- reading materials such as books, magazines, and periodicals (newspapers are not subject to tax)
- soft drinks
- taxable services (for example, shoe shining)
- toiletries, such as toilet paper, facial tissue, bubble bath, toothbrushes, and feminine hygiene products
- water that is sweetened

- wearing apparel, such as gloves, hosiery, and shoelaces

**Example — Hotel is “Operator” of Vending Machine:** Hotel X is the operator of a soda vending machine. (See Part II.E.3. for an example of when the hotel receives commissions and is not the “operator” of the machine.) The vending machine has a posted sign stating that the “Price Includes Sales Tax.” In January, the total amount that customers paid into the machine is \$200. The \$200 includes tax; therefore, the sales price subject to tax is \$190.48, and the 5% state sales tax liability is \$9.52 (\$200 divided by 105% = \$190.48 sales price). *This example does not account for any local tax liabilities.*

2. **Video Games and Amusement Devices** — Receipts from video games and amusement devices are subject to Wisconsin sales tax.

If the hotel “controls” or is the “operator” of the video game or amusement device, the hotel’s receipts from the video games and amusement devices are subject to Wisconsin sales tax. See Part II.E.1., titled *Vending Machines*, for an explanation of “control” and “operator.”

3. **Commissions** — If the hotel receives commissions from a third party who “controls” or is the “operator” of the vending machines, video games, and amusement devices, the hotel’s receipts from such commissions are **not** subject to Wisconsin sales tax. The third party is responsible for reporting the Wisconsin sales tax on the total sales from the machine, without any deduction for the commission which is paid.

**Example — Commissions:** Hotel B receives a commission equal to 50% of the total sales from an amusement device in return for allowing Company A to place the amusement device in Hotel B. Hotel B is not the operator of and does not control the amusement device. A statement on the amusement device indicates that the “Price Includes Sales Tax.” In February, the total amount that customers pay to play the amusement device is \$200. Hotel B receives a commission of \$95.24. (The 50% commission was calculated as follows: \$200

divided by 105% = \$190.48; \$190.48 X 50% = Hotel B’s commission.) The \$95.24 commission received by Hotel B is not subject to Wisconsin sales tax. Company A’s total sales (less the sales tax included) from the amusement device of \$190.48 are subject to Wisconsin sales tax and must be reported on Company A’s sales and use tax return. *This example does not account for any local tax liabilities.*

#### **F. Gift Shop Sales**

- Sales of tangible personal property such as souvenirs, clothing, postcards, candy, magazines, soft drinks, and other items, property, and goods described in Part II.A. 2. to 4. are subject to Wisconsin sales tax.
- Sales of newspapers are not subject to Wisconsin sales tax.

#### **G. Rentals of Tangible Personal Property**

- **Furniture and Equipment** — Rentals of furniture and equipment, such as rollaway beds, tables, audio-visual equipment, video tapes and games, DVDs, microphones, microwave ovens, refrigerators, etc., that are separate and optional sales from the room rental are subject to Wisconsin sales tax.

**Example — Renting Equipment:** Customer A rents a meeting room from Hotel B for \$300. Customer A is also charged \$100 for the use of audio-visual equipment. The equipment rental charge of \$100 is subject to Wisconsin sales tax. The \$300 for the rental of the meeting room is not subject to Wisconsin sales tax.

**Example — Renting Meeting Room With Equipment:** Customer C rents a meeting room from Hotel D for \$500. The \$500 entitles Customer C the use of the room and various audio-visual equipment, tables, and chairs, regardless of whether Customer C actually uses the items. The \$500 is not subject to Wisconsin sales tax.

- **Recreational Equipment** — Rentals of recreational equipment, such as bicycles, canoes, boats, rafts, water skis, fishing poles, and motor bikes are subject to Wisconsin sales tax.

## H. Parking

Charges for providing parking space for motor vehicles are subject to Wisconsin sales tax.

**Example — Separate Charge for Room and Parking:** Customer A stays in Hotel B for one night. Hotel B has a parking ramp. Hotel B charges Customer A \$80 for the room. If Customer A chooses to park in the parking ramp, Hotel B adds a separate charge of \$10 for parking. Both the \$80 for the room and the \$10 for the parking are subject to Wisconsin sales tax.

**Example — Parking Only:** Hotel C offers parking for \$20 per day to persons not staying at their hotel. The \$20 is subject to Wisconsin sales tax.

**Example — Parking Charge to Eat at Restaurant:** Hotel D charges \$3 to park in the hotel's parking lot while eating at a restaurant. The \$3 is subject to Wisconsin sales tax.

## I. Laundry and Dry Cleaning Services and Machines

- Laundry and dry cleaning services provided by hotels are subject to Wisconsin sales tax.
- Receipts from self-service laundry machines activated by tokens or magnetic cards are subject to Wisconsin sales tax.
- Receipts from coin-operated, self-service laundry machines are not subject to Wisconsin sales tax.

## J. Photocopying Services and Machines

- Charges for photocopies made by hotels for customers are subject to Wisconsin sales tax.
- If the hotel “controls” or is the “operator” of self-service photocopy machines, its receipts from such machines are subject to Wisconsin

sales tax. It does not matter whether the machines are coin-operated or activated by tokens or magnetic cards. See Part II.E., titled *Vending Machines, Video Games, and Amusement Devices*, for additional information.

## K. Admissions to Amusement, Athletic, Entertainment, and Recreational Facilities

Charges for providing access to amusement, athletic, entertainment, and recreational facilities, places or events, (for example, bars, night clubs, swimming pools, golf courses, driving ranges, and horseback riding) are subject to Wisconsin sales tax, except when one of the following apply:

1. The person uses the facility for a nonrecreational type of event (religious meeting, political meeting, trade show, educational seminar, swimming lessons). The hotel should document why this sale is not taxable on the copy of the invoice that it retains for its records.
2. The organization paying for the use of the facility is exempt from tax (for example, a church that holds a CES number). See Part II.B. for information about documentation needed.
3. The facility will be used for a recreational, amusement, entertainment, or athletic event, but the person renting the facility sells admission to the event to the public. In order to claim the exemption, the buyer must provide the hotel with a Wisconsin sales or use tax exemption certificate (Form S-211) or Streamlined Sales and Use Tax Exemption Certificate – Wisconsin version (Form S-211-SST) claiming resale.

A tax release published on pages 15 to 17 of *Wisconsin Tax Bulletin #78* (July 1992), titled “Admissions to Athletic or Recreational Events or Places,” provides additional information on what charges relating to the use of athletic and health club facilities are subject to Wisconsin sales tax. Contact the department for a copy (see Part VI.) or view it online at [www.revenue.wi.gov/ise/wtb/078tr.pdf](http://www.revenue.wi.gov/ise/wtb/078tr.pdf).

## L. Used Equipment and Furnishings

Sales of used tangible personal property such as furniture, televisions, and computers and other used items,

property, and goods described in Part II.A. 2. to 4., are subject to Wisconsin sales tax. These sales are subject to Wisconsin sales tax, even though the hotel paid Wisconsin sales or use tax at the time the items, property, or goods were originally purchased.

**Example — Sale of Used Televisions:** Hotel B sells used television sets for \$50 each. Hotel B had paid sales tax on the television sets when they were originally purchased five years ago. The \$50 charge is subject to Wisconsin sales tax, even though the hotel paid Wisconsin sales tax on the television sets when they were originally purchased.

**Exception:** An exemption may apply if the sale of the item, property, or good is made after the hotel has ceased business. For additional information about this exemption, see [Publication 201](#), *Wisconsin Sales and Use Tax Information*, Part XV.

Effective October 1, 2009, a hotel that is registered to collect or required to be registered to collect Wisconsin sales and use taxes is required to collect and remit the applicable state, county, stadium, and premier resort area taxes on its sales of motor vehicles, boats, snowmobiles, recreational vehicles as defined in sec. 340.01(48r), Wis. Stats., trailers, semitrailers, all-terrain vehicles, and aircraft, even though the hotel is not a “dealer” or “registered dealer” of the item sold.

### **M. Tanning Beds and Spas**

Charges for the use of tanning beds and spas are not subject to Wisconsin sales tax.

## **III. HOTEL’S PURCHASES**

### **A. Taxable Purchases**

Hotels are the consumers of the tangible personal property; items, property or goods described in Part II.A. 2. to 4.; and taxable services they use to provide lodging services to their customers. Therefore, hotels must pay Wisconsin sales or use tax on their purchases of such property, items, goods, and taxable services, unless an exemption applies.

**Note:** If Wisconsin sales or use tax is not charged by the supplier of the property, item, good, or taxa-

ble service, Wisconsin use tax must be reported and paid by the hotel to the Wisconsin Department of Revenue on its *Wisconsin Sales and Use Tax Return* (Form ST-12).

### **1. Tangible Personal Property and Digital Goods**

The following are examples of tangible personal property and digital goods purchased by hotels which are subject to Wisconsin sales or use tax:

#### **a. Furniture, Appliances, etc.:**

- artwork
- beds
- bellman carts
- blinds
- carpeting
- chairs and couches
- desks and dressers
- drapes
- DVD players
- freezers
- ice machines
- intercoms
- lamps
- microwave ovens
- mirrors
- night stands
- pillows
- radios
- recreational equipment
- refrigerators
- satellite dishes (does not include concrete foundation)
- signs (does not include concrete foundation)
- tables
- telephones
- televisions
- vending machines
- video cassette players/recorders (VCRs)
- video games, pool tables, dart boards, jukeboxes

#### **b. Office Equipment and Supplies:**

- advertising brochures and literature used in Wisconsin
- check machines
- computer equipment

computer supplies  
copy machines and supplies  
desks  
digital audiovisual works  
digital audio works  
digital books  
electricity  
envelopes  
FAX machines and supplies  
file folders  
guest receipts  
name badges  
natural gas and propane  
paper  
pens and pencils  
prewritten computer software  
reservation slips  
stationery  
time clock and time cards  
training videos

**c. Room Supplies:**

bath mats  
Bibles  
candy  
champagne  
clothing hangers  
coffee makers  
cups  
door tags  
flowers  
garbage cans  
glasses  
ice buckets  
keys  
matchbooks  
paper and plastic bags  
shampoo  
soap  
tissues  
toiletries

**d. Linen Supplies:**

bath mats  
bedding  
laundry bags  
towels  
uniforms  
washcloths

**e. Cleaning and Maintenance Equipment and Supplies:**

carpet sweepers  
cleaning supplies  
laundry machines and dryers  
lawn equipment and supplies  
maid carts  
pool chemicals and supplies  
repair parts for any taxable tangible personal property  
snow removal equipment (for example, snow blowers, plows, shovels)  
storage racks  
portable vacuum cleaners

**f. Restaurant and Bar Equipment and Supplies:**

bar stools  
chairs  
cookware  
cooking utensils  
counters  
cloth napkins  
dishwashers  
garbage disposal units  
glassware  
refrigerators  
serving carts  
serving utensils (see *Note* in Part III.B.2 relating to certain disposable items.)  
stools  
storage containers  
stoves and ovens  
tables  
tablecloths  
tableware (see *Note* in Part III.B.2 relating to certain disposable items.)

**Caution:** If any of the tangible personal property listed in Part III.A.1. or items or goods are also installed by the supplier of the property, item, or good and the installation results in a real property improvement (rather than a sale and installation of tangible personal property), the hotel is not liable for Wisconsin sales or use tax on the hotel's purchase and installation of the property, item, or good. The supplier who installs these items is required to pay Wisconsin sales or use tax on its purchase price of the tan-

gible personal property, item, or good used in making the real property improvement.

**Example 1:** Hotel X purchases carpeting from Carpet Supplier Y. Carpet Supplier Y also installs the carpet for Hotel X. Hotel X's purchase of the carpeting and installation from Carpet Supplier Y is not subject to Wisconsin sales or use tax since this is a real property improvement. Carpet Supplier Y is required to pay Wisconsin sales or use tax on its cost of the carpeting and other materials used in making the real property improvement.

**Example 2:** Hotel L purchases a mirror to be installed (that is, affixed to the wall) in one of its sleeping rooms from Mirror Supplier M. Mirror Supplier M also installs the mirror in the sleeping room. Hotel L's purchase of the mirror and installation is subject to Wisconsin sales or use tax since the mirror, when installed in a sleeping room, represents a purchase of tangible personal property used to carry on a trade or business. Mirror Supplier M may purchase the mirror from its supplier without paying Wisconsin sales or use tax.

If you have questions as to whether a particular item, when installed, constitutes a taxable or nontaxable purchase, see [Publication 207, Sales and Use Tax Information for Contractors](#), or call or visit any Department of Revenue office (see Part VI.).

## 2. Services

The following are examples of services purchased by hotels which are subject to Wisconsin sales or use tax:

- cable and satellite TV
- cleaning and maintaining pools
- cleaning carpeting and rugs
- cleaning tangible personal property (for example, drapes, couches, chairs)
- inspecting, repairing, and maintaining tangible personal property (for example, televisions, refrigerators, boilers, furnaces, water softeners, water heaters)

- landscaping and gardening
- laundry and dry cleaning
- telephone, FAX transmissions, and Internet access

## B. Nontaxable Purchases

The following purchases of tangible personal property and services by hotels are **not** subject to Wisconsin sales or use tax:

### 1. Tangible Personal Property to Be Resold

Purchases of tangible personal property (for example, books, magazines, candy, postcards, clothing, toiletries, and souvenirs), which will be resold to customers, are **not** subject to Wisconsin sales or use tax. **Note:** If the tangible personal property is transferred incidentally as part of the sale of the lodging service (for example, shampoo provided in each room), the hotel may not purchase those items without tax.

### 2. Certain Restaurant and Bar Disposable Items

Purchases of paper and plastic **disposable** items which are transferred to customers when **selling** (rather than giving away at no charge) prepared foods, food products, and beverages are **not** subject to Wisconsin sales or use tax. Examples of such items include paper napkins, paper and plastic cups, straws, disposable placemats, plastic utensils, and styrofoam or paper take-home containers. (See Part III.B.4. for the taxability of prepared foods, food products, beverages, and disposable items purchased by hotels and given to employees.)

**Note:** Purchases of paper and plastic disposable items which are transferred to customers when **giving away** (rather than selling) prepared foods, food products, and beverages, are subject to Wisconsin sales or use tax.

**Example — Disposable Items Given Away With Complimentary Breakfast:** Hotel A provides a free breakfast with the purchase of lodging. In addition to the food items, Hotel A also purchases napkins, plastic utensils, and paper and plastic cups which will be used by the persons who receive the free breakfast. Hotel A’s purchases of the napkins, plastic utensils, and paper and plastic cups are subject to Wisconsin sales or use tax because no exemption applies.

Since Hotel A is giving away the breakfasts at no charge (rather than selling them), Hotel A is the consumer of the food, beverages, napkins, plastic utensils, and paper and plastic cups. Therefore, Hotel A is required to pay Wisconsin sales or use tax on the purchase of these items, unless an exemption applies, such as for purchases of food or food ingredients, except candy, soft drinks, dietary supplements, and prepared foods, as discussed below.

### 3. Food, Food Products, and Beverages Given Away

Purchases of food, food ingredients, and beverages, which qualify for the exemption for food and food ingredients contained in sec. 77.54(20n), Wis. Stats., are not subject to Wisconsin sales or use tax. (See Part III.B.4. for the taxability of food and food ingredients, beverages, and disposable items purchased by hotels and given to employees.)

**Example — Complimentary Breakfast:** Hotel A offers a complimentary breakfast to its customers. Hotel A purchases the bakery items, fruit, coffee (5 lb. can), and 100% pure juice from Supplier B. Supplier B does not charge Wisconsin sales or use tax on the items. The purchases of the bakery items, fruit, coffee, and juice by Hotel A are not subject to Wisconsin sales or use tax, because the items are food and food ingredients that qualify for the exemption provided in sec. 77.54(20n), Wis. Stats.

**Note:** If the items being given to customers at no charge are not exempt food or food ingredi-

ents (for example, candy, mints, soda), the hotel should pay Wisconsin sales tax on the item when it is purchased. If the hotel did not pay the proper amount of Wisconsin sales tax when the item was purchased, the hotel is liable for the Wisconsin use tax due on the purchase price of the item being given away.

### 4. Food, Food Products, and Beverages Given Away to Employees

The taxability of food, food products, beverages, and disposable items purchased by hotels and given to employees for free is the same as discussed in Part III.B.2. and 3.

**Exception:** If a hotel operates a restaurant in the hotel and the restaurant furnishes candy, soft drinks, dietary supplements, and prepared foods to the restaurant’s employees for no consideration during the employee’s work hours, the restaurant’s purchases of such candy, soft drinks, dietary supplements, and prepared foods, and disposable products that are transferred with such items, are not subject to Wisconsin sales or use tax. **Note:** The restaurant’s *sales* of such items are subject to tax, even if sold to employees during the employee’s work hours.

**Example:** Hotel Restaurant A purchases soft drinks without sales tax to sell to customers. A portion of the soft drinks are not sold. Instead, they are furnished by Hotel Restaurant A, for no consideration, to its employees during the employees’ work hours. Hotel Restaurant A is exempt from Wisconsin sales and use tax on the portion of the soft drinks furnished for no consideration to its employees during the employees’ work hours.

**Note:** Purchases of the items listed above are taxable if the items are not given to the employees during the employees’ work hours.

### 5. Tangible Personal Property Which Will Be Rented to Others

Purchases of tangible personal property which will be used **only** for rental to others are **not** subject to Wisconsin sales and use tax because

they are for resale. Examples of such items include audio-visual equipment, bicycles, canoes, rafts, skis, fishing poles, recorders, and tapes.

**Note:** If an item is not used **only** for rental to others (for example, the hotel provides the item at no additional charge or uses the item itself), the purchase of the item is subject to Wisconsin sales or use tax. The hotel's rental receipts from this item are also subject to Wisconsin sales tax.

**Example — Item Being Rented and Also Used By Hotel:** Hotel D purchases a DVD player which will be used by its employees for training purposes and also for rental to others. Since the DVD player is not being used only for rental to others, Hotel D's purchase of the DVD player is subject to Wisconsin sales or use tax. In addition, Hotel D's receipts from renting the DVD player to others are also subject to Wisconsin sales tax.

#### **IV. OBTAINING A SELLER'S PERMIT**

A lodging provider may apply for a seller's permit using one of the following methods:

Complete [Form BTR-101](#), *Application for Business Tax Registration*, and mail it to the Department of Revenue. Form BTR-101 may be obtained from any Department of Revenue office or online at <http://www.revenue.wi.gov/forms/sales/index.html>.

Use the Department of Revenue's on-line registration system and submit the application electronically. Go to <https://tap.revenue.wi.gov/#1>. Click on the link labeled "Register for Wisconsin tax permit (withholding, seller's permit).

#### **V. ELECTRONIC FILING AND PAYMENT OPTIONS AVAILABLE FOR SALES AND USE TAX RETURN FILING**

##### **1. My Tax Account**

[My Tax Account](#) is a free, secure online application that allows you to file and pay your sales and use taxes electronically. It performs

the necessary computations of tax based on information that you enter and allows you to make your tax payment via electronic funds transfer, credit card or paper check. [My Tax Account](#) also allows you to:

- View business tax filing and payment history and identify any tax periods that need attention.
- Change your address, obtain an extension to file a return or inactivate your account.
- File a buyer's claim for refund of sales tax paid to a seller in error.
- Appeal adjustment notices.

To use [My Tax Account](#), you must obtain a logon ID and password from the Department of Revenue. Go to the [My Tax Account FAQs](#) on the Department of Revenue's web site for more information, including how to obtain your logon ID and password.

##### **2. Sales TeleFile**

You can file your Wisconsin sales and use tax return with any touch-tone telephone. This program accepts four payment types: Direct withdrawal (only available during the call in which you file your return), credit card, check, or money order. To use TeleFile, obtain a Sales TeleFile [Worksheet & Payment Voucher](#). When you have completed the worksheet, call (608) 261-5340 to actually file your return.

##### **3. eFile Transmission**

This program is a service for taxpayers using approved private vendors' software or who have the technical expertise to create a file in XML format. eFile transmission places return data into a file format that can be directly processed into the Department of Revenue system. Using secure transmission over the Internet you can submit a payment at the same time that you file your return using ACH debit or ACH credit. You will receive an e-mail acknowledgement to confirm receipt of a successful file transmission. Information about file transmission can be found on the Department of Revenue's web site at [www.revenue.wi.gov/eserv/eftgen.html](http://www.revenue.wi.gov/eserv/eftgen.html).

#### 4. Questions?

More information on all of the above services can be found under the “[Businesses](#)” or “[Online Services](#)” sections of the Department of Revenue web site. If you have questions about electronic filing or payments, contact the department by writing to Wisconsin Department of Revenue, Electronic Funds Transfer Assistance, Mail Stop 3-80, P.O. Box 8902, Madison, WI 53708-8902; calling (608) 266-2776; or e-mailing at [DOR-SalesBusinessTaxandWithholding@wisconsin.gov](mailto:DOR-SalesBusinessTaxandWithholding@wisconsin.gov).

#### VI. ANY QUESTIONS?

If you have questions about sales and use taxes, call or visit any Department of Revenue office or contact the department by any of the following:

**Visit our web site . . .** [www.revenue.wi.gov](http://www.revenue.wi.gov)

**E-Mail. . .** [DORSalesBusinessTaxandWithholding@wisconsin.gov](mailto:DORSalesBusinessTaxandWithholding@wisconsin.gov)

**Write . . .** Wisconsin Department of Revenue  
P.O. Box 8949, Mail Stop 5-77  
Madison, WI 53708-8949

**Telephone. . .** (608) 266-2776

**Fax . . .** (608) 267-1030

You may also contact any of the Department of Revenue offices. For a listing of offices and their current hours, please see the department’s web site at [www.revenue.wi.gov/faqs/ise/address.html](http://www.revenue.wi.gov/faqs/ise/address.html).

#### VII. ANY SUGGESTIONS?

The Department of Revenue wants this publication to be as complete and informative as possible. If you have any suggestions to improve this publication, please either call or write to:

Attn: Administration Technical Services  
Wisconsin Department of Revenue  
Mail Stop 6-40  
P.O. Box 8933  
Madison, WI 53708-8933  
[isetechsvc@revenue.wi.gov](mailto:isetechsvc@revenue.wi.gov)