

## Wisconsin - Sales tax holiday and child sales tax rebate enacted

### Overview

On April 17, 2018, Governor Walker signed Senate Bill 798 (2017 Wisconsin Act 367 (Act 367)).<sup>1</sup> Act 367 establishes a new sales tax holiday from August 1 through August 5, 2018 and provides a one-time sales and use tax rebate for individuals for sales or use taxes paid in 2017 on Wisconsin purchases associated with raising a child or children.

### Sales tax holiday

Act 367 establishes a sales tax holiday that will take place on Wednesday, August 1 through Sunday, August 5, 2018.<sup>2</sup> During this five-day period, retail sales of the following items will not be subject to tax:

1. Clothing, if the sales price of any single item is no more than \$75;
2. Computers purchased by the consumer for the consumer's personal use, so long as the sales price is no more than \$750;
3. School computer supplies purchased by the consumer for personal use, if the sales price of any single item is no more than \$250; and
4. School supplies, if the sales price of all items are individually less than \$75.<sup>3</sup>

The sales price refers to the amount paid by consumers after any discounts and/or coupons are applied,<sup>4</sup> and includes any delivery charges, such as shipping, handling, and services fees.<sup>5</sup>

Notably, the sales tax holiday specifically excludes certain back-to-school products from exemption, including:

- Clothing accessories or equipment, including briefcases, cosmetics, hairpieces, handbags, handkerchiefs, jewelry, umbrellas, and watches;
- Phones;
- Protective equipment, including breathing masks, earplugs, face shields, helmets, protective gloves, safety goggles, and tool belts;
- Sewing equipment and materials; and
- Sport or recreational equipment, including athletic shoes, gloves, hand and elbow guards, and ice skates.<sup>6</sup>

### Sales tax rebate on Wisconsin purchases associated with raising children

Act 367 also creates a sales tax rebate for certain individuals with children.<sup>7</sup> The rebate applies to sales or use taxes paid in 2017 on Wisconsin purchases associated with raising children.<sup>8</sup> Individuals who qualify for the program may

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<sup>1</sup> 2017-18 Wisconsin Statutes, 2017 General Session (Act 367). A copy of the adopted law is accessible [here](#).

<sup>2</sup> Act 367, creating Wis. Stat. § 77.54(67)(b).

<sup>3</sup> Act 367, creating Wis. Stat. § 77.54(67)(b)1-4.

<sup>4</sup> Act 367, creating Wis. Stat. § 77.54(67)(c)3.

<sup>5</sup> Act 367, creating Wis. Stat. § 77.54(67)(c)7. For a purchase to qualify, it must be either received by the customer during the sales tax holiday, or accepted by the retailer for immediate delivery upon full payment. The latter scenario exempts qualifying purchases when delivery is scheduled for after the exemption period.

<sup>6</sup> Act 367, creating Wis. Stat. § 77.54(67)(a)1-12.

<sup>7</sup> Act 367, creating Wis. Stat. § 77.68(2).

<sup>8</sup> *Id.*

## External Multistate Tax Alert

claim, as an approximation of the Wisconsin sales or use tax paid in 2017, a \$100 rebate for each qualified child of the claimant.<sup>9</sup> Eligible individuals are those with a qualifying child, defined as a child who:

- was under 18 years of age on December 31, 2017;
- is the claimant's dependent for tax purposes;
- is a United States citizen; and
- resided in Wisconsin on December 31, 2017.<sup>10</sup>

Individuals are not required to be Wisconsin residents to claim the rebate.<sup>11</sup> Non-Wisconsin residents will, however, have to verify their Wisconsin sales or use tax paid in 2017, and the verified tax must be at least \$100.<sup>12</sup>

A qualifying child may only be claimed by one individual for this rebate.<sup>13</sup> Claims must be submitted online at the Department of Revenue's website by June 30, 2018.<sup>14</sup>

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<sup>9</sup> *Id.*

<sup>10</sup> Act 367, creating Wis. Stat. § 77.68(1)(f)1-4.

<sup>11</sup> Act 367, creating Wis. Stat. § 77.68(3)(a).

<sup>12</sup> *Id.*

<sup>13</sup> Act 367, creating Wis. Stat. § 77.68(2).

<sup>14</sup> Act 367, creating Wis. Stat. § 77.68(3). Upon receipt, the Department of Revenue will either submit payment to the claimant by September 1, 2018, or audit the claimant's eligibility by requesting additional information.