

### Important Change

- Menominee County tax begins April 1, 2020
- Baseball stadium district tax ends March 31, 2020
- Outagamie County tax begins January 1, 2020

# Golf Courses

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

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## **IMPORTANT CHANGES**

**Several Counties Adopt the County Tax.** The 0.5% county tax became effective in Sheboygan County on January 1, 2017, Kewaunee County on April 1, 2017, and Brown County on January 1, 2018. The 0.5% county tax was also adopted by Calumet County, effective April 1, 2018.

**City of Rhinelander Adopts Premier Resort Area Tax.** The 0.5% premier resort area tax became effective for the City of Rhinelander on January 1, 2017.

**Fees for Cross-Country Skiing, Room Rentals, and Barter Transactions.** Information has been added in Part 2.A. for the tax treatment of fees for cross-country skiing, room rentals, and barter transactions.

**Discount Certificates and Product Vouchers.** Additional information about discount certificates and product vouchers has been added to Part 3.C.(4).

## **1. INTRODUCTION**

This publication provides information about Wisconsin sales and use taxes as they affect golf courses. It includes information for persons owning or operating golf courses.

Certain sales and purchases by golf courses which are subject to the 5% state 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% local exposition tax on food and beverages, and (d) 0.5% premier resort area tax (in the City of Bayfield, the City of Eagle River, the Village of Stockholm, and the City of Rhinelander) or 1.25% premier resort area tax (in the City of Wisconsin Dells and the Village of Lake Delton). Additional information about these taxes is contained in the following:

- County tax: [Publication 201](#), *Wisconsin Sales and Use Tax Information*, Part 18.
- Baseball stadium tax: [Publication 201](#), *Wisconsin Sales and Use Tax Information*, Part 18.
- Local exposition tax on food and beverages: [Publication 410](#), *Local Exposition Taxes*. (Sales of food and beverages which are subject to the 5% Wisconsin state sales tax may also be subject to the 0.5% food and beverage local exposition tax if the sales take place in a municipality located wholly or partially in Milwaukee County.)
- Premier resort area tax: [Publication 403](#), *Premier Resort Area Tax*. Applies in the Village of Lake Delton, the City of Wisconsin Dells, the City of Bayfield, the City of Eagle River, the Village of Stockholm, and the City of Rhinelander.

Publications 201, 410, and 403 are available on the department's website at: [revenue.wi.gov](http://revenue.wi.gov).

### **CAUTION**

- The information in this publication reflects interpretations by the Wisconsin Department of Revenue of laws enacted by the Wisconsin Legislature as of January 1, 2018. 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 provided in this publication are not all-inclusive. They merely set forth common examples.

## 2. SALES BY GOLF COURSES

### A. Taxable Sales

Taxable sales include the following (this list is not all-inclusive):

#### (1) Fees for Golfing and Cross-Country Skiing

A golf course's receipts from the following are taxable, if the payment entitles persons to use the golf course:

- Annual passes
- Maintenance fees, such as for maintaining buildings and grounds
- Dues
- Membership fees, including all fees required for use of the golf course, such as required minimum food and beverage purchases and mandatory locker fees
- Greens fees
- Reservation fees
- Identification cards which enable persons to obtain discounts on fees for golfing
- Special assessments, such as for remodeling or capital improvements
- Initiation fees
- Stock sales
- League fees
- "Trail" fees or "wheelage" fees (fees for persons to use their own carts on the course)
- Cross-country skiing fees

#### Notes:

- Receipts from payments which entitle persons to use other recreational facilities, such as tennis courts or swimming pools, are also taxable.
- A golf course is liable for sales tax on pre-paid admissions at the time the admissions are sold, regardless of whether admissions are for unlimited play or for a specific number of rounds and regardless of whether the rounds are actually played.
- If initiation and stock purchase fees may be paid in installments, the golf course's sales price from such fees must be reported for the period in which each installment payment is due or paid, whichever occurs first.

**Example 1:** Golf Course is open to the public. Golf Course charges a \$25 greens fee to persons playing 18 holes of golf. Golf Course's greens fees are taxable.

**Example 2:** Country Club operates a private golf course. Country Club charges \$5,000 for annual membership to the country club, which entitles the members to play golf. Country Club's \$5,000 membership dues are taxable.

**Example 3:** Same as *Example 2*, except Country Club also charges its members a \$1,000 special assessment for remodeling the club's property. Payment of the special assessment is required for a member to use the golf course. Country Club's \$1,000 special assessments are taxable.

**Example 4:** Same as *Example 3*, except Country Club also requires each of its members to purchase one share of stock for \$2,000. Purchase of the stock is required for a member to use the golf course. Country Club's \$2,000 stock sales are taxable.

**Example 5:** In February 2017, Golf Course sells a package of ten rounds of golf for \$500. The right to use these ten rounds expires on December 31, 2017. Golf Course is liable for \$25 (\$500 x 5%) of state sales tax for the period of February 2017.

**Example 6:** New members at Country Club have the option to pay for their initiation and stock purchase fees over three years. Country Club's receipts from these fees must be reported on the sales and use tax return covering the period in which each installment payment is due or paid, whichever occurs first.

**Example 7:** Golf Course is used as a cross country trail during the winter months. Trail fees and seasonal memberships to use the trails are taxable.

## (2) Rentals

A golf course's receipts from rentals of tangible personal property are taxable. Examples of taxable rentals of tangible personal property include:

- Golf cart rental (both motorized carts and pull carts)
- Golf club rental
- Ski rentals

Additionally, a golf course's receipts from the rental of a room are taxable if the room is used for amusement, athletic, entertainment, or recreational purposes. Examples include:

- Banquet room is rented for a birthday party or wedding reception
- Room is rented for a poker tournament

## (3) Practice Range

Charges for using a practice range are taxable. Taxable receipts include charges for buckets of balls and passes to the practice range. See Part 3.B. for information relating to the purchases of these items by the golf course.

## (4) Mandatory Caddy Fees

A golf course's charges for caddies are taxable if it is mandatory that customers pay the caddy fees.

If it is optional for customers to pay the caddy fees, the golf course's caddy fees are not taxable.

Caddy gratuities are not taxable if (a) the amount of the gratuity is entirely at the discretion of the customer (i.e., it is not automatically charged by the golf course), and (b) the customer does not make the payment pursuant to an arrangement made with the golf course.

**(5) Indoor Golf Fees**

Charges for using indoor (virtual) golf machines are taxable.

**(6) Tournament Entry Fees and Prize Money**

Entry fees charged to golfers to play in tournaments are taxable, unless the primary motive of the majority of the persons playing in the tournament is business and not recreation. For example, entry fees charged to professional golfers to play in a major tournament are not taxable.

Golf courses may subtract from their receipts subject to tax the amount advertised and set aside for prizes.

**Example 1:** Golf Course charges a \$30 greens fee to all players entering a tournament. The primary motive of the majority of the players is recreation. In addition, Golf Course charges each player a \$25 fee for prizes. Golf Course advertises that the entire \$25 fee is used for prizes and sets its receipts from this fee aside for distribution in cash to the winners. The \$30 greens fee is taxable. The \$25 prize fee is not taxable.

**Example 2:** Same as *Example 1*, except the prizes are paid out in merchandise credits from Golf Course's pro shop, rather than being paid out in cash. The \$30 greens fee is taxable. The \$25 prize fee is nontaxable. **Note:** When the merchandise credits are redeemed by the winners for merchandise, Golf Course must pay sales tax on the amount of the merchandise credits redeemed.

**Example 3:** Same as *Example 1*, except Golf Course advertises that 80% of the \$25 prize fee is paid out in cash prizes. Golf Course sets aside 80% of the prize fees and distributes it in cash to the winners. The \$30 greens fee is taxable. Eighty percent of the \$25 prize fee (\$20) is not taxable. Golf Course must pay sales tax on 20% of the \$25 prize fee (\$5).

**Example 4:** Golf Course charges \$100 to each golfer participating in an event that includes an 18-hole round of golf, lunch, and prizes. No part of the \$100 fee is advertised as a fee for prizes. Golf Course purchases clothing and golf equipment for the prizes. Golf Course must pay sales tax on the entire \$100 fee. **Note:** Golf Course must pay sales or use tax on its purchases of the prizes and food and beverage items for the lunch, unless the item purchased is an exempt food, food ingredient, or beverage. See Part 3.A. of [Publication 220, Grocers](#), to determine which food and beverage items qualify for exemption.

**Example 5:** Each player in a golf league at Golf Course has the option to pay \$5 into a prize fund. The players in the league are notified that all of the money in the prize fund is used for prizes. Golf Course sets the \$5 charges aside and uses the money to fund clothing and equipment prizes. The \$5 fee is not taxable. **Note:** Golf Course must pay sales or use tax on its purchases of the prizes given to the winners.

**Note:** See Part 3.B.(1)(j) for information about purchases of items that are transferred to customers incidentally with the admission to the golf course.

**(7) Golf Equipment and Clothing**

Sales of golf equipment and clothing are taxable. Examples of taxable sales include sales of:

- Bags
- Ball mark repair tools
- Ball markers
- Balls
- Carts
- Clothing, including hats, jackets, pants, shirts, and shorts
- Clubs and covers
- Gloves
- Practice equipment
- Shoes
- Tees
- Umbrellas

**(8) Repairs to Golf Equipment**

Repairs to golf equipment, including the installation of new grips on clubs, shortening clubs, etc., are taxable.

**(9) Electricity**

Sales of electricity by a golf course to customers who are storing golf carts are taxable. See Part 2.B.(7) for additional information.

**(10) Digital Goods**

Sales of specified digital goods, additional digital goods, and digital codes are taxable. Examples of taxable digital goods include digital photographs, digital videos, music downloads, and ringtones. For additional information about digital goods, see [Publication 240](#), *Digital Goods*.

**(11) Food and Beverages****(a) General**

Sales of prepared foods, candy, soft drinks, alcoholic beverages, and dietary supplements are taxable. See Part 2 of [Publication 220](#), *Grocers*, for additional information relating to these items.

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*.

**(b) Minimum charges for food and beverages**

Golf courses sometimes have minimum food and beverage purchase requirements for members. If a member's purchases are less than the minimum, the member is required to pay the amount of the deficiency to the golf course.



The golf course's receipts from such deficiency payments are taxable, if the payment is required for the customer to use the golf course or other recreational facilities.

(c) Sales to employees

Sales of food and beverages to employees are taxable in the same manner as if sold to non-employees, even if sold during the employee's work hours. See Part 3.C.(2)(d) if the golf course also operates a restaurant and the food and beverages are furnished to the employees "for no consideration," rather than being "sold" to the employee.

A golf course is considered to have "sold" food and beverages to an employee in any of the following four situations:

- Employee pays cash for the food and beverages.
- A charge for the food and beverages is deducted from the employee's wages.
- An employee receives food and beverages in lieu of cash to bring the employee's compensation up to the legal minimum wage.
- An employee has the option to receive cash for food and beverages not consumed.

If the golf course offers discounted meals to its employees and is not reimbursed for the discount by another party, the amount that is taxable is the discounted amount (i.e., the amount that the employee pays).

**Example:** Golf Course offers a daily lunch special for \$10. Employees may purchase the special for half price (i.e., \$5). Golf Course is not reimbursed by any other party for the amount of the discount. The amount that is subject to tax from Golf Course's sale of the daily lunch special to an employee is \$5.

(d) Vending machine sales

- Taxable vending machines sales

Sales of food, food ingredients, and beverages from vending machines are subject to Wisconsin sales or use tax if the item being sold meets the definition of "candy," "dietary supplement," "soft drink," or "prepared food," as described previously in Part 2.A.(11). (**Note:** In addition to the taxable food, food ingredients, and beverages sold in vending machines, other tangible personal property such as cigars, cigarettes, hygiene products, vitamins, and toiletries are also subject to tax.)

- 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, Grocers](#), 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

- Peanuts that are plain or just salted
- Potato chips and corn chips
- Pretzels
- Raisins that are not sweetened
- Water that is not sweetened
- Yogurt

**Example:** Golf Course sells fruit, milk in sealed cartons, and potato chips through vending machines located in the clubhouse. Such sales are exempt from Wisconsin sales tax.

- Who is responsible for tax?

If the golf course “controls” or is the “operator” of the vending machine, the golf course is responsible for reporting the Wisconsin sales tax on taxable sales from the vending machines. A golf course is considered to have “control” over the vending machine or be the “operator” of the vending machine if: (1) the golf course has the right to access the machine for stocking, restocking, or removing the money, or (2) the golf course owns the items being sold through the vending machine.

If a golf course receives commissions based on the vending machine sales from a third party who “controls” or is the “operator” of the vending machine, the commissions received by the golf course are not subject to Wisconsin sales tax. The third party is responsible for reporting the Wisconsin sales tax on the sales price (“total sales” on the sales and use tax return, Form ST-12) from the vending machine **before** deducting the commission paid to the golf course.

**Example 1: Golf Course Controls Vending Machine:** Golf Course owns a vending machine which dispenses single cans of soda. Golf Course has the right to access the machine, stock the machine, and remove the money from the machine. Golf Course’s total sales from the vending machine are subject to Wisconsin sales tax.

**Example 2: Golf Course Receives Commission:** Golf Course receives a commission from Vending Company equal to 50% of the total sales from a vending machine, in return for allowing Vending Company’s vending machine to be placed at the golf course. Golf Course is not responsible for stocking, restocking, or removing the money from the vending machine. The total sales from the vending machine are \$1,000. Golf Course receives a commission of \$500.

The \$500 commission received by Golf Course is not subject to Wisconsin sales or use tax. However, Vending Company’s **total sales** from the vending machine of \$1,000 are subject to Wisconsin sales tax and must be reported on Vending Company’s sales and use tax return.

- Computing taxable receipts from vending machines

The method of computing taxable receipts from a vending machine depends on whether or not a sign is “conspicuously posted” indicating that the prices of the items in the machine include sales tax.

A sign is “conspicuously posted” if it is posted on or near the vending machine and is easily seen by customers using the machine.

**Sign Conspicuously Posted** - The operator must report the total sales from the vending machine, including sales tax, on line 1 of his or her sales and use tax return. If the operator conspicuously posts a sign informing customers that the prices include sales tax, the operator may claim a deduction on its sales and use tax return for the sales tax included in line 1.

**Sign Not Conspicuously Posted** - The operator must report the total sales from the vending machine on line 1 of his or her sales and use tax return. If the operator does not conspicuously post a sign indicating that the prices include sales tax, the operator **may not** claim a deduction on its sales and use tax return for any sales tax on these sales.

**Example:** Golf Course, located in a county with no county or stadium sales or use tax, operates two vending machines. Golf Course conspicuously posts a sign indicating that the prices of the items in the vending machines include sales tax. The total sales from the machines are \$1,000. Golf Course reports \$1,000 on line 1 of its sales and use tax return.

A deduction of \$47.62 is claimed on line 5 of the return for sales tax included in the prices of the items sold through the vending machines. The \$47.62 is computed as follows:

- \$1,000 (total sales) divided by 1.05 (1 plus tax rate) = \$952.38 (taxable sales),
- \$1,000 - \$952.38 = \$47.62 (tax included in total sales of \$1,000).

**Note:** If Golf Course does not have a sign conspicuously posted indicating the prices included sales tax, it must report \$1,000 on line 1 but it **may not** claim a deduction for sales tax on these sales on line 5.

## (12) Equipment Previously Used or Rented By a Golf Course

A golf course's sales of equipment which it used in operating or maintaining the golf course are taxable. Examples of taxable sales include:

- Carts
- Clubs
- Cooking equipment
- Motor vehicles
- Mowers
- Tables and chairs

**Exception:** An exemption may apply if the sale of the equipment is made after the golf course has ceased business. For additional information about this exemption, see [Publication 201](#), *Wisconsin Sales and Use Tax Information*, Part 15.

A golf course 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 golf course is not a "dealer" or "registered dealer" of the item sold.

**Example 1:** Golf Course sells mowers which it previously used to mow its greens. Golf Course did not cease its business. Golf Course's sales of the mowers are taxable.

**Example 2:** Golf Course has 20 motorized carts which it rents to customers. Golf Course sells the 20 motorized carts. Golf Course did not cease its business. Golf Course's sales of the golf carts are taxable.

**(13) Other****(a) Sales tax included in price**

If a golf course includes sales tax in the price of golf admission fees, food and beverages, or other taxable sales, the method of computing its taxable receipts from such sales depends on whether or not it notifies the buyer that the price includes sales tax. Such notification may be on a sign conspicuously posted or on a receipt given to the buyer.

*Buyer Notified that Price Includes Sales Tax* – The golf course reports its total sales, including sales tax, on line 1 of its sales and use tax return (Form ST-12). A deduction is claimed on line 5 for sales tax included in line 1.

*Buyer Not Notified that Price Includes Sales Tax* – The golf course reports its total sales on line 1 of its sales and use tax return (Form ST-12). A deduction **may not** be claimed for any sales tax on these sales.

**(b) Golf course buys back member's stock**

In some cases, a golf course will buy a member's stock when the member leaves, or return a portion of a special assessment to a member. If the golf course returns the applicable sales tax on the original sale to the member, the amount paid or refunded to the member reduces the golf course's taxable sales for the period in which such payment or refund is made.

**(c) Social memberships**

A golf course's receipts from social membership fees that entitle a person to eat or drink at a restaurant or bar or to have access to amusement, athletic, entertainment, or recreational facilities, such as tennis courts or a private boat dock, are taxable.

**(d) Barters and Exchanges**

A business may trade its products for services, real property, or intangibles. Sales and use tax may apply to such trades.

A golf course who sells taxable products and receives a service, real property, or intangibles in exchange is subject to Wisconsin sales tax on its sale of the taxable products or services. The amount subject to tax (sales price) is measured by the consideration received, in money or otherwise, for the taxable products. If the products or services that the golf course sells are not subject to sales and use taxes (e.g., nontaxable services, improvements to real property), the golf course may deduct the sales price of the transaction from its total sales on its sales and use tax return.

**Example:** Golf Course exchanges a four-person round of golf with carts having a retail price of \$100 for radio advertising which has an established price of \$100. Golf Course and Radio Station each have to report the sales price of \$100 as a result of the transaction. **Note:** The total sales reported on the sales and use tax return includes both taxable and nontaxable sales.

Radio Station may, however, deduct the \$100 from its total sales reported on its sales and use tax return, since the advertising service it is selling is not subject to Wisconsin sales and use tax. Golf Course's sale of the round of golf is taxable; therefore, no deduction may be taken on Golf Course's sales and use tax return.

**Note:** For information on trading tangible personal property for other tangible personal property, see the tax release [Wisconsin Tax Bulletin #124](#) (April 2001), titled "Trade-ins," beginning on page 30.

## B. Nontaxable Sales

Nontaxable sales include the following (this list is not all-inclusive):

### (1) Advertising Space on Golf Course Signs

### (2) Fees for Tracking Handicaps

### (3) Golf Lessons

### (4) Locker Rentals

### (5) Optional Caddy Fees

See Part 2.A.(4) for additional information.

### (6) Sales to Exempt Organizations

See Part 3.E. for information about the types of organizations that qualify for exemption.

### (7) Storage of Golf Carts

Charges by a golf course for the storage of golf carts are not taxable. However, charges for persons to use their own carts on the golf course are taxable. Also, charges for electricity are taxable.

**Example:** Golf Course charges Person an annual "trail fee" of \$200, which entitles Person to use his own electric golf cart on the golf course. Golf Course also charges Person an annual fee of \$100 for storage of the golf cart, plus \$50 for electricity to recharge the golf cart.

Golf Course's \$200 trail fee and \$50 electricity fee are taxable. Golf Course's \$100 storage charge is not taxable. Golf Course may claim a resale exemption on the electricity it purchases and resells to Person.

**Note:** If a golf course charges for the storage of golf carts and provides electricity at no additional charge, no part of the golf course's storage charge is taxable. In this situation, the golf course must pay sales or use tax on its purchase of such electricity.

### (8) Storage of Golf Clubs

## C. Coupons, Discounts, Gift Certificates, and Product Vouchers

Golf courses may run promotions where they give away coupons, offer discounts, sell gift certificates and product vouchers, or enter into agreements with promotional companies to offer discounts or product vouchers. The tax treatment of these transactions is provided, below.

### (1) Coupons

If a golf course offers a discount coupon to its customers and does not receive a reimbursement for the discounted amount from a third party, the amount that is taxable is the discounted amount. A golf course may charge the customer sales tax on the discounted amount.

**Example 1:** Golf Course pays the local newspaper to include a coupon in the newspaper redeemable for two rounds of golf for \$50. The regular price for two rounds of golf is \$80. Golf Course will charge Customer \$50 at the time that the coupon is redeemed. Golf Course will not be reimbursed by another party for the \$30 difference between its regular price and its discounted price. Golf Course's taxable receipts are \$50, which is the total amount it receives for its sale of the two rounds of golf. Golf Course may collect tax on \$50 from Customer.

If a golf course receives a reimbursement for the discount from a third party for coupons that are redeemed, the golf course's taxable receipts include the total amount received from the customer and the third party. A golf course may charge the customer sales tax on the total amount the golf course received, including the amount received from the third party.

**Example 2:** Company is holding a golf outing for its employees. Golf Course's regular price for a round of golf is \$50. An agreement is made between Company and Golf Course that Golf Course will charge each employee \$20 for a round of golf at the outing. In addition to the \$20 per golfer, Company will reimburse Golf Course the discounted amount of \$30 per round. Golf Course's taxable receipts are \$50 per round, which is the total amount that it receives for each round of golf. Golf Course may collect tax on \$50 from Customer.

## (2) Gift Certificates and Product Vouchers

The sale of a gift certificate or gift card (i.e., certificate or card that indicates a certain amount that the bearer can use as cash) is not subject to Wisconsin sales or use tax. When the gift certificate is redeemed, the applicable sales tax will be computed by the seller at the time of redemption.

**Example 1:** Golf Course sells a \$40 gift card that can be used as cash to Customer, who gives the gift card as a gift. Golf Course's sale to Customer of the gift card is not taxable, since it is the sale of an intangible right to use the \$40 value at a later date. When Gift Card Recipient redeems \$30 of the gift card as cash for a round of golf, Golf Course's sale of the round of golf for \$30 is subject to tax. Golf Course may collect the tax on \$30 from Gift Card Recipient.

If the certificate is redeemable for a specific item, rather than being a certificate that can be used as cash, the sale of the certificate (i.e., product voucher) is considered the sale of the specific item and is subject to Wisconsin sales or use tax. The certificate/product voucher merely represents a receipt showing payment for that item.

**Example 2:** Golf Course sells a product voucher for \$50 that may be redeemed for one round of golf. Golf Course's \$50 sale to Customer of the product voucher is taxable. No additional tax is due when the product voucher is redeemed.

The sale of a booklet of product vouchers is also subject to tax.

**Example 3:** Golf Course sells Customer a booklet with 10 vouchers for \$320 good for 10 rounds of golf (a 20% discount off of the regular price of \$400 for 10 rounds of golf). Each voucher can be redeemed for one round of golf. Golf Course's sale to Customer of the booklet of product vouchers for \$320 is taxable. No additional tax is due when each product voucher is redeemed.

## (3) Discount Cards

The sale of a discount card is not taxable when the discount card allows the purchaser to receive a future discount on rounds of golf and the purchaser is not required to purchase a discount card in order to golf at the course (i.e., a person who does not purchase a discount card may pay full price and golf at the course).

**Example:** Golf Course sells a discount card for \$100 that allows Customer to receive 50% off of all rounds of golf that Customer purchases for one year. Other customers may purchase rounds of golf at the full price of \$60 without a discount card, but only customers who have purchased a discount card will receive the 50% discount (\$30 for a round of golf). Golf Course's sale of the discount card to Customer is not taxable, since it is the sale of an intangible right to obtain a future discount. When Customer presents his or her discount card and receives a round of golf for the discounted sales price of \$30, the \$30 sales price is the amount that is taxable.

#### (4) Discount Certificates and Product Vouchers

A golf course may enter into an agreement with a promotional company to have that promotional company sell, at a discount from face value, certificates that may be redeemed for either the face value of the certificate (e.g., \$20, \$25, \$50) or vouchers that may be redeemed for the specific product identified (e.g., admission to play 18 holes of golf).

These types of certificates and vouchers are commonly advertised on various websites, are emailed to persons who have agreed to receive such emails, and are often referred to as "deal of the day" certificates or vouchers. A person purchases these certificates or vouchers by contacting and paying the promotional company for the certificate or voucher. The purchaser then presents the certificate or voucher to the golf course in exchange for products or services from the golf course.

The promotional company's sales of the discounted certificates and product vouchers are not subject to Wisconsin sales or use taxes, as these are sales of intangible rights. Wisconsin sales tax applies when the customer redeems the certificate or voucher for taxable products or services at the golf course.

The golf course that accepts the certificate or voucher in exchange for taxable products or services is liable for sales tax on the amount the customer paid for the certificate or voucher, plus any additional amounts it receives from the customer. This assumes the golf course can identify the amount the customer paid for the certificate or voucher (e.g., the amount paid is clearly noted on the face of the certificate or voucher).

**Example 1: Discounted Certificate** – Golf Course is located in Middleton, Wisconsin. Promotional Company entered into a contract with Golf Course to advertise and sell discounted certificates. Each certificate has a face value of \$80, clearly indicates the amount the customer paid for the certificate, and may be used by the certificate holder to purchase a 9-hole round of golf for four from Golf Course.

Under the terms of the agreement between Golf Course and Promotional Company, Promotional Company is obligated to remit \$30 to Golf Course for each certificate it sells.

Customer purchases one of these certificates from Promotional Company for \$50. Promotional Company pays Golf Course \$30 and keeps \$20 for the advertising and promotional services it provides under its agreement with Golf Course.

Customer goes to Golf Course's location in Middleton and purchases a 9-hole round of golf for four for \$150. Customer pays for the golf by presenting the \$80 certificate and uses a credit card to pay the remaining \$70.

Golf Course's taxable receipts from this sale are \$120 (\$50, the amount for which Customer purchased the certificate, plus \$70, the additional amount Customer paid Golf Course). Golf Course is liable for Wisconsin state and Dane County sales tax of \$6.60 ( $\$120 \times 5.5\%$ ). The \$30 difference between the face value of the certificate (\$80) and the \$50 Customer paid for the certificate is a discount allowed by Golf Course and is not included in the measure subject to Wisconsin sales or use tax.

Sales price of 9-hole round of golf for four	\$ 150.00
Less: Discount on sale of certificate	<u>- 30.00</u>
Taxable receipts	\$ 120.00
5.5% sales tax (state, Dane County)	<u>+ 6.60</u>
Subtotal	\$ 126.60
Less: Face value of certificate	<u>- 80.00</u>
Amount due from Customer	<u>\$ 46.60</u>

**Note:** If the amount Customer paid for the certificate (i.e., \$50) is not clearly indicated on the certificate, the discount on the sale of the certificate (i.e., \$30) does not reduce the taxable receipts. In this example, Golf Course's taxable receipts would be the sales price of the round of golf (i.e., \$150).

**Example 2: Product Voucher** – Golf Course enters into an agreement with Promotional Company to sell vouchers that may be redeemed by the voucher holder for two sleeves of personalized golf balls from Golf Courses pro-shop in Rock County, Wisconsin. Customer purchases the voucher from Promotional Company for \$10, and this \$10 purchase price is clearly noted on the voucher. Under the terms of the agreement with Golf Course, for each voucher sold, Promotional Company remits \$7 to Golf Course and keeps the remaining \$3 as compensation for the advertising and promotional services provided to Golf Course.

When the voucher is redeemed by Customer, Golf Course has taxable receipts of \$10 since Golf Course's receipts from the golf ball sets are subject to Wisconsin sales tax. Since Customer receives the sleeves of golf balls in Rock County, Golf Course is liable for Wisconsin state and Rock County sales tax of \$0.55 (\$10 x 5.5%) on the golf ball sets.

### 3. PURCHASES BY GOLF COURSES

**Note:** Purchases by certain organizations, including Wisconsin counties, cities, villages, and townships, are exempt from sales and use tax. See Part 3.E. for additional information.

#### A. Golf Course Development and Maintenance

**(1) Examples of Taxable Purchases Include** (this list is not all-inclusive):

- (a) Services of designing a golf course, including the preparation of plans for the type and location of greens and trees, and for seeding, planting, and grading the final planting material in preparation of planting seed, sod, or other plant material.

Services of designing plans for rough grading, drainage, water supply, irrigation, and for the type and location of sand traps are not taxable.

**Note:** If a person charges a single fee to a golf course for taxable and nontaxable design services, a reasonable allocation of the fee should be made. Sales or use tax applies to that portion of the fee which relates to taxable design services.

- (b) Fertilizers, sprays, and weed killers.
- (c) Fuel used in golf course equipment (e.g., lawn mowers, tractors) if no Wisconsin motor fuel tax was paid on the fuel or if the Wisconsin motor fuel tax was refunded.
- (d) Grass maintenance services such as fertilizing, mowing, planting, and spraying grass.



(e) Gravel, sand, stone, and building materials.

A golf course's purchases of materials, without installation, which it uses to construct or maintain its golf course, are taxable. Examples of such taxable purchases include:

- Gravel, sand, stone, and concrete used in parking lots, cart paths, sand traps, and driveways.
- Building materials used in constructing clubhouses, fences, bridges, and shelters.

**Example:** Golf Course purchases gravel from Company. Company dumps the gravel in a pile at the golf course. Golf Course's employees spread the gravel on cart paths on the golf course. Golf Course's purchase of gravel from Company is taxable.

**Note:** If the golf course hires a contractor to perform real property construction activities (e.g., constructing buildings, parking lots, or fences), the golf course's purchase of such real property improvement is not taxable. For more information about real property construction activities, see [Publication 207, Sales and Use Tax Information for Contractors](#).

(f) Greens mix installation.

**Example:** Contractor purchases greens mix consisting of 80% sand and 20% peat. This mixture is used to create proper drainage of the green. Contractor installs and fine grades the greens mix on Golf Course. Golf Course then plants grass on top of the greens mix. Contractor's charge to Golf Course for the greens mix installation and grading is taxable.

(g) Seed and sod.

(h) Service of installing edging, laying plastic, and installing rocks, stones, boulders, bark, and wood chips around plants, trees, and shrubs to retard the growth of weeds or other plant material.

(i) Service of laying, installing, or cutting sod, including sod revetments around a sand trap.

(j) Service of planting, trimming, spraying, fertilizing, mowing, removing, pruning, bracing, and surgery of trees, stumps, plants, shrubs, hedges, and flowers.

(k) Service of removing and clearing sod, brush, trees, or other vegetation, even if related to a real property improvement such as constructing a building, driveway, or parking lot.

(l) Topsoil, including charges for delivery or fine grading for planting.

(m) Trees and shrubs.

(n) Turf grass advisory services.

**Example:** Company provides management consultant reports to Golf Course. The reports include recommendations for insecticide and fungicide application, aerification of fairways, seeding, and weed control. The reports also recommend certain actions to be taken by the golf course. The golf course determines which of the recommended actions it will take. Company provides no tangible personal property or physical services to the golf course.

Company's turf grass advisory services are taxable.

**(2) Examples of Nontaxable Purchases Include** (this list is not all-inclusive):

- (a) Installed underground sprinkler systems, including charges for digging trenches for piping.
- (b) Pond construction, including liners and fountains or lighting incorporated into the pond. However, removing and clearing sod, brush, trees, or other vegetation in preparation of construction is taxable.

**Example:** A golf course contracts with Company to construct a pond. Company removes sod and digs out a low area which will retain water. Company installs a plastic liner in the low area and covers it with a layer of sand. Company installs a fountain, pump, and an underground pipe to supply water for the fountain and pump. Company also installs boulders around the sides of the pond.

Company's charges to the golf course for the excavation and the sale and installation of a liner, sand, fountain, pump, underground pipe, and boulders are not taxable.

Company's charges for removing sod are taxable.

See Part 2.D. of [Publication 207](#), *Sales and Use Tax Information for Contractors*, for additional information explaining Company's requirement to charge Wisconsin sales tax depending on what information Company provides to the golf course.

- (c) Rough grading (e.g., digging, hauling, leveling, moving, or removing earth, sand, gravel, stones, and rocks).
- (d) Retaining walls installed with boulders, railway ties, rock, stone, riprap, or other nonplant materials.
- (e) Sand trap construction, except for removing and clearing sod, brush, trees, or other vegetation, and the installation of sod revetments around all or part of the sand trap.

**Note:** Additional information about taxable and nontaxable purchases is provided in [Publication 210](#), *Sales and Use Tax Treatment of Landscaping*, and pages 1 to 3 of [Wisconsin Tax Bulletin #124](#) (April 2001).

**B. Equipment and Supplies****(1) Taxable Purchases Include** (this list is not all-inclusive):

- (a) Clothing, golf equipment, and other items used by employees.
- (b) Club house equipment, including:
  - Beverage dispensers
  - Booths
  - Cash registers
  - Chairs
  - Coffee makers
  - Cooking equipment
  - Display cases
  - Kitchen counters
  - Public address systems
  - Restroom supplies, such as soap
  - Tables
- (c) Electricity used in golf carts while the carts are being used by customers if it is mandatory that the customers use the carts.

- (d) Fuel used in golf carts while the carts are being used by customers if (1) it is mandatory that the customers use the carts, and (2) no Wisconsin motor fuel tax was paid on the fuel or the Wisconsin motor fuel tax was refunded.
- (e) Items furnished free to customers, including:
- Ball mark repair tools
  - Ball markers
  - Pencils
  - Score cards
- (f) Items given away free (i.e., no other purchase is required to obtain the free item) to employees and others, including:
- Clothing
  - Golf balls
  - Golf clubs and other equipment
  - Golf tees
- (g) Maintenance equipment, including:
- Aerators
  - Mowers
  - Rakes
  - Rollers
  - Spreaders
  - Tractors
- (h) Repairs, parts, and supplies for maintenance equipment, including oil.
- (i) Practice range equipment, including:
- Baskets
  - Range ball dispensing machines
  - Range balls
  - Range mats and tees
  - Tokens
  - Yardage signs
- (j) Items transferred to customers incidentally with the admission to the golf course.

**Example:** Golf Course charges \$100 to each golfer participating in an event that includes an 18-hole round of golf, lunch, and prizes. Of the \$100 fee, \$25 is advertised and set aside for prizes. Golf Course purchases clothing and golf equipment which it gives to event participants as prizes. Since the clothing, golf equipment, and food and beverage items for the lunch are furnished to the event participants incidentally with the admission to the golf course, Golf Course must pay sales or use tax on its purchases of the prizes and food and beverage items for the lunch, unless the item purchased is an exempt food, food ingredient, or beverage. See [Publication 220, Grocers](#), Part 2.A. to determine which food and beverage items qualify for exemption.

**Note:** Of the \$100 fee received by Golf Course, \$75 is subject to sales tax. The portion of the event fee advertised and set aside for prizes, \$25, is not subject to sales tax. See Part 2.A.(6) for additional information about tournament entrance fees and prize money.

(k) Other equipment used on the golf course, including:

- Ball washers
- Benches
- Club and spike cleaners
- Divot repair mix containers
- Flags
- Hand rakes
- Portable toilets
- Tee box markers and signs
- Vending machines
- Wastebaskets
- Water coolers and stands for water coolers
- Yardage signs and markers

(l) Repairs, parts, and supplies for golf carts

A golf course's purchases of repairs to golf carts, and its purchases of parts and supplies, such as oil, for golf carts are taxable, unless the golf course may purchase the golf carts without tax for resale. See Part 3.B.(3)(m) below, for an explanation of when a golf course may purchase golf carts without tax for resale.

(m) Carts used by golf course employees or used by others without a charge by the golf course, including:

- Carts used for course maintenance
- Carts used for selling food and beverages or monitoring activity on the course
- Carts used by the golf course owners or operators, employees, or other persons without a charge
- Carts used by customers, if it is mandatory either part or all of the time that customers use carts to use the golf course

**Note:** If a cart is both (1) used by a golf course or used by others without a charge by the golf course, and (2) rented to customers, the golf course must pay sales or use tax on both (1) its purchase of the cart, and (2) its receipts from the rental of the cart.

If it is mandatory that customers use carts, regardless of whether such requirement applies part or all of the time, the golf course's purchases of the carts are taxable.

If (1) it is **always** optional for a customer to use a cart, and (2) the golf course makes a separate charge for the cart or charges an increased fee for golfing with a cart, the golf course may purchase the carts exempt from tax, claiming resale. The following examples illustrate this.

#### Examples – Purchases of Carts

Examples 1 through 3 illustrate exempt purchases of golf carts for resale. Examples 4 through 9 illustrate taxable purchases of golf carts.

**Note:** In all of the examples below, the golf course must pay sales tax on its receipts from charges for golfing, cart rentals, and "trail fees."

Index to Examples	
Example	Description
1	Carts Always Optional
2	Carts Always Optional, Golfer May Use Own Cart
3	Carts Always Optional, "Specials" Include Cart – Higher Charge than Golf Fees Alone
4	Carts Always Optional, "Specials" Include Cart – Same Rate as Golf Fees Alone
5	Carts Always Mandatory
6	Carts Always Mandatory, But Golfers May Use Their Own Carts. "Trail Fee" Lower than Cart Fee
7	Carts Always Mandatory, But Golfers May Use Their Own Carts. "Trail Fee" Same As Cart Fee
8	Carts Mandatory Sometimes, Optional at Other Times
9	Carts Always Mandatory, Charge for Cart Exceeds Charge for Golf

#### Example 1: Carts Always Optional

- At all times, Golf Course charges each golfer \$25 per round of golf, plus \$15 for the use of 1/2 of a cart furnished by Golf Course.
- It is always optional for golfers to use a cart furnished by Golf Course.
- Golf Course buys 30 golf carts that will be used solely by golfers who pay the \$15 charge described above.

Golf Course may purchase the 30 carts exempt from tax, claiming resale.

#### Example 2: Carts Always Optional, Golfer May Use Own Cart

Same as *Example 1*, except that golfers may use their own carts rather than using Golf Course's carts. If a golfer uses his or her own cart, Golf Course charges the golfer a \$7.50 "trail fee" in addition to the \$25 charge for admission to the course.

Golf Course may purchase the 30 carts exempt from tax, claiming resale.

#### Example 3: Carts Always Optional, "Specials" Include Cart – Higher Charge than Golf Fees Alone

- On weekends, Golf Course charges each golfer \$25 per round of golf, plus \$15 for the use of 1/2 of a cart furnished by Golf Course.
- On weekdays, Golf Course offers a special rate of \$30, including the use of 1/2 of a cart, to play a round of golf. On weekdays, customers are charged \$25 for a round of golf, if they decide to play without a cart.
- It is always optional for golfers to use a cart furnished by Golf Course.
- Golf Course buys 30 golf carts that will be used solely by golfers who pay the \$15 charge described above or pay the special rate of \$30 on weekdays.

Golf Course may purchase the 30 carts exempt from tax, claiming resale.

**Example 4: Carts Always Optional, “Specials” Include Cart – Same Rate as Golf Fees Alone**

- On weekends, Golf Course charges each golfer \$25 per round of golf. If a golfer wants to use a cart furnished by Golf Course, which is optional, Golf Course charges the golfer an additional \$15 for the use of 1/2 of a cart.
- On weekdays, Golf Course offers a special rate of \$25 to play a round of golf. The \$25 rate includes the use of 1/2 of a cart, if the golfer wants to use it. On weekdays, customers are charged \$25 for a round of golf if they decide to play without a cart.
- At all times, it is optional for golfers to use a cart furnished by Golf Course.
- Golf Course buys 30 golf carts that will be used solely by golfers who pay the \$15 charge described above or play for the special rate of \$25 on weekdays.

Golf Course must pay sales or use tax on its purchase of the 30 carts. This is because the carts furnished to golfers on weekdays are considered to be furnished incidentally with the admission to the golf course.

**Example 5: Carts Always Mandatory**

- At all times, Golf Course charges each golfer \$25 per round of golf, plus \$15 for the use of 1/2 of a cart furnished by Golf Course.
- It is mandatory at all times for golfers to use a cart furnished by Golf Course.
- Golf Course buys 30 golf carts that will be used solely by golfers who pay the \$15 charge described above.

Golf Course must pay sales or use tax on its purchase of the 30 carts. This is because the carts are considered to be furnished incidentally with the admission to the golf course.

**Example 6: Carts Always Mandatory, But Golfers May Use Their Own Carts. “Trail Fee” Lower than Cart Fee**

- At all times, Golf Course charges each golfer \$25 per round of golf, plus \$15 for the use of 1/2 of a cart furnished by Golf Course.
- It is mandatory at all times for golfers to use either a cart furnished by Golf Course or the golfer’s own cart. If a golfer uses his or her own cart, Golf Course charges the golfer a \$7.50 “trail fee” in addition to the \$25 charge for admission to the course.
- Golf Course buys 30 golf carts that will be used solely by golfers who pay the \$15 charge described above.

Golf Course must pay sales or use tax on its purchase of the 30 carts. This is because the carts are considered to be furnished incidentally with the admission to the golf course.

**Example 7: Carts Always Mandatory, But Golfers May Use Their Own Carts. “Trail Fee” Same as Cart Fee**

Same as *Example 6*, except that if a golfer uses his or her own cart, Golf Course charges the golfer a \$15 “trail fee” in addition to the \$25 charge for admission to the course.

Golf Course must pay sales or use tax on its purchase of the 30 carts. This is because the carts are considered to be furnished incidentally with the admission to the golf course.

**Example 8: Carts Mandatory Sometimes, Optional at Other Times**

- At all times, Golf Course charges each golfer \$25 per round of golf, plus \$15 for the use of 1/2 of a cart furnished by Golf Course.
- On weekends and holidays, it is mandatory that golfers use a cart furnished by Golf Course.
- Other than on weekends and holidays, it is optional for golfers to use a cart furnished by Golf Course.
- Golf Course buys 30 golf carts that will be used solely by golfers who pay the \$15 charge described above.

Golf Course must pay sales or use tax on its purchase of the 30 carts. This is because the carts furnished to golfers on weekends and holidays are considered to be furnished incidentally with the admission to the golf course.

**Example 9: Carts Always Mandatory, Charge for Carts Exceeds Charge for Golf**

- At all times, Golf Course charges each golfer \$15 per round of golf, plus \$20 for the use of 1/2 of a cart furnished by Golf Course.
- It is mandatory at all times for golfers to use a cart furnished by Golf Course.
- Golf Course buys 30 golf carts that will be used solely by golfers who pay the \$20 charge described above.

Golf Course must pay sales or use tax on its purchase of the 30 carts. This is because the carts are considered to be furnished incidentally with the admission to the golf course.

**(2) Nontaxable Purchases**

Items purchased for resale and not used other than in retention, demonstration, or display while holding the items for sale or rental to customers are not taxable. Examples include:

- Golf carts (riding and pull carts) used exclusively for sale or rental to customers.

**Note:** If it is mandatory either part or all of the time that customers use carts to golf, the golf course's purchases of the carts are taxable. See Part 3.B.(1)(m) for additional information. *Examples 1 through 3* illustrate exempt purchases of golf carts.

- Repairs, parts, and supplies for golf carts, if the golf carts are used exclusively for sale or rental to customers.
- Fuel and electricity used in golf carts while the carts are rented to customers, if it is optional for the customers to use the carts.
- Golf clubs, clothing, shoes, and other equipment not used by the golf course other than to sell or rent to customers.

## C. Food, Beverages, and Related Items

### (1) Examples of Taxable Purchases Include:

- (a) A golf course's purchases of certain items, including beer, soft drinks, candy, sandwiches which are prepared food, and heated food and beverages, are taxable if the item is (1) given free of charge to employees or others, except as provided in Part 3.C.(2)(d) or (2) furnished incidentally to customers who pay greens fees or other admission fees to use the golf course.

**Note:** Additional items may be taxable if given free to employees or others. For a list of taxable and exempt items, see [Publication 220, Grocers](#).

- (b) Paper and plastic disposable items which are transferred to employees or others when giving away food and beverages free of charge, except for packaging materials for meat products and except as provided in Part 3.C.(2)(d). For example, a golf course must pay sales or use tax on its purchases of disposable water cups which it provides to customers for free drinking water on the course.

### (2) Examples of Nontaxable Purchases Include:

- (a) Food and beverages which will be resold by the golf course.
- (b) Disposable items furnished to customers with sales of food and beverages, including:
- Bags
  - Cups
  - Food wrappers
  - Lids
  - Napkins
  - Plastic utensils
  - Straws
- (c) Food and beverages given away free to employees or others, if the item qualifies for the exemption for food and food ingredients. See [Publication 220, Grocers](#).

Examples of exempt food and beverage items are:

- Coffee grounds
- Doughnuts
- Ground beef
- Hamburger buns
- Milk in cartons
- 100% pure orange juice
- Potato chips

**Note:** If the item being given away free is not an exempt food (e.g., candy, beer, soft drinks), the golf course should pay sales tax on the item when it is purchased, except as provided in Part 3.C.(2)(d). If the golf course does not pay the proper amount of sales tax when the item is purchased, the golf course is responsible for sales or use tax on the purchase price of the item being given away.

See Part 3.C.(1) for examples of taxable purchases of food, beverages, and related items.

**Example:** Golf Course gives away a free lunch to its employees and others. The lunch is not provided during the employees' work hours.

Golf Course buys ground beef, hamburger buns, soft drinks, and potato chips from Supplier. Supplier does not charge sales or use tax on the items.

Golf Course's purchases of ground beef, hamburger buns, and potato chips are not subject to sales or use tax because the items qualify for the exemption for purchases of food and food ingredients and beverages for human consumption. Golf Course's purchase of soft drinks, however, does not qualify



for exemption, because soft drinks are not an exempt food or beverage and because the purchases do not meet the exception described in Part 3.C.(2)(d). Since Golf Course did not pay tax on its purchase of soft drinks from Supplier, Golf Course owes use tax on its purchase price of the soft drinks.

- (d) If the golf course operates a restaurant 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:** Golf Course Restaurant purchases soft drinks without sales tax to sell to customers. A portion of the soft drinks are not sold. Instead, they are furnished by Golf Course Restaurant, for no consideration, to its employees during the employees' work hours. Golf Course Restaurant 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 1:** Purchases of the items listed above and given away are taxable if the items are not given to the employees during the employees' work hours.

**Note 2:** In view of the many factors involved in determining whether a golf course's purchases of food and beverages are taxable, you may wish to contact the Department of Revenue if you have questions.

## D. Repairs to Equipment

### (1) Taxable Purchases

If a golf course's purchase of an item of equipment is taxable, then the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of such item is also taxable.

Examples of taxable repairs purchased by golf courses:

- Repairs to tractors and mowers
- Repairs to carts used for golf course maintenance
- Repairs to cooking and beverage equipment

### (2) Nontaxable Purchases

If an item of equipment may be purchased by a golf course without sales or use tax, then the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of such item is generally also nontaxable.

Examples of nontaxable repairs purchased by golf courses:

- Repairs to carts which are used exclusively for rental to customers
- Repairs to golf clubs which are used exclusively for rental to customers

## E. Purchases by Exempt Organizations

Purchases by certain organizations are exempt from sales and use tax. Such exempt organizations include:

- The United States government or any of its agencies or instrumentalities
- Wisconsin governmental units, agencies, and instrumentalities, including Wisconsin counties, cities, villages, and towns. **Note:** Sales to governmental units of states other than Wisconsin are taxable.
- Nonprofit organizations operated exclusively for religious, charitable, scientific, or educational purposes or for the prevention of cruelty to children or animals. Such organizations have been issued a Certificate of Exempt Status (CES) number by the Wisconsin Department of Revenue.
- Federally recognized American Indian tribes or bands in Wisconsin.

**Note:** Although **purchases** by certain organizations are exempt from sales and use tax, **sales** by such organizations may still be taxable.

For more information about purchases by exempt organizations, see [Publication 201, Wisconsin Sales and Use Tax Information](#), Parts 9 and 11.

## 4. RECORDKEEPING

### A. General

You must keep adequate records to enable you and the Department of Revenue to determine your correct tax liability.

### B. Records to Keep - Exempt Sales

- (1) You may receive exemption certificates from buyers claiming various exemptions (e.g., resale, nonprofit organization holding a Certificate of Exempt Status (CES) number). If you claim a deduction on your return for such exempt sales, you must keep as a part of your records either the completed exemption certificates to prove that the sales are exempt or a record of the name and address of the person to whom the exempt sale was made, the date of sale, the article sold, the amount of exemption, and the reason the sale was exempt from tax. If this is a written record, it must be signed by the purchaser.
- (2) Exempt sales to federal and Wisconsin governments, including Wisconsin cities, villages, towns, and public schools, and federally recognized American Indian tribes or bands in Wisconsin must be supported by one of the following:
  - The organization's Certificate of Exempt Status (CES) number which is recorded on your copy of the invoice, or
  - A purchase order or similar written document identifying the governmental unit, tribe, or band as the purchaser, 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](#)).
- (3) Exempt sales to organizations holding a Certificate of Exempt Status (CES) number, other than the governmental units, tribes, and bands listed in Part 4.B.(2) (e.g., churches), must be supported by either one of the following:
  - The CES number of such an organization, recorded on your copy of the invoice, 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](#)).

## 5. ANY QUESTIONS?

If you are unable to find an answer to your question about sales and use taxes, email, write, or call the department.

**Visit our website . . .** [revenue.wi.gov](http://revenue.wi.gov)

**Email . . .** [DORSalesandUse@wisconsin.gov](mailto:DORSalesandUse@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. Please see the department's website for a [listing of offices](#) and their current hours.