



This Week in State Tax (TWIST)

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Wisconsin: Fleet management services determined to be taxable “inspection services”

The Wisconsin Tax Appeals Commission recently issued a corrected ruling in [Verizon Connect NWF, Inc., v. Wisconsin Department of Revenue](#), a case involving the taxability of a fleet management service offered by the taxpayer. The taxpayer’s service is provided by installing devices in customer vehicles to collect diagnostic and location data, which is then transmitted, analyzed, and presented to customers via the taxpayer’s online platform. Customers use the service to monitor vehicle performance, receive alerts, and schedule maintenance.

On audit, the Wisconsin Department of Revenue determined that the taxpayer’s process of gathering, analyzing, and reporting vehicle data constitutes a taxable inspection service under the retail sales tax which is imposed on the “inspection, and maintenance of all items of tangible personal property” unless the inspected item is exempt from sales tax. Here, the taxpayer’s device captures diagnostic codes and other information generated by a vehicle’s onboard computer systems; it also captures vehicle location and other data via GPS. When customers access their data on the online platform, they can view a dashboard displaying performance and location data for a selected vehicle, and they can schedule appropriate vehicle maintenance. Based on these facts, the Commission agreed with the Department and upheld the assessment, reasoning that the taxpayer’s service provides customers with information regarding the mechanical status of their vehicles, like a traditional vehicle inspection.

The Department further asserted that the transmission of information from vehicles to the taxpayer’s servers is a taxable telecommunication service, and that subsequent communications to customers via e-mail and SMS text are taxable communication messaging services. As the entire fleet management service is provided for one price and was determined to be a taxable inspection service, the Commission determined it was unnecessary to decide how these components should be taxed. For further questions regarding this decision, or other Badger State indirect tax matters, please contact [John Vann](#).

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