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I am looking for insight on taxable vs. non-taxable items for WI MR/MP reports. Specifically, I'd like to know what the members' practices would be for handling a paper baler. We run our stitcher into it, but also it is baling trimmings from the web press when we are slitting at the trim unit prior to folding and some sheeting along with when we are rotary-trimming finished product or product that needs specific sizing for further finishing happening right at the web. So is it part of manufacturing or not? What about parts, such as the blower/vacuum motors and pumps associated with it and all the piping? What is taxable?

*(Editor's note: The question asker is talking with their accounting firm, but wanted to get a sense of the industry practice.)*

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I would strongly suggest getting the opinion of your accountant/tax firm

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My gut would say that it is manufacturing since you really wouldn't use either machine without it, but you should get the answer from your accounting firm to be safe or contact the state sales tax office.

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Not for personal internal end use, therefore it is used in production of your salable goods . all parts are non taxable if you furnish exemption certificate.

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I believe it is all manufacturing (former CPA but check current laws with your accountant). Anything that is segregated only for the manufacturing process is manufacturing. It is not material handling equipment.

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For us it would be manufacturing. For many years, our shop towels were being taxed. We successfully argued they were an integral part of the manufacturing process (part of the product). They have not been taxed for the last 10 years. Paper removal is an integral part of the product and should not be taxed.

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The Wisconsin definition of manufacturing comes down to the production of a new tangible items by means of production or labor. There is also a requirement that a new article be produced, something that is different in form, use, and in name than the component parts.

There is also a direct use requirement that states that the equipment must be directly used in the manufacture of tangible personal property. It also expressly states that machines used for disposing of scrap or waste are taxable.

When talking about a baler, it would be a stretch to say that a new article was produced and it does not appear to meet the direct use requirements. Without any other information we would consider the purchase of the baler taxable and we would also consider the purchase of related repair parts taxable.

Hope this helps.

Thanks,

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