

Wisconsin vacation rental tax guide

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Airbnb and Vrbo have changed the way vacationers travel. More and more guests are choosing to rent private homes rather than book hotels. With a bounty of popular destinations including Madison, Green Bay, and Lake Michigan, the Badger State offers prospective short-term rental hosts the opportunity to bring in extra income and meet new people.

But new income opportunities bring new tax implications. Like hotel and B&B stays, short-term rentals in Wisconsin are subject to tax. Tax authorities require short-term vacation rental hosts to collect applicable short-term rental taxes from their guests and remit them to the proper authorities.

Failure to comply with tax laws can result in fines and interest penalties. These may not catch up with vacation rental operators in the short term, but the sharing economy is under increased scrutiny so it's important to address compliance before tax authorities address it for you.

Avalara MyLodgeTax has put together this guide to help you comply with Wisconsin short-term rental tax laws. For more information on the tax rates and jurisdictions that apply to your rental's specific location, use our [lodging tax lookup tool](#).

No short-term vacation rental tax guide is a substitute for professional tax advice. Consider this an asset to help you understand and prioritize your vacation rental questions and concerns. Questions pertaining to specific situations or out-of-the-ordinary conditions are best solved with a certified tax professional familiar with Wisconsin tax laws.

Short-term rental tax basics

When you start operating a short-term rental, while you might not have experience with lodging taxes, you're probably familiar with income tax. It's important to understand the difference between the two.

Income tax is reported and paid annually to the federal government and many governments on "taxable" income, which is income after allowed expense deductions. You pay this tax directly to the government.

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the tax and paying it to the proper tax authority.

What's the definition of "short-term rental" in Wisconsin?

For tax purposes, a short-term rental in Wisconsin is defined as a residential dwelling offered for rent for a fee for less than one month or 30 consecutive days.

Who's required to collect and file taxes on short-term rentals in Wisconsin?

If you receive payment from short-term guests renting out an apartment, house, or other dwelling, and your taxable sales amount to more than \$2,000 in a calendar year, you're likely responsible for collecting, filing, and remitting short-term rental tax to Wisconsin tax authorities.

If an online short-term rental marketplace such as Airbnb or Vrbo collects all short-term rental taxes on your behalf, you don't need to collect and remit those taxes. However, you're responsible for any taxes not collected for you.

Location is key to compliance

The location of your rental is a crucial piece of information for short-term rental tax compliance. Your address determines which tax jurisdictions you're required to report to, which taxes you need to collect, and your tax rates.

Use our [lodging tax lookup tool](#) to get a tax report specific to your Wisconsin address. The report includes the estimated total tax rate to collect from guests, number of required registrations, number and frequency of returns per year, and minimum number of rented days to qualify as a taxable stay.

It should be noted that tax rates and the rules governing them change frequently. Please consider your tax rate report to be informative rather than authoritative.

Registering with state tax authorities

Before you can begin collecting taxes on your short-term rental in Wisconsin, you're legally required to register with the Wisconsin Department of Revenue. Once you've registered, you'll receive a sales tax seller's permit and instructions on filing your taxes.

If all your transactions go through a short-term rental marketplace, you are not required to register with the Wisconsin Department of Revenue or collect state lodging taxes.

Do I need to form an LLC?

In Wisconsin, you don't need to form an LLC to register with tax authorities.

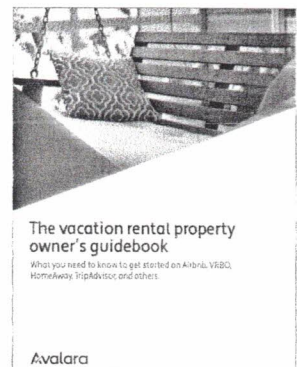
State and local short-term rental regulations

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Short-term rental operators in Wisconsin should also be aware of local regulations that apply to them, including rules covering:

- Legality
- Permits, licenses, and registration
- Zoning
- Advertising
- Neighborhood notification
- Building and housing standards

Homeowner associations (HOAs), condominium communities, co-ops, and landlords may also have specific rules regarding vacation rentals. It's your responsibility to be aware of short-term rental policies that apply to your property.

Collecting short-term rental tax

Once you're registered with tax authorities, you're ready to start collecting rental tax, which you'll add to your guest's bill when they pay for their stay.

Which taxes apply to Wisconsin short-term rentals?

In Wisconsin, short-term rentals are subject to state sales tax as well as local taxes, depending on the jurisdiction.

Tax name	File and remit to
State sales tax	Wisconsin Department of Revenue
County tax	Wisconsin Department of Revenue
Local exposition taxes	Wisconsin Department of Revenue
Premier resort area tax	Wisconsin Department of Revenue
Local room tax	Local tax authority

Tax rates

Before you can begin collecting short-term rental taxes, you need to know the correct rate to charge. Rates can and do change frequently, so it's critical to make sure you have the latest rate to avoid over- or undercharging your guests and running into compliance issues.

Our [lodging tax lookup tool](#) can give you a rate report specific to your Wisconsin address. The report includes the estimated total tax rate to collect from guests, required registrations, frequency of returns per year, and minimum number of rented days to qualify as a taxable stay.

Wisconsin imposes lodging tax on short-term rental charges, including fees such as pet fees and cleaning fees. Amounts charged to customers as security deposits aren't taxable if they're refunded to the customer. Forfeited room deposits and cancellation fees are not taxable unless the provider keeps the unit available for the guest who is charged the deposit. Damage fees are not taxable.

What happens when my short-term rental marketplace (such as Airbnb or Vrbo) collects taxes for me?

Before collecting any short-term rental taxes from your guests, you need to be aware of whether any taxes have already been collected for you. Short-term rental marketplaces are required to register with the Wisconsin Department of Revenue and collect Wisconsin short-term rental taxes for hosts when the listing is booked. If all your transactions go through a short-term rental marketplace, you are not required to register with the Wisconsin Department of Revenue or collect state lodging taxes.

If taxes aren't being collected for you, such as when guests book directly with you rather than through a marketplace, you're responsible for collecting and remitting lodging taxes to state tax authorities.

Are guests ever exempt from taxes?

There are situations in which you aren't required to collect lodging tax in Wisconsin. A guest who rents for a long term rather than a short term is exempt from short-term lodging taxes. Short-term rental operators whose sales amount to less than \$2,000 in a calendar year aren't required to collect lodging tax.

The following guests are exempt from state and local lodging taxes if they pay directly for the accommodations and provide required documentation:

- Federal and Wisconsin governmental agencies
- Federally recognized American Indian tribes or bands in Wisconsin
- Certain nonprofit organizations
- Foreign diplomats with an exemption card issued by the federal Department of State

Filing short-term rental tax returns

After you've collected taxes from your guests, it's time to file your tax returns with the Wisconsin Department of Revenue. In Wisconsin, you must file returns online. In order to file, you'll need to enter information on how much you charged for your rentals. You'll also need to pay the tax amount due. The tax commission allows credit card payments, but may charge a fee.

Take the time to double-check your returns prior to submitting. Simple mistakes such as typos, missing signatures, and incorrect tax information can lead to unwanted delays.

When do I need to file my returns?

Filing frequency	Due date
Monthly	Due the last day of the month following the end of the filing period
Quarterly	Due the last day of the month following the end of the filing period
Annually	Due the last day of the month following the end of the filing period

I didn't rent my property during this filing period. Am I still required to file a tax return for my short-term rental with the Wisconsin Department of Revenue?

Yes. Short-term rental operators registered with the Wisconsin Department of Revenue are required to file returns each assigned filing period, regardless of whether there was any short-term rental income or any short-term rental taxes were collected. Such returns are commonly known as "zero dollar returns."

Are there penalties for filing taxes late?

Whether you choose to offer short-term rentals through a marketplace like Airbnb or Vrbo or directly to guests, you open the door to tax liability at the state and local level. As tax revenue is a major source of local funding, tax authorities are becoming more aggressive in their efforts to identify individuals and businesses not in compliance with tax laws. Failure to register with tax authorities and file short-term rental tax returns in Wisconsin on time may result in late fees, interest payments, and in extreme cases, legal action.

I've been offering short-term rentals without collecting lodging tax. What options do I have?

If you're already operating a short-term rental but you're not collecting short-term rental taxes, you may be in violation of Wisconsin tax laws. Take the time to review your legal responsibility (with a tax professional, if necessary) and understand the risk of continuing to not collect tax.

Short-term rental hosts in Wisconsin may be able to take advantage of a voluntary disclosure agreement (VDA). A VDA offers an opportunity for hosts to proactively disclose prior period tax liabilities in accordance with a binding agreement with the Wisconsin State Tax Commission. VDAs are offered to encourage cooperation with state tax laws and may result in some or all penalty and interest payments being waived.

Yes. Numerous short-term rental hosts in Wisconsin file several lodging tax returns every year. For many, filing solutions such as [MyLodgeTax](#) can relieve this burden.

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