

CIGARETTE DISTRIBUTOR BAD DEBT DEDUCTION FOR UNCOLLECTIBLE WISCONSIN CIGARETTE TAX

(attach to your Wisconsin CT-100 or CT-105)

| | | | |
|------|-------------------------|--------------------------------|----------------------|
| Name | Federal Employer ID No. | Wis. Distributor Permit Number | Month/Year (MM YYYY) |
|------|-------------------------|--------------------------------|----------------------|

1. Applies to cigarette tax bad debts written off on or after September 1, 2005.
Exception: Promotional/free cigarettes on which tax was reimbursed by the manufacturer.

2. Cigarette tax must be written off as uncollectible before claiming a deduction, provided such amount is eligible to be deducted under section 166 of the Internal Revenue Code for federal income tax purposes.

| Period | Rate per cigarette |
|--------------------------------------|--------------------|
| October 1, 2001 to December 31, 2007 | 3.85¢ |
| January 1, 2008 to August 31, 2009 | 8.85¢ |
| September 1, 2009 and thereafter | 12.6¢ |

| Line No. | Column A Sales Invoice | | Column B Sold To | | Column C Type of Customer | Column D Date Wrote Off as Uncollectible | Column E WISCONSIN STAMPED Single Cigarettes | Column F Tax Rate* (as of date in Column A) | Column G Uncollectible Cigarette Tax (Column E x Column F) |
|----------|---|--------|---------------------|------------|--|---|---|--|---|
| | Date | Number | Name and Address | FEIN / SSN | | | | | |
| 1 | | | | | <input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer | | | | |
| 2 | | | | | <input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer | | | | |
| 3 | | | | | <input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer | | | | |
| 4 | | | | | <input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer | | | | |
| 5 | | | | | <input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer | | | | |
| 6 | | | | | <input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer | | | | |
| 7 | | | | | <input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer | | | | |
| 8 | | | | | <input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer | | | | |
| 9 | | | | | <input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer | | | | |
| 10 | | | | | <input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer | | | | |
| 11 | | | | | <input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer | | | | |
| 12 | | | | | <input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer | | | | |
| 13 | Total – Add lines 1 through 12 and enter total of Column G on Form CT-100, line 16 or CT-105, line 17 ▶ | | | | | | | | |

GENERAL INFORMATION

To be eligible for a bad debt deduction, a debt must meet the definition of “bad debt” provided for in sec. 139.362(1), Wis. Stats. “Bad debt” means the excise taxes attributable to any portion of a debt that is related to a sale of cigarettes on which the distributor paid the tax under sec. 139.32, Wis. Stats., that is not otherwise deductible or excludable and that has become worthless or uncollectible. Bad debt does not include financing charges, interest on the wholesale price of cigarettes, uncollectible amounts on property that remains in the distributor’s possession until the full purchase price is paid, any collection expenses, debts sold or assigned to third parties for collection and repossessed property.

Due date – The deduction must be claimed on the return filed for the month in which the bad debt was written off as uncollectible and eligible as a bad debt deduction for federal income tax purposes.

Recovery of Uncollectible Cigarette Taxes from Customers – Uncollectible cigarette taxes deducted on a prior month which you subsequently recover from customers must be paid to the Department on the return filed for the month in which the payment was received. Repayment includes, but is not limited to cash, credit cards or cash register receipts, assigned stocks, tangible property or real estate, or beneficiary payment, etc. Enter the total repayment amount attributable to the cigarette taxes on CT-100, line 17 (in-state distributor) or CT-105, line 18 (out-of-state distributor). Attach a copy of this form that was previously filed noting the appropriate entry(ies) where you previously claimed the deduction(s) for each payment received.

A person claiming a bad debt deduction on this schedule must complete in full the information required above and must attach all of the following:

1. A copy of the original invoice for the sale of cigarettes that represents bad debt for each of the bad debts listed above.
2. Evidence that the cigarettes were delivered to the purchaser (e.g., a bill of lading signed by the purchaser).
3. Evidence that the purchaser of the cigarettes did not pay the distributor and that the distributor used reasonable collection practices to collect the debt. (Proof of reasonable collection practices includes copies of delinquency letters, legal action, invoices showing a past due amount, and/or copies of US Certified Mail cards showing the person signed for the letter/invoice and/or refused to accept the letter/invoice). **Note:** The delivery of cigarettes on credit to a purchaser who is delinquent on a previous delivery of cigarettes may result in the department requiring additional evidence that the permittee used reasonable collection practices to collect the debt.

4. Explain why you decided the debt was worthless. For example, the purchaser had declared bankruptcy or legal action to collect would probably not result in payment of any part of the debt.

Failure to provide this information and documentation will result in this deduction being disallowed and an assessment being issued for the additional tax, penalty, and interest due.

RECORD KEEPING

You must keep a complete copy of your return, including this schedule, and all records used in preparing the return for at least four years. The records must be kept at the permit location and in a place and manner easily accessible for review by department representatives.

ASSISTANCE AND FORMS

Information, forms, and assistance are available at our Madison office:

2135 Rimrock Road
Madison WI 53713
(608) 266-8970

or write to:

Mail Stop 5-107
PO Box 8900
Madison WI 53708-8900
FAX (608) 261-7049
E-mail: excise@revenue.wi.gov

When ordering forms, include your Wisconsin permit number and the department’s form number that appears in the lower left corner on each form (e.g., Form CT-117). Forms are also available on the website below.

INTERNET ADDRESS

You can access the department’s website 24 hours a day, seven days a week, at www.revenue.wi.gov. From this website, you can:

- Complete electronic fill-in forms
- Download forms, schedules, instructions, and publications
- View answers to frequently asked questions
- E-mail us comments or request help