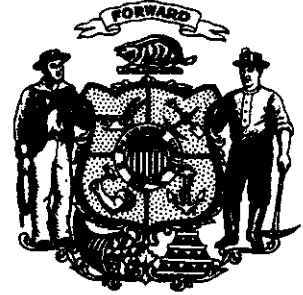


WISCONSIN TAX BULLETIN

Published by:

APRIL 1981
NUMBER 22

Wisconsin Department of Revenue
Income, Sales, Inheritance and
Excise Tax Division
P.O. Box 8910
Madison, Wisconsin 53708



FILING DEADLINES FOR 1980 RETURNS

Income Tax

April 15, 1981 is the deadline for filing a 1980 calendar year Wisconsin individual income tax return. Taxpayers waiting until the deadline to file should be sure that their returns bear an April 15 postmark. Returns postmarked after April 15 will be subject to late filing penalties.

Homestead Credit

The Wisconsin Homestead Credit Claim (Schedule H) for 1980 is not due until December 31, 1981. However, if an individual is filing a 1980 income tax return and also claims homestead credit, the department prefers that the Schedule H accompany the 1980 income tax return.

Farmland Preservation Credit

December 31, 1981 is also the filing deadline for a 1980 Wisconsin Farmland Preservation Credit Claim (Schedule FC) filed by a calendar year taxpayer; however, claimants are encouraged to attach Schedule FC to their 1980 Wisconsin income tax returns which are required to be filed earlier.

EXTENSIONS OF TIME TO FILE TAX RETURNS FOR INDIVIDUALS

Forms 1 and 1A

Any extension of time granted by the Internal Revenue Service for filing federal returns also extends the time for filing the corresponding Wisconsin individual income tax returns, provided that a copy of the federal extension (Form 4868 for a 60-day extension, or Form 2688 for an additional extension) is filed with the Wisconsin return. If the Internal Revenue Service for any reason

IN THIS ISSUE

| | Page |
|--|------|
| Filing Deadlines for 1980 Returns | 1 |
| Extensions of Time to File Tax Returns for Individuals | 1 |
| First 1981 Estimated Tax Payment is Due April 15 | 1 |
| Filing Information Reports for Nonresident Entertainers and Athletes | 2 |
| New ISI & E Division Rules and Rule Amendments in Process | 2 |
| Don't Overlook Gift Tax Returns | 2 |
| Do You Have Suggestions for 1981 Tax Forms? | 3 |
| Wisconsin Sales and Use Tax Return has been Revised | 3 |
| Report on Litigation | 4 |
| Tax Releases | 7 |
| Tax Report | 11 |

refuses to grant an extension or terminates one previously granted, the Wisconsin income tax return is due on the same date as the federal return.

Instead of an extension allowed by the Internal Revenue Service, extensions may also be granted by the Wisconsin Department of Revenue for 30 days. A request for such a 30-day extension must be filed with the department prior to the due date of your return.

U.S. citizens who are not in the United States or Puerto Rico on April 15, 1981 are allowed an automatic extension until June 15 to file their returns. These persons do not have to request an extension, but should attach a statement to their returns indicating that they were out of the United States and Puerto Rico on April 15.

If an individual who has been granted an extension files a return and has a tax due, the amount due is subject to interest at the rate of 9% per year for the extension period (s. 71.10 (5) (b)). To avoid the payment of interest, individuals may pay the tax due on or before the original due date of the return.

Applications for extensions and related correspondence should be sent to:

Wisconsin Department
of Revenue
P.O. Box 8903
Madison, WI 53708

Schedules H (Homestead) and FC (Farmland Preservation Credit)

No extensions of time are available for filing claims for the above credits.

1980 Homestead claims must be filed no later than December 31, 1981. Farmland Preservation Credit claims for 1980 must be filed no later than 12 months after the farmland owner's 1980 taxable year ends (e.g., December 31, 1981 for calendar year taxpayers).

FIRST 1981 ESTIMATED TAX PAYMENT IS DUE APRIL 15

Every individual, whether or not a resident of Wisconsin, is required to file a 1981 declaration of Wisconsin estimated tax (Form 1-ES) if the individual expects his or her Wisconsin income tax liability to exceed withholding upon wages, if any, by \$100 or more.

A trust or estate is not required to file a declaration.

Individuals required to file a 1981 declaration during the first quarter of 1981 must do so on or before April 15, 1981. Installment payments are also due on June 15, 1981, September 15, 1981, and January 15, 1982.

FILING INFORMATION REPORTS FOR NONRESIDENT ENTERTAINERS AND ATHLETES

A Wisconsin employer of an entertainment corporation or nonresident entertainer or athlete is required to report (on Wisconsin Form 9C) to the Department of Revenue certain information about each Wisconsin performance within 90 days of the performance. Only performances for which the contract price exceeds \$1,950 must be reported.

An "employer" is any Wisconsin resident person or firm which engages the services of a nonresident entertainer or athlete or an entertainment corporation. In the absence of such "employer", the person required to report to the department is the resident person last having receipt, custody or control of proceeds of the entertainment event.

An "entertainment corporation" is a domestic or foreign corporation which derives income from amusement, entertainment or sporting events in this state or from the services of an entertainer.

The information report (Form 9C) requires the name, address and Wisconsin tax identification number (if any) of the employer; the entertainer's stage name, true name, address and social security number or the name and address of the entertainment corporation; and the date, place and total amount of remuneration received for each performance.

Copies of Form 9C may be obtained by writing:

Wisconsin Department
of Revenue
Central Services Section
P.O. Box 8903
Madison, Wisconsin 53708

Any questions about the requirements of this law may be directed to:

Wisconsin Department
of Revenue
Compliance Bureau
P.O. Box 8902
Madison, Wisconsin 53708
Telephone (608) 266-2776

NEW ISI & E DIVISION RULES AND RULE AMENDMENTS IN PROCESS

The following table shows the proposed new administrative rules and

amendments to existing rules that have been approved by the Secretary of Revenue and are currently in the rule adoption process outside the Department of Revenue at the stage shown. The proposed rules are shown at their stage in the rule adoption process as of March 1, 1981. Some of the rules listed as being at the Legislative Council stage have been reported out of the Council but have not yet been forwarded to the Legislature for review by standing committees.

Rules At Legislative Council Rules Clearinghouse

- 1.11 , Requirement for examination of returns
- amendment
- 11.12 , Farming, agriculture, horticulture and floriculture
- amendment
- 11.16 , Common or contract carriers
- amendment
- 11.40 , Exemption of machines and processing equipment
- amendment
- 11.71 , Automatic data processing
- new rule

Rules At Legislative Standing Committees

- 2.081, Indexed income tax rate schedule
- new rule
- 8.87 , Intoxicating liquor tied-house prohibitions
- new rule
- 11.56 , Printing industry
- new rule
- 11.83 , Motor vehicles
- amendment
- 11.925, Sales and use tax security deposits
- new rule

Rules At Revisor Of Statutes For Final Publication In Administrative Register

- 2.955, Credit for taxes paid to other states
- amendment

Rules Effective January 1, 1981

- 2.31 , Taxation of personal service income of nonresident professional athletes
- new rule

2.505, Apportionment of net business income of professional sports clubs

- new rule

4.53 , Certificate of authorization

- new rule

11.88 , Mobile homes

- amendment

A complete set of the Department of Revenue's administrative rules and an updating service to keep it current is available on a subscription basis from the Wisconsin Department of Administration, Document Sales and Distribution, 202 South Thornton Avenue, Madison, WI 53702. Currently the cost of this service is \$6.24 (\$3.12 for the set of rules, plus \$3.12 for the update service) for the first year. In subsequent years the cost of the update service is \$3.12 each year. As part of the update service, subscribers receive the Wisconsin Administrative Register (published semi-monthly) whenever it contains material relating to Department of Revenue rules. The notice section of the Wisconsin Administrative Register will contain analyses of proposed new rules and amendments to existing rules and/or the complete text of such rules. It will also contain notices of public hearings regarding new or amended rules.

Copies of rules which are in the process of being created or amended can also be obtained by writing to Wisconsin Department of Revenue, Technical Services Section, P.O. Box 8910, Madison, WI 53708. Single copies of rules in effect are available at the department's Income, Sales, Inheritance and Excise Tax Division offices located throughout Wisconsin.

DON'T OVERLOOK GIFT TAX RETURNS

With the exception of gifts of real estate and tangible personal property located outside of Wisconsin, all gifts made by Wisconsin residents are taxable. It does not matter whether the recipient lives in Wisconsin or in another state; a gift received from a Wisconsin resident is still taxable.

Also taxable are all gifts made by nonresidents of Wisconsin of property (both real estate and tangible personal property) which is located in Wisconsin. Such gifts are taxable

regardless of where the recipient resides.

Wisconsin gift tax reports must be filed for any calendar year in which the total value of taxable gifts made by one donor (person giving the gift) to one donee (person receiving the gift) in that year exceeds \$3,000. Gift tax reports of the donee and donor for 1980 must be filed by April 15, 1981.

The donor reports gifts made on Form 7. On this form the donor enters the description and value of the gifts made to each donee.

The donee reports the gifts he or she received on Form 6, and includes the description and value of the gifts received from one donor. If the donee receives gifts from more than one donor during that year, the donee must file a separate report of gifts received from each donor. The computation of the gift tax due must be made on Form 6.

DO YOU HAVE SUGGESTIONS FOR 1981 TAX FORMS?

Each year the department receives helpful suggestions from the public regarding changes or improvements to the Wisconsin income tax forms.

You may wish to communicate your suggestions as to how the department might improve Forms 1 (individual long form) and 1A (individual short form), Forms 4 and 5 (corporation franchise/income tax returns) and Schedule H (Homestead). You may send them to the Wisconsin Department of Revenue, Director of Technical Services, P.O. Box 8910, Madison, WI 53708. Please submit your suggestions by July 1, 1981.

WISCONSIN SALES AND USE TAX RETURN HAS BEEN REVISED

Form ST-12, the Wisconsin Sales and Use Tax Return, has been redesigned. A copy of the new form appears below. All identification and

filing status data relating to the seller's permit holder is on the front of the new form. The back side of the return contains entry areas for gross receipts, deductions, amount of tax due, etc.

The area of the form in which deductions are listed has been expanded and some of the line descriptions have been revised. Line 7, which is used for reporting use tax on purchases, has also been expanded. It now includes a listing of several common types of purchases which may result in use tax being payable. (Note: The copy of the department's sales and use tax newsletter entitled "Tax Report" which is included on page 11 of this bulletin gives more information on how to report use tax.)

The new ST-12 was first mailed to seller's permit holders who had a reporting period ending in January, 1981.

(FRONT SIDE OF REVISED FORM ST-12)

| | | | | | | | |
|---|---|---|---|--|--|---|--|
| FORM ST-12 | | WISCONSIN SALES AND USE TAX RETURN | | DO NOT WRITE IN THIS SPACE | | NEW OWNERS: Do not use previous owner's tax return. Apply for seller's permit immediately. | |
| IF THE FEDERAL EMPLOYER NUMBERS BELOW ARE BLANK | | WISCONSIN DEPARTMENT OF REVENUE POST OFFICE BOX 38, MADISON, WI. 53787 | | | | | |
| OR IN ERROR | PERMIT NUMBER | PERIOD COVERED | DUE DATE | | | | |
| PLEASE COMPLETE | For use only by permit holder named on this return. New owners must apply for their own permit. | | OWNERSHIP CHANGE: If your business was discontinued or if there has been any change in ownership, indicate date and type of change. | | | | |
| OR CORRECT. | | | Date _____ | Sold | | | |
| FED. EMP. IDENT. NO. | | | <input type="checkbox"/> Discontinued | <input type="checkbox"/> Incorporated | | | |
| | | | <input type="checkbox"/> Owner died | <input type="checkbox"/> Partner added or dropped. | | | |
| SOCIAL SECURITY NO. | | | New Owner's Name And Address _____ | | | | |
| | | | Name or Address Change _____ | | | | |
| | IF NAME OR ADDRESS IS IN ERROR PLEASE CORRECT | | | | | | |
| YOUR SIGNATURE | DATE | | DO NOT WRITE IN THIS SPACE | | | | |

(BACK SIDE OF REVISED FORM ST-12)

| | | | | | | | |
|---|--|---|--|---|---|------------------------|---|
| 1. GROSS RECEIPTS | | ▶ | | 4A. SALES TAX (FROM LINE 4) ----- | | | |
| 2. DEDUCTIONS: Sales For Resale | | A | | 5. 1% DISCOUNT ----- | | | |
| Exempt Certificate Sales | | B | | 6. NET SALES TAX ----- | | | |
| Sales Tax Included in Line #1 | | C | | 7. USE TAX ON PURCHASES: | | MAKE CHECK, DRAFT OR | |
| Sales in Interstate Commerce | | D | | Asset Addition(s) | A | MONEY ORDER PAYABLE TO | |
| Exempt Property & Services Sold | | E | | Repair & Supply Expense | B | WISCONSIN DEPARTMENT | |
| Groceries & Hwy. Fuel Sold | | F | | Promotional Material | C | OF REVENUE | |
| Returns, Allowances & Bad Debts | | G | | Construction Material | D | AND MAIL WITH | |
| Other: | | H | | Research Material | E | THIS RETURN | |
| Other: | | I | | Other: | F | | |
| | | | | Total of Purchase Price | G | | |
| TOTAL DEDUCTIONS (ADD LINES 2A THRU 2I) ----- ▶ | | | | 8. USE TAX (LINE 7G x 4%) ----- ▶▶ | | | |
| 3. TAXABLE RECEIPTS ----- | | | | 9. INTEREST AND PENALTY ----- ▶▶ | | | |
| 4. SALES TAX (LINE 3 x 4%) ----- | | | | 10. TOTAL DUE / PAID (LINE 6, 8 & 9) ----- ▶▶ | | | |
| | | | | DO NOT WRITE IN THIS SPACE | F | M | P |
| | | | | | C | LEAVE BLANK | |

REPORT ON LITIGATION

(This portion of the WTB summarizes recent significant Tax Appeals Commission and Wisconsin court decisions. The last paragraph of each decision indicates whether the case has been appealed to a higher court.)

The following decisions are included:

Income and Franchise Taxes

- Kenneth F. DeBoer and Sandra L. DeBoer vs. Wisconsin Department of Revenue
- Mark H. Eslinger and Lorraine R. Eslinger vs. Wisconsin Department of Revenue
- Sheri A. Glewen and Vance A. Glewen vs. Wisconsin Department of Revenue
- J. John Gudenschwager, and J. John Gudenschwager Family Estate (A Trust) vs. Wisconsin Department of Revenue
- Midland Financial Corporation vs. Wisconsin Department of Revenue
- Wisconsin Department of Revenue vs. Milwaukee Mutual Insurance Company
- Anna K. Rees vs. Wisconsin Department of Revenue
- Superior Industrial, Inc. vs. Department of Revenue

Sales/Use Tax

- Sister Mary Joanne Kollasch, et. al. and Sisters of St. Benedict, of Madison Wisconsin vs. David W. Adamany, Secretary of Revenue
- Wisconsin Department of Revenue vs. Trudell Trailer Sales, Inc.

Gift Tax

- Estate of John F. Stratton, et. al. vs. Wisconsin Department of Revenue

INCOME AND FRANCHISE TAXES

- Kenneth F. DeBoer and Sandra L. DeBoer vs. Wisconsin Department of Revenue (Fond du Lac County Circuit Court, November 12, 1980). In Wisconsin Tax Bulletin #21 it was indicated that the DeBoers had appealed a Wisconsin Tax Appeals Commission decision to the Circuit Court. This appeal was dismissed by the Circuit Court on procedural grounds.
- Mark H. Eslinger and Lorraine R. Eslinger vs. Wisconsin Department of Revenue (Chippewa County Circuit Court, November 21, 1980). In Wisconsin Tax Bulletin #21 it was indicated that the Eslingers had appealed a Wisconsin Tax Appeals Commission decision to the Circuit Court. This appeal was dismissed by

the Circuit Court on procedural grounds.

Sheri A. Glewen and Vance A. Glewen vs. Wisconsin Department of Revenue (Fond du Lac County Circuit Court, November 12, 1980). In Wisconsin Tax Bulletin #21 it was indicated that the Glewens had appealed a Wisconsin Tax Appeals Commission decision to the Circuit Court. This appeal was dismissed by the Circuit Court on procedural grounds.

J. John Gudenschwager, and J. John Gudenschwager Family Estate (A Trust) vs. Wisconsin Department of Revenue (Milwaukee County Circuit Court, November 24, 1980). In Wisconsin Tax Bulletin #21 it was indicated that the Gudenschwagers had appealed a Wisconsin Tax Appeals Commission decision to the Circuit Court. This appeal was dismissed by the Circuit Court on procedural grounds.

Midland Financial Corporation vs. Wisconsin Department of Revenue (Wisconsin Tax Appeals Commission, November 20, 1980). In 1971, the taxpayer, a Wisconsin corporation, received \$112,633.00 of dividend income, \$423,102.00 of rental income and \$69,000.00 from financial consulting services. After deducting the \$112,633.00 of dividend income from its taxable income, the taxpayer reported a loss of \$156,534.00 on its 1971 Wisconsin