



# Wisconsin TAX BULLETIN



## Publications

See articles on pages 1, 4, and 7

### Adult Entertainment Tax Repealed

The 5% adult entertainment tax, which was supposed to be effective for sales made on or after April 1, 1998, has been repealed by the Wisconsin Legislature. An article in *Wisconsin Tax Bulletin 107* (April 1998), indicated that the effective date of the adult entertainment tax was delayed. Due to the delay of the effective date and the subsequent repeal of the tax, no sales were ever subject to the adult entertainment tax. □

### Focus on Publications: Motor Vehicle Fuel



Do you owe Wisconsin use tax if you receive a refund of Wisconsin motor vehicle fuel tax? How do you compute and report the use tax?

The new Wisconsin Publication 222, *Motor Vehicle Fuel Users:*

*Do You Owe Use Tax?*, answers these questions and many others. The publication also includes examples of taxable and exempt fuel purchases.

A copy of Publication 222 appears on pages 47 to 50 of this Bulletin. For information about how to obtain additional copies of this and other department publications, see the article titled "Tax Publications Available" on page 7 of this Bulletin. □

### Do You Owe Use Tax on Internet Purchases?

If you buy items via the Internet from companies who do not charge Wisconsin sales or use tax, you may owe Wisconsin use tax.

Office supplies, computer equipment, computer software (except custom computer software), paper, and furniture are common examples of Internet purchases which result in the buyer owing use tax.

- **Seller's permit, use tax registration certificate, and consumers use tax registration certificate holders:** Report use tax owed on your sales and use tax return, Form ST-12.

- **Others:** Report use tax on a consumer use tax return, Form UT-5. Individuals may report use tax on their individual income tax return instead of Form UT-5. □

### Amnesty Program Ends August 14

REMINDER: The Wisconsin tax amnesty program will end on August 14, 1998. Applications must be submitted by that date to be considered.

To qualify for amnesty forgiveness taxpayers must:

- Submit an application during the nine-week amnesty period which began June 15 and ends August 14, 1998.
- Pay the required down payment.
- File any outstanding unfiled returns.
- Pay the amount due under tax amnesty within 45 days of the amnesty billing notice date.

Copies of an application for amnesty and information from an amnesty brochure appear on pages 44 to 46 of this Bulletin.

## In This Issue

	Page	Page
<b>Articles -</b>		
Adult Entertainment Tax Repealed.....	1	6
Focus on Publications — Vehicle Fuel .....	1	7
Do You Owe Use Tax?.....	1	7
Amnesty Ends.....	1	7
Sales Tax Report Mailed .....	2	8
Wisconsin/Minnesota Seminars .....	2	9
Wisconsin Electronic Filing — The Future of Tax Administration.....	3	9
Sales Tax Publications Updated .....	4	10
License Revocation Expanded .....	4	10
TeleFile Exceeds Expectations.....	5	11
Automatic Extension Expires .....	5	11
Need a Speaker? .....	6	27
Information or Inquiries?.....	6	39
Suggestions for Forms? .....	6	39
		6
		7
		7
		8
		9
		9
		10
		10
		11
		27
		39
		44
		45
		47
		51
		55

### Wisconsin Tax Bulletin

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If you still need additional information about amnesty, you may

- Visit the department's Internet website at [www.taxamnesty.org](http://www.taxamnesty.org)
- Call the toll-free amnesty hotline number, 1-888-317-8808 (in the Madison area, call 261-7760)
- Send written correspondence to:  
Wisconsin Tax Amnesty  
P.O. Box 8927  
Madison, WI 53708-8927.

You may also apply for amnesty via the Internet website at [www.taxamnesty.org](http://www.taxamnesty.org), or by calling the following toll-free number: 1-888-701-8818 (in the Madison area, call 261-7760).

**PRACTITIONERS:** Please encourage your clients to take advantage of the amnesty program. Taxpayers with delinquent accounts as of October 1, 1997, who are eligible for potential forgiveness under tax amnesty but do not apply and pay the reduced amount, will be subject to an additional 5% fee on the balance of their account as of August 15, 1998. □

## Sales and Use Tax Report Mailed

The July 1998 *Sales and Use Tax Report* (2-98) contains a number of articles regarding sales and use tax issues, including law changes. This Report was sent in mid-July to all persons registered for Wisconsin sales and use tax purposes. A copy of the Report appears on pages 51 to 54 of this Bulletin. □

## Wisconsin/Minnesota Sales Tax Seminars

The Wisconsin and Minnesota Departments of Revenue will again present a series of joint sales and use tax seminars this fall. The seminars will include information on differences between the two states' laws as they apply to general businesses. (**Note:** Seminars for contractors will likely be scheduled in the spring of 1999.)

You are invited to attend any of the following seminars, free of charge. All seminars are from 9:00 a.m. to 12:30 p.m. at the locations indicated. To register or for more information, call the Minnesota Department of Revenue at 1-800-888-6231.

\*\*\*\*\*

October 6, 1998 – Duluth, MN  
Minnesota Department of  
Revenue Office  
2711 West Superior Street

\*\*\*\*\*

October 13, 1998 – Hudson, WI  
Hudson House  
1616 Crestview Drive

\*\*\*\*\*

October 20, 1998 – Winona, MN  
St. Mary's University  
700 Terrace Heights Drive

□

## Wisconsin Electronic Filing — The Future of Tax Administration

The numbers tell the story. In Wisconsin, the overall number of income tax filings is up 2% this filing season, while paper filing is down 3%, and electronic filing is up 54%. Nationwide, the overall numbers are similar. (Note: "Electronic filing" includes both the Federal/State Electronic Filing program ["Preparer ELF"] which has been in effect in Wisconsin since the 1992 filing season, and the TeleFile program, new in Wisconsin for the 1998 filing season. Also see the article on TeleFile on page 5 of this Bulletin.)

Preparer ELF continues its extraordinary growth and represents the largest segment of the electronic filing market. In Wisconsin, the number of Preparer ELF returns increased 18% this tax season to 269,471, and this method of filing now accounts for over 10% of all income tax returns filed in Wisconsin. This year Wisconsin reached an important milestone on April 9, when the 1,000,000<sup>th</sup> Preparer ELF return was filed.

One reason for this success is that Wisconsin has one of the fastest electronic refunds in the nation. Preparer ELF refunds average just three business days from receipt of the return until direct-deposit in the taxpayer's bank account.

In addition, Wisconsin allows electronic filing of balance due returns early, with tax payments not due until April 15. Over 20% of Wisconsin Preparer ELF returns are no-tax or balance due returns. Wisconsin also allows electronic filing through October 15, for returns with extensions.

Electronic filing has many benefits for preparers. The adjustment rate on electronic returns is much lower than on paper returns, resulting in less follow-up work for preparers. Other benefits include acknowledgment of receipt of all Preparer ELF returns, increased efficiency, and reduced cost of doing business.

To participate in the Wisconsin Preparer ELF program, all you need to do is:

- **Sole Proprietors Located in Wisconsin** — If you are authorized by the IRS to file electronically, you will automatically be included in the Wisconsin Preparer ELF program. No further action is necessary.
- **All Others** — Provide the Wisconsin Electronic Filing Office with your latest copy of federal Form 8633 (Application to Participate in Electronic Filing) showing your IRS-assigned Electronic Filing Identification Number (EFIN). Alternatively, provide your firm's name, your EFIN, and a listing of your officers'/partners' names, addresses, and social security numbers.

This information may be faxed to (608) 264-6884 or mailed to Wisconsin Electronic Filing Office, P.O. Box 8977, Madison, WI 53708-8977.

Additional information about the Wisconsin Preparer ELF program is available in Wisconsin Publication 115, *Handbook for Federal/State Electronic Filing*. For information about how to obtain this publication, see the article titled "Tax Publications Available" on page 7 of this Bulletin.

If you prefer, you may call the department's Electronic Filing Help Line at (608) 264-9959 for additional information. □

## Sales Tax Publications Updated

Three Wisconsin publications relating to sales and use taxes have been updated recently. The revised publications are:

- Publication 200, *Electrical Contractors – How Do Wisconsin Sales and Use Taxes Affect Your Business?*
- Publication 202, *Sales and Use Tax Information for Motor Vehicle Sales, Leases, and Repairs*
- Publication 207, *Sales and Use Tax Information for Contractors*

Publication 200 was revised in March 1998. It explains how sales and use taxes apply to electrical contractors' receipts when they act as retailers, and to their purchases when they act as consumers.

Publication 202 was revised in April 1998. It provides information about sales and use taxes for new and used motor vehicle dealers, lessors, and operators of garages, body shops, and service stations.

Publication 207 was revised in March 1998. It explains how sales and use taxes affect contractors and includes a chart to help them distinguish between real property activities and personal property activities.

In addition to the three revised publications, two new sales and use tax publications have been

published this year. The new publications are:

- Publication 222, *Motor Vehicle Fuel Users: Do You Owe Use Tax?* (new in April)
- Publication 223, *Bakeries – How Do Wisconsin Sales and Use Taxes Affect Your Business?* (new in February)

Publication 222 is described in the "Focus" article on page 1 of this Bulletin, and a copy appears on pages 47 to 50. Publication 223 is described in the "Focus" article on page 4 of *Wisconsin Tax Bulletin* 107 (April 1998).

See the article titled "Tax Publications Available" on page 7 of this Bulletin for information about how to obtain free copies of these or other Wisconsin publications. □

## Occupational License Revocation Program Expanded

As part of post-amnesty legislation, the Budget Adjustment Bill, 1997 Wisconsin Act 237, expands the withholding of occupational licenses or credentials of taxpayers who owe delinquent Wisconsin taxes. Effective January 1, 1999, the Department of Revenue (DOR) is authorized to certify tax delinquencies to additional Wisconsin agencies, which must then deny initial or renewal applications or suspend or revoke licenses or credentials.

The agencies included in the occupational license revocation program are as follows:

Administration  
Commerce  
Commissioner of Insurance  
Ethics Board  
Financial Institutions  
Health and Family Services  
Natural Resources  
Public Instruction  
Regulation and Licensing  
Transportation  
Workforce Development  
Supreme Court (if the Supreme Court agrees)

The above-listed agencies, and examining boards and affiliated credentialing boards attached to the agencies, issue certain professional and occupational credentials. Most credentials renew yearly or every two years. Credential holders will be screened at initial issuance, renewal, or periodically to identify individuals and businesses with Wisconsin tax delinquencies. Those with delinquent tax liabilities will be notified and allowed ten days to pay the amounts due.

A person or business whose initial or renewal application has been denied, or whose credential has been suspended or revoked, is entitled to a hearing before DOR. This hearing is limited to questions of: a) mistaken identity of the credential holder; and b) whether the credential holder has paid the delinquent taxes for which he or she is liable.

If, after the hearing, DOR affirms its certification that the credential holder is liable for delinquent taxes, the agency issuing the license must affirm its denial, suspension, or revocation of the credential holder's license. The credential holder may then seek

judicial review in the Dane County Circuit Court.

The Act provides that if a credential holder's license is denied, suspended, or revoked, and the credential holder reapplies for the credential, the issuing agency must deny the reapplication unless the credential holder submits a certificate from DOR stating that he or she is no longer liable for delinquent taxes.

In addition to the other agencies, DOR is authorized to deny, suspend, or revoke business tax registration certificates, or property assessment certifications or recertifications, of taxpayers who owe delinquent Wisconsin taxes.

For further information regarding this program, contact Gary Garczynski at Wisconsin Department of Revenue, P.O. Box 8902, Madison, WI 53708-8902, or by telephone at (608) 267-1344. □

## TeleFile Exceeds Expectations

Wisconsin's TeleFile program for individual income tax reporting became operational for the 1998 filing season. About 350,000 WI-Z filers were invited to file their 1997 Wisconsin taxes by telephone. These people received a special TeleFile booklet in the mail. They also received a PIN, for security.

Projections for TeleFile were for 35,000 1997 Wisconsin returns to be filed via TeleFile, and this number was surpassed in the first week of February. When TeleFile

closed on April 16, 81,926 TeleFile returns had been filed.

Here are some reasons why TeleFile is so popular:

- TeleFile is available 7 days a week, 24 hours a day. Multiple phone lines are available in both Madison and Milwaukee. Taxpayers can call when it's convenient for them.
- TeleFile is fast and easy. The average length of a phone call is 6 minutes. Each entry is repeated back to the caller, so there is plenty of opportunity for corrections. The caller can hang up at any time prior to confirmation, and the return is not filed.
- The taxpayer receives a confirmation number, which assures that the tax return is received – no need to worry about the return getting lost in the mail.
- TeleFile is accurate. TeleFile does the math to ensure that computations are error-free.
- TeleFile refunds are mailed just four business days after the TeleFile call. Taxpayers who owe money can use TeleFile early in the season and wait until April 15 to send payment.

The department plans to expand the number of individuals invited to use TeleFile next season. Research shows that TeleFile does not take business from preparers using the Federal/State Electronic Filing ("Preparer ELF") program,

since very few TeleFile participants previously filed Preparer ELF returns. (Also see the article on Federal/State Electronic Filing, on page 3 of this Bulletin.) □

## Automatic 4-Month Extension Expires August 17

If your 1997 Wisconsin and federal individual income tax returns were due April 15, 1998, but you filed an application for an automatic 4-month extension for filing your federal return with the Internal Revenue Service (IRS), both your federal and Wisconsin returns are due August 17, 1998 (August 15 is a Saturday). When you file your Wisconsin return, be sure to attach to it a copy of the federal extension application, Form 4868.

Any filing extension available under federal law may be used for Wisconsin purposes, even if you are not using that extension to file your federal return. If you did not file a federal extension application but needed a 4-month extension for Wisconsin only, your 1997 Wisconsin return, ordinarily due April 15, 1998, must be filed by August 17, 1998.

If you are extending the time to file your Wisconsin return only, attach one of the following items to the 1997 Wisconsin return you file:

- A statement indicating that you are filing under the federal automatic 4-month extension provision; or

- A copy of federal Form 4868 with only the name, address, and social security number completed.

**Note:** You were not required to pay your 1997 taxes by April 15, 1998, as a condition for receiving an extension of time to file your Wisconsin tax return.



### Do You Need a Speaker?

Are you planning a meeting or training program? The Department of Revenue’s Speakers Bureau provides speakers to business, community, and educational organizations.

Department representatives are available to speak on a variety of topics that can be targeted toward your group’s particular areas of interest, including:

- New sales/use, income, and corporate tax laws.
- How sales tax affects contractors, manufacturers, nonprofit organizations, or businesses in general.
- What to expect in an audit.
- Common errors discovered in audits.
- Manufacturing property assessment.
- Homestead credit.

To arrange for a speaker, please write to Wisconsin Department of Revenue, Speakers Bureau, P.O. Box 8933, Madison, WI 53708-8933, or you may call (608) 266-1911.

### Information or Inquiries?

Listed below are telephone numbers to call if you wish to contact the Department of Revenue about any of the taxes administered by the Income, Sales, and Excise Tax Division. A comprehensive listing of telephone numbers and addresses appears in *Wisconsin Tax Bulletin* 107 (April 1998), pages 35 to 38.

#### Madison X Main Office Area Code (608)

Amnesty*.....	261-7760
OR .....	1-888-317-8808
<b>*only until 8/14/98</b>	
Appeals.....	266-0185
Audit of Returns: Corporation, Individual, Homestead.....	266-2772
Beverage.....	266-6702
Cigarette, Tobacco Products .....	266-8970
Copies of Returns .....	267-1266
Corporation Franchise and Income .....	266-1143
Delinquent Taxes.....	266-7879
Electronic Filing .....	264-9959
Estimated Taxes.....	266-9940
Fiduciary, Estate .....	266-2772
Forms Request:	
Taxpayers.....	266-1961
Practitioners .....	267-2025
Fax-A-Form .....	261-6229
Homestead Credit .....	266-8641
Individual Income.....	266-2486
Motor Vehicle Fuel.....	266-3223
Refunds.....	266-8100
Sales, Use, Withholding .....	266-2776
TTY .....	267-1049

#### District Offices

Appleton.....(920)	832-2727
Eau Claire.....(715)	836-2811
Milwaukee:	
General.....(414)	227-4000
Refunds.....(414)	227-4907
TTY .....	(414) 227-4147

### Any Suggestions for 1998 Tax Forms?

Do you have suggestions for improving Wisconsin’s tax forms or instructions? Can you think of ways the forms or instructions could be made easier to understand? If so, the department would like to hear from you.

Please take a few moments to put your ideas in writing, and mail them to Wisconsin Department of Revenue, Administration Technical Services, P.O. Box 8933, Madison, WI 53708-8933, or fax them to (608) 261-6240. Your suggestions could help make “tax time” easier for taxpayers and practitioners.

### Make Your Research Easier

Are you looking for an easy way to locate reference material to research a Wisconsin tax question? The *Wisconsin Topical and Court Case Index* may be just what you need.

This two-part index will help you find reference material relating to income, franchise, withholding, sales/use, estate, and excise taxes.

The “Topical Index” portion lists by tax type, alphabetically by subject, references to Wisconsin statutes, administrative rules, tax releases, private letter rulings, publications, *Sales and Use Tax Reports*, Attorney General opinions, and *Wisconsin Tax Bulletin* articles.

The “Court Case Index” lists by tax type, alphabetically by subject, decisions of the Wisconsin Tax Appeals Commission, Circuit Court, Court of Appeals, and Wisconsin Supreme Court.

The *Wisconsin Topical and Court Case Index* is available by subscription for \$18 per year, plus sales tax. This includes a volume published in January and an addendum published in June. To order your copy, complete the order blank on page 55 of this Bulletin.

**Question and Answer**

**Question:** I filed my Wisconsin income tax return by telephone (TeleFile). I received an additional W-2 after I filed. What should I do?

**Answer:** You must amend your TeleFile return. This is done by filing Wisconsin Form 1X.

\*\*\*\*\*

**Question:** How do I complete an amended return (Form 1X) when I filed my original return by telephone?

**Answer:** The TeleFile Worksheet that you completed when filing your return by telephone has all the information needed to complete Form 1X. The instructions for Form 1X tell you where to enter the various amounts from the TeleFile Worksheet on Form 1X.

**Tax Publications Available**

Listed below are nearly 60 publications which are available, free of charge, from the Department of Revenue. Copies are available at any department office, or by mail, fax, or (in many cases) the Internet.

*By Mail*

Write to Wisconsin Department of Revenue, Forms Request Office, P.O. Box 8903, Madison, WI 53708-8903; call (608) 266-1961; or fax a request to (608) 261-6239.

*Via Your Fax Machine*

Use the department’s Fax-A-Form system by calling (608) 261-6229 from a fax telephone and entering the retrieval code “10” plus the publication number.

*Via the Internet*

Access the department’s World Wide Web site at <http://www.dor.state.wi.us>, and click on “Forms and Publications.”

**Income and Franchise Taxes**

- 102 Wisconsin Tax Treatment of Tax-Option (S) Corporations and Their Shareholders (12/97)
- 103 Reporting Capital Gains and Losses for Wisconsin by Individuals, Estates, Trusts (10/97)
- 104 Wisconsin Taxation of Military Personnel (10/97)

- 106 Wisconsin Tax Information for Retirees (10/97)
- 109 Tax Information for Married Persons Filing Separate Returns and Persons Divorced in 1997 (10/97)
- 112 Wisconsin Estimated Tax and Estimated Surcharge for Individual, Estates, Trusts, Corporations, Partnerships (11/97)
- 113 Federal and Wisconsin Income Tax Reporting Under the Marital Property Act (10/97)
- 116 Income Tax Payments Are Due Throughout the Year (12/95)
- 119 Limited Liability Companies (LLCs) (12/97)
- 120 Net Operating Losses for Individuals, Estates, and Trusts (11/97)
- 121 Reciprocity (12/97)
- 122 Tax Information for Part-Year Residents and Nonresidents of Wisconsin for 1997 (11/97)
- 123 Business Tax Credits for 1997 (12/97)
- 125 Credit for Tax Paid to Another State (11/97)
- 600 Wisconsin Taxation of Lottery Winnings (10/97)
- 601 Wisconsin Taxation of Pari-Mutuel Wager Winnings (10/97)

**Sales and Use Taxes**

- 200 Electrical Contractors - How Do Wisconsin Sales and Use Taxes Affect Your Business? (3/98)

- 201 Wisconsin Sales and Use Tax Information (12/97)
- 202 Sales and Use Tax Information for Motor Vehicle Sales, Leases, and Repairs (4/98)
- 203 Sales and Use Tax Information for Manufacturers (12/94)
- 205 Use Tax Information for Individuals (2/97)
- 206 Sales Tax Exemption for Nonprofit Organizations (9/90)
- 207 Sales and Use Tax Information for Contractors (3/98)
- 210 Sales and Use Tax Treatment of Landscaping (5/94)
- 211 Cemetery Monument Dealers - How Do Wisconsin Sales and Use Taxes Affect You? (3/97)
- 212 Businesses: Do You Owe Use Tax on Imported Goods? (2/97)
- 213 Travelers: Don't Forget About Use Tax (2/97)
- 214 Businesses: Do You Owe Use Tax? (2/97)
- 216 Filing Claims for Refund of Sales or Use Tax (9/95)
- 217 Auctioneers - How Do Wisconsin Sales and Use Taxes Affect Your Operations? (3/96)
- 219 Hotels, Motels, and Other Lodging Providers - How Do Wisconsin Sales and Use Taxes Affect Your Operations? (6/96)
- 220 Grocers - How Do Wisconsin Sales and Use Taxes Affect Your Operations? (8/96)
- 221 Farm Suppliers and Farmers - How Do Wisconsin Sales and Use Taxes Affect Sales to Farmers? (4/97)
- 222 Motor Vehicle Fuel Users: Do You Owe Use Tax? (4/98)
- 223 Bakeries – How Do Wisconsin Sales and Use Taxes Affect Your Business? (2/98)
- Other Taxes and Credits**
- 400 Wisconsin's Temporary Recycling Surcharge (12/97)
- 403 Premier Resort Area Tax (2/98)
- 410 Local Exposition Taxes (11/94)
- 503 Wisconsin Farmland Preservation Credit (12/97)
- 508 Wisconsin Tax Requirements Relating to Nonresident Entertainers (8/94)
- W-166 Wisconsin Employer's Withholding Tax Guide (3/96)
- Audits and Appeals**
- 501 Field Audit of Wisconsin Tax Returns (2/96)
- 505 Taxpayers' Appeal Rights of Office Audit Adjustments (6/96)
- 506 Taxpayers' Appeal Rights of Field Audit Adjustments (5/97)
- 507 How to Appeal to the Tax Appeals Commission (10/97)
- Other Topics**
- 111 How to Get a Private Letter Ruling From the Wisconsin Department of Revenue (10/97)
- 114 Wisconsin Taxpayer Bill of Rights (11/97)
- 115 Handbook for Federal/State Electronic Filing (12/97)
- 117 Guide to Wisconsin Information Returns (10/96)
- 118 Electronic Funds Transfer Guide (4/96)
- 124 Petition for Compromise of Delinquent Taxes (4/97)
- 130 Fax A Form (9/97)
- 401 Extensions of Time to File (11/97)
- 500 Tax Guide for Wisconsin Political Organizations and Candidates (1/97)
- 502 Directory of Wisconsin Tax Publications (6/98)
- 504 Directory for Wisconsin Department of Revenue (10/97)
- 509 Filing Wage Statements and Information Returns on Magnetic Media (3/94)
- 700 Speakers Bureau presenting . . . (2/93)

### **Wisconsin Tax Bulletin Annual Index Available**



Once each year the *Wisconsin Tax Bulletin* includes an index of materials that have appeared in past Bulletins. The latest index available appears in *Wisconsin Tax Bulletin* 107 (April 1998), pages 43 to 69. It includes information for issues 1 to 102 (July 1997), except the court case section, which lists all cases summarized in issues 1 to 107.



### Restaurant Operator Guilty of Tax Evasion

Accountant and tax preparer Steven H. Kremer, 45, of Ladysmith, was found guilty in June 1998, of failure to timely file a Wisconsin income tax return for 1996. As part of a plea agreement relating to charges of failure to timely file Wisconsin returns for 1994, 1995, and 1996, Kremer pleaded no contest to one count.

According to the criminal complaint, Kremer failed to timely file Wisconsin income tax returns for 1994, 1995, and 1996. During those years, the complaint alleges, Kremer had gross receipts from his accounting business of \$89,120 in 1994, \$93,412 in 1995, and \$107,544 in 1996.

Rusk County Circuit Judge Frederick Henderson placed Kremer on four years of probation and ordered him to serve 401 hours of community service.

In addition to the criminal penalties, Wisconsin law provides for substantial civil penalties on the civil tax liability. Assessment and collection of the taxes, penalties, and interest due follows a conviction for criminal violations.

\* \* \* \* \*

Gerald J. Becker, former operator of Tony's Place, an Oshkosh bar and restaurant, pleaded guilty in May 1998, to two counts of filing false Wisconsin income tax returns for 1994 and 1995. Winnebago County Circuit Court Judge Robert Hawley sentenced Becker to three years probation, with the conditions that he serve

30 days in jail without huber privileges and that he make restitution to the state of Wisconsin of \$11,202 in evaded state income taxes.

According to the criminal complaint, Becker operated Tony's Place from June 1989 until November 1996. He allegedly failed to report \$70,586 of income in 1994 and \$72,031 in 1995, which he skimmed from his restaurant. The amount of additional tax due was \$5,571 in 1994 and \$5,631 in 1995.

The criminal charges were initiated by the Winnebago County District Attorney's Office following an investigation by the Fraud Unit of the Wisconsin Department of Revenue. Filing a false or fraudulent income tax return in Wisconsin is a felony which carries a penalty of up to five years in prison and fines up to \$10,000 for each count.

\* \* \* \* \*

In May 1998, two persons were charged with one count each, of filing a false return to evade sales tax. Criminal complaints allege that they both listed an incorrect vehicle purchase price on the application for Title/Registration.

Todd L. Guthrie, of Mukwonago, was charged by the Walworth County District Attorney's Office. According to the criminal complaint, his application for Title/Registration listed the full purchase price of a 1990 Ford F250 truck as \$2,000 and a sales tax due of \$110. The complaint alleges he actually paid \$10,000 for the vehicle.

Darlene A. Martin, of Jefferson, was charged by the Jefferson County District Attorney's Office. According to the criminal complaint, her application for Title/Registration listed a 1991 Acura with a full purchase price of \$4,000 and a sales tax due of \$220. The complaint alleges she actually paid \$10,000 for the vehicle.

If convicted, Guthrie and Martin each face up to 30 days in jail and up to \$500 in fines. □

### Delinquent Tax Warrants

Wisconsin delinquent tax warrants are filed with the Clerk of Court in the county in which a taxpayer resides or operates a business. This procedure is provided in secs. 71.91(5), 77.62, and 806.11, Wis. Stats. (1995-96).

A tax warrant acts as a lien against both real and personal property an individual owns in the county where the lien is filed. A tax warrant is filed to protect Wisconsin's interests and establish lien priority rights if a taxpayer disposes of assets. Tax warrants may be filed after a taxpayer fails to pay a bill by the due date of the bill.

A warrant satisfaction is issued to the Clerk of Court approximately 30 to 45 days after a bill is paid and/or adjusted to zero. This amount of time is needed because the taxpayer's check must first clear the bank. Also, warrant satisfactions are filed with the

Clerk of Courts only twice each month.

In situations where a taxpayer needs an immediate satisfaction of a warrant, the department will issue the satisfaction within 48 hours. To obtain an immediate satisfaction of a warrant, a taxpayer must do one of the following:

1. Submit the full tax payment (including any interest, penalties, and fees); pay either by cash, cashier's check, or money order. Also submit a note with the payment, requesting an immediate satisfaction.
2. If full payment has been made, submit a note requesting an immediate satisfaction, and provide proof that the check for the full tax payment has cleared the bank or that the full payment was made by cash, cashier's check, or money order. "Proof" could include a copy of the front and back of the cancelled check, a copy of the receipt for cash, or a copy of the cashier's check or money order.

Submit either the note and payment as explained in option 1 above, or the note and proof of payment as explained in option 2, to Wisconsin Department of Revenue, Central Collection Warrant Specialist, P.O. Box 8901, Madison, WI 53708-8901.

The department also may issue a partial release of a warrant when assets are being sold and it is clear there are insufficient pro-

ceeds to satisfy prior judgments from other creditors and the department's warrant. The partial release removes the warrant only from the specific piece of real estate or personal property that is being sold. A partial release of warrant may be requested from the Department of Revenue office nearest to the taxpayer, or by calling (608) 266-7879 in Madison. □

### **IRS File-By-Phone System Available for Some Wisconsin Businesses**

*Note: Information for this article was submitted by the Midwest District of the Internal Revenue Service.*

The Internal Revenue Service (IRS) is making it easier for some small business taxpayers to file their quarterly tax returns. The IRS recently mailed more than 71,000 Wisconsin businesses a special "941 TeleFile package." Nationally, more than three million businesses were mailed 941 TeleFile packages. With 941 TeleFile, these businesses are able to use their touch-tone telephone to file their Form 941 payroll taxes.

Similar to the TeleFile system for individual returns, 941 TeleFile is free, it is paperless, and it automatically calculates the tax and any balance owed. Last year, 941 TeleFile was successfully tested in the District of Columbia and 14 states in the southeastern

United States. More than 224,900 returns were filed by phone during the test.

Businesses may also pay their federal taxes electronically – using a telephone or a personal computer – through IRS's Electronic Federal Tax Payment System (EFTPS). This system eliminates paper tax deposit coupons and trips to the bank for businesses. Over 1.5 million businesses are already enrolled and paying their taxes through EFTPS. □

### **Administrative Rules in Process**

Listed below are proposed new administrative rules and changes to existing rules that are currently in the rule adoption process. The rules are shown at their stage in the process as of July 1, 1998, or at the stage in which action occurred during the period from March 31 to July 1, 1998.

Each affected rule lists the rule number and name, and whether it is amended (A), repealed (R), repealed and recreated (R&R), or a new rule (NR).

To receive up-to-date administrative rules of the Department of Revenue, you can use the order blank on page 55 of this Bulletin to order the Tax section of the Wisconsin Administrative Code.

### **Scope Statement Published**

- 1.12 Electronic funds transfer – NR (5-31-98)
- 11.09 Medicines–A (5-31-98)

- 11.19 Printed material exemptions—A (5-31-98)
- 11.26 Other taxes in taxable gross receipts and sales price—A (5-31-98)
- 11.28 Gifts and other advertising specialties—A (5-31-98)
- 11.32 “Gross receipts” and “sales price” —A (5-31-98)
- 11.41 Exemption of property consumed or destroyed in manufacturing—A (5-31-98)
- 11.56 Printing industry—A (3-31-98)
- 11.68 Construction contractors—A (5-31-98)
- 11.70 Advertising agencies—A (5-31-98)
- 11.83 Motor vehicles—A (5-31-98)

**Rules Reviewed by Legislative Council Rules Clearinghouse**

- 11.56 Printing industry—A

**Rules Being Reviewed Following Publication of Various Notices**

- 1.13 Power of attorney-A
- 11.03 Elementary and secondary schools and related organizations-A
- 11.11 Industrial or governmental waste treatment facilities-A
- 11.12 Farming, agriculture, horticulture and floriculture-A
- 11.33 Occasional sales-A



## Report on Litigation

Summarized below are recent significant Wisconsin Tax Appeals Commission (WTAC) 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:

<p><b>Individual Income Taxes</b></p> <p>Compensation for services <i>Robert and Joan Sorensen</i> (p. 12)</p> <p>Domicile <i>Estate of Konstantine George, and Marion George</i> (p. 12)</p> <p>Farm loss limitation <i>David G. and Patricia Stauffacher</i> (p. 13)</p> <p>Native Americans — reservation of another tribe <i>Joan LaRock</i> (p. 14)</p> <p>Penalties — attempt to defeat or evade tax <i>Thomas B. Shepard</i> (p. 14)</p> <p>Refunds, claims for — statute of limitations <i>Kurt H. Van Engel</i> (p. 16)</p> <p><b>Homestead Credit</b></p> <p>Housing subject to property tax <i>Jimmy D. Bean</i> (p. 17)</p> <p>Property taxes accrued — co-ownership <i>Calvin B. and Sharon M. Gates</i> (p. 17)</p> <p>Property taxes accrued — more than one unit <i>Glendora Miller</i> (p. 17)</p> <p><b>Corporation Franchise and Income Taxes</b></p> <p>Deductions — state franchise or income taxes <i>Delco Electronics Corporation</i> (p. 18)</p>	<p>Manufacturer’s sales tax credit <i>Wausau Paper Mills Company</i> (p. 19)</p> <p>Refunds — claims after field audit refund <i>National Presto Industries, Inc.</i> (p. 19)</p> <p><b>Sales and Use Taxes</b></p> <p>Construction — exempt entities <i>Precision Metals, Inc.</i> (p. 20)</p> <p>Motor vehicles and trailers — payment of tax before registration <i>Albert Berchanskiy</i> (p. 21)</p> <p>Motor vehicles — rebates <i>David and Carole Schenker</i> (p. 22)</p> <p>Officer liability <i>Frank A. Calarco</i> (p. 22)</p> <p>Time-share property <i>Vacation Owner’s Association, Inc.</i> (p. 23)</p> <p><b>Withholding of Tax</b></p> <p>Officer liability <i>Kathy J. Keimig</i> (p. 24)</p> <p><b>Sales and Use Taxes, and Withholding of Taxes</b></p> <p>Officer liability <i>James M. Callen</i> (p. 25)</p> <p>Officer liability <i>Kenneth Higgs and Richard F. Wagner</i> (p. 25)</p> <p>Officer liability <i>Scott W. Wolf</i> (p. 26)</p>
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