



Office Audit of Wisconsin Income Tax Returns

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1. WHY ARE RETURNS SELECTED FOR OFFICE AUDIT?

The usual reason for selecting Wisconsin tax returns for office audit is to verify the accuracy of income, deductions, exemptions, and credits that have been reported on the returns.

The fact that returns have been selected for office audit does not suggest a suspicion of willful evasion of correct tax reporting.

2. WHAT IS AN OFFICE AUDIT?

An office audit is an examination of your returns to determine if the correct amounts of income, deductions, exemptions, and credits were reported on the tax returns. The Wisconsin Statutes authorize the department to conduct office audits of tax returns. Generally, the audit will be conducted by correspondence; however, some work can be done by phone or conference. The audit begins when you are notified that your tax returns have been selected for examination.

You can follow along with your audit in My Case Manager. For more information, see [Publication 701](#), *My Case Manager User Guide*.

3. HOW FAR BACK WILL MY RETURNS BE AUDITED?

An office audit will generally include the tax returns for the last four years. The department must send a notice of assessment or refund resulting from an office audit within four years of the due date of the return or the date the return was filed, whichever is later.

Two exceptions to the four-year statute of limitations are:

1. For income or franchise taxes, the statute of limitations is six years if:
 - You reported less than 75% of the correct taxable income, and
 - The additional tax is over \$100 for that return.
2. If no return was filed, or if an incorrect return was filed with intent to evade taxes, there is no statute of limitations.

4. COMPLETION OF THE AUDIT

Upon completion of the audit, the department will provide you with a determination letter or notice. If there is no tax due and no refund, the department will send you a letter stating there is no change in your tax liability. If there is a notice of refund or amount due, the report will explain the adjustment and show the change in the amount of tax, interest, and penalty.

5. INTEREST AND PENALTIES

Refund interest accrues at 3% per year. Interest on an amount due accrues at 12% per year starting from when the tax was originally due. This rate is set by state law and cannot be waived. If returns were not filed or a notice is not timely paid, interest accrues at 18%. Certain penalties may apply to audits, including:

- A penalty of 25% of the increase in tax liability and/or credit recovery if your incorrect reporting was negligent
- A penalty of 50% or 100% of the increase in tax liability if your tax return was not filed or was filed incorrectly with intent to evade taxes

- A penalty of 25% of the increase in tax liability if you were previously audited and were notified in that audit that your records were insufficient, and the records in the current audit are still not sufficient
- When the auditor requests records (in writing) for purposes of the audit, a penalty may apply if you do not provide the records requested and conditions described in secs. [Tax 2.85](#) and [11.90](#), Wis. Adm. Code, are met. The penalty includes:
 - Disallowance of deductions, credits, or exemptions, or inclusion of income, taxable sales, or purchases related to the requested records, plus
 - 25% of the additional tax resulting from each violation (minimum of \$500)

6. APPEAL RIGHTS

For a description of your appeal rights, see [Publication 506](#), *Taxpayers' Appeal Rights*.

7. HOW DO I PAY?

You can pay online, by check, or by credit card.

- **To pay online:**

- Businesses:
 - Go to tap.revenue.wi.gov
 - Log in and pay using My Tax Account
- Individuals:
 - Go to tap.revenue.wi.gov/pay
 - Select tax type (Your notice will have the information needed to complete the field)
 - Select "Field Audit Payment"
 - Apply the payment to the last tax year changed on your notice
 - Complete the required fields
 - Click "Submit"
 - Verify and agree to the payment

- **To pay by check:**

- Make check payable to Wisconsin Department of Revenue
- Print your tax account number in the check memo area
- Mail the voucher with your payment to:
Wisconsin Department of Revenue
PO Box 930208
Milwaukee, WI 53293-0208

- **To pay by credit card:**

- Contact the auditor for instructions

Note: A convenience fee will apply to credit card payments.

8. WHAT IF I CAN'T PAY?

Pay as much of the amount due as you can and request a payment plan. The department charges a \$20 fee for payment plans. A payment plan will not prevent the imposition of 18% interest for overdue payment or the filing of a lien. Although the payment plan will not be effective until after the due date of the notice, you may request the payment plan as soon as you receive the notice.

Request a payment plan

Online:

- [Businesses request a payment plan here](#). Log in or create a My Tax Account profile to submit your request.
- [Individuals request a payment plan here](#) using the electronic Form A-771 on the department's website

By mail:

- Mail [Form A-771](#) to the department

For payment plan questions, email DORCompliance@wisconsin.gov or call 608-266-7879.

9. REPRESENTATION

If you want to allow another person to discuss and receive your confidential tax information, complete [Form A-222, Power of Attorney](#) and provide it to the auditor.

If you do not wish to use Form A-222, you may use an alternate Power of Attorney form. The alternate form must be notarized and clearly indicate that your representative is authorized to receive tax information on your behalf.

10. APPLICABLE LAWS AND RULES

This document provides statements or interpretations of ch. 71 and sec. 73.03(33m), [Wis. Stats.](#), and sec. Tax 2.85, [Wis. Adm. Code](#), enacted as of May 3, 2021. Laws enacted and in effect after this date, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to this date that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a), Wis. Stats.