

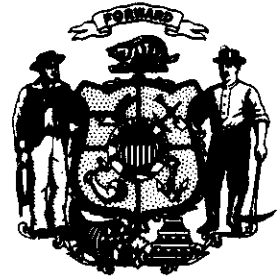
WISCONSIN TAX BULLETIN

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Wisconsin Department of Revenue
Income, Sales, Inheritance and
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APRIL 17 IS INCOME TAX FILING DEADLINE

April 17 is the deadline for filing a 1977 calendar year Wisconsin individual income tax return. Taxpayers waiting until the deadline to file should be sure that their returns bear an April 17 postmark. Returns postmarked after April 17 are considered filed late and, as such, are subject to late filing fees.

The Wisconsin Homestead Credit Claim (Schedule H) for 1977 is not due until December 31, 1978. However, if an individual is filing an income tax return and also claims homestead credit, the department prefers that the Schedule H accompany the income tax return. If an individual has already filed a 1977 income tax return but later wishes to claim homestead credit, a Schedule H must be filed no later than December 31, 1978.

December 31, 1978 is also the filing deadline for a 1977 Wisconsin Farmland Preservation Credit Claim (Schedule FC), although claimants are encouraged to attach Schedule FC to their Wisconsin income tax returns. Individuals who have filed a Homestead Credit Claim for 1977 are not eligible to receive 1977 Farmland Preservation Credit benefits. Similarly, individuals who have claimed a Farmland Preservation Credit do not qualify for Homestead Credit.

Taxpayers should carefully check returns for completeness before filing. To help speed up the department's processing of returns, taxpayers should be sure to enter all the information requested on their returns, sign their returns, attach their proper wage statements and include a complete copy of their federal return if they are filing Wisconsin Form 1 (a copy of the federal re-

IN THIS ISSUE

	Page
April 17 is Income Tax Filing Deadline	1
1978 Estimated Tax Payment is Due	
April 17	1
Extensions of Time to File Tax	2
Returns for Individuals	
Report on Litigation	2
Tax Releases	3

turn should not be included with Wisconsin short Form 1A). Part-year residents and nonresidents should include a schedule showing their computation of the itemized deductions, low-income allowance or personal exemptions which require proration on the Wisconsin return.

If an error is discovered on a return after it is filed, an amended return should be filed. Wisconsin Form IX may be used, which has been designed to make amended returns easier to file and process. This form may be obtained at any department office.

1978 Estimated Tax Payment is Due April 17

Reminder of Estimated Tax Filing Requirements

Every individual, whether or not a resident of Wisconsin, is required to file a declaration of Wisconsin estimated tax (Form 1-ES) if:

1. The individual receives income taxable in Wisconsin other than or in addition to wages which are withheld upon for Wisconsin income tax purposes; and
2. The individual expects the Wisconsin income tax liability to exceed withholding upon wages, if any, by \$60 or more.

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

Individuals required to file a 1978 declaration during the first quarter of 1978 must do so on or before April 17. Installment payments are also due on June 15, 1978, September 15, 1978, and January 15, 1979.

Change in 1978 Declaration of Estimated Tax Vouchers

About June 1, 1978, the Department will mail three-part voucher forms (Form 1-EP) to taxpayers who filed 1978 declarations of estimated tax. Unlike the 1977 vouchers, the 1978 voucher forms will show the amount due for each installment. Therefore, if there are no changes to the estimated tax as originally filed, the taxpayer may simply remit the amount shown due for each of the installments (June 15, September 15, and January 15).

If it is necessary to amend an estimated declaration, a taxpayer should use Schedule B on the Form 1-ES worksheet to compute the corrected installment amounts due. The corrected amounts should also be entered on line 2 of the vouchers.

Since the three-part voucher forms include a special processing identification number, it is important that substitute forms are not used. If a taxpayer misplaces or destroys the preprinted voucher (Form 1-EP), the taxpayer may instead submit an installment payment with a note attached, clearly marked "DECLARATION PAYMENT". That note should include the following:

1. Full name (husband & wife if a combined declaration).
2. Social security number (s).
3. Address.

4. If there is a combined payment for both husband and wife, indicate the amount for each spouse.

The address and telephone number for matters relating to declaration vouchers (Forms 1-EP) is:

WISCONSIN DEPARTMENT
OF REVENUE
P.O. BOX 34
MADISON, WI 53786
Telephone (608) 266-9940

New Minimum Payment Levels Required

Chapter 29, Laws of 1977 increased the minimum declaration requirements for 1978 from 70% to 80% of total tax liability. This 80% standard applies to estimated taxes paid by both individuals and corporations.

To avoid the 9% penalty which is imposed on underpayments of estimated tax, individuals and corporations are generally required to make installment payments of 1978 estimated taxes which equal at least 80% of their total tax liability.

EXTENSIONS OF TIME TO FILE TAX RETURNS FOR INDIVIDUALS

Many individuals cannot file their Wisconsin income tax returns by filing deadlines. The statutes provide that extensions of time to file may be granted for many of these returns. This article describes the extensions available and the procedures for requesting them.

A. Forms 1 and 1A

The 1977 individual income tax Forms 1 and 1A are due on April 17, 1978 for persons who are calendar year taxpayers (s. 71.10 (2) (b)). If an individual's fiscal year is other than a calendar year, these returns are due on the 15th day of the 4th month following the close of the fiscal year.

Any extension of time granted by the Internal Revenue Service for filing corresponding federal returns shall extend the time for filing the Wisconsin returns, provided that a copy of the federal extension (Form 4868 for a 60-day extension, or Form 2688 for an additional ex-

tension) is filed with the Wisconsin return (s. 71.10 (5) (b)). If the Internal Revenue Service for any reason 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.

Upon written request and for a satisfactory cause, the department may grant a 30-day extension to file Forms 1 and 1A (s. 71.10 (5) (b)). A form entitled "Application for Extension of Time to File Wisconsin Individual Income Tax Returns" is available from all department offices for these requests. This form should be filed in duplicate and must be received by the department on or before the original due date of the income tax return. One copy of the application will be returned to the filer, indicating whether the request for extension has been granted or denied.

U.S. citizens who are not in the United States or Puerto Rico on April 17, 1978 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 17.

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

B. Schedule H and Schedule FC

A Wisconsin Homestead Credit Claim (Schedule H) or Farmland Preservation Credit Claim (Schedule FC) should be filed with the individual income tax return if possible. If it must be filed later, the latest date for filing Schedule H is December 31 of the year following the

year for which the claim is filed (s. 71.09 (7) (dm)).

Schedule FC must be filed no later than 12 months after the end of the taxable year to which the claim relates (s. 71.09 (11) (d)). For calendar year taxpayers, the 1977 Schedule FC must be filed by December 31, 1978.

No extensions are provided by statute for filing either Schedule H or Schedule FC claims. Late claims are not permitted.

REPORT ON LITIGATION

(This portion of the WTB summarizes recent significant Tax Appeals Commission and Wisconsin court decisions. In cases which decisions adverse to the Department's position are rendered, it will be noted whether or not the Department acquiesces or will appeal.)

Alan Marcuvitz et al vs. Department of Revenue (Wisconsin Tax Appeals Commission, November 30, 1977.) Chapter 39, Laws of 1975, increased the interest rates for income, franchise, withholding and sales and use taxes. The regular rate of interest was increased from 6% to 9% per year and the delinquent rate from 1% to 1½% per month. The law became effective November 1, 1975.

The Department's application of the 9% annual interest rate on assessments was contested in this case. The Department had issued assessments in August 1976 covering the taxable years 1971 and 1972. Interest was applied at the rate of 9% annually from the due date of the 1971 and 1972 Wisconsin income tax returns to the due date for payment of the assessment.

The Commission concluded that interest at 6% per year should be applied from the due dates of the 1971 and 1972 returns to October 31, 1975 and interest at 9% per year should be applied beginning November 1, 1975.

The Department did not appeal this decision.

NOTE: The Department's interpretation of this decision is explained in TIM I-2.3, entitled "Interest Computation - Income, Franchise, Withholding and Sales and Use Taxes" (January 3, 1978) and