

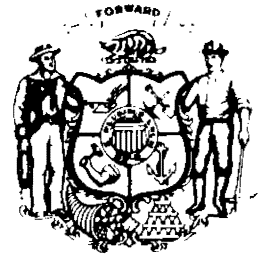
WISCONSIN TAX BULLETIN

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NEW FORMS AND FORM CHANGES FOR 1978

There will be three new Wisconsin tax forms for 1978. First, Schedule PC may be used by certain individuals claiming the 1978 special property tax/rent credit. Secondly, Schedule AE will be available for both individuals and corporations who wish to claim an alternative energy system (solar, wind, or waste conversion system) tax benefit. Thirdly, Form 4U will be available to compute a corporation's underpayment of estimated tax.

In addition, some significant revisions have been made to the income tax forms from last year, and one corporation form has been eliminated for 1978.

Schedule PC, Wisconsin Special Property Tax/Rent Credit Claim

Schedule PC, a form on which to claim the 1978 special property tax/rent credit, is to be used only by renters and homeowners who will not file a 1978 Wisconsin income tax return (Form 1 or 1A) or a Homestead Credit Claim (Schedule H). Individuals who will file a 1978 income tax return or Homestead Credit Claim will compute their special credit directly on Form 1, 1A, or Schedule H.

Schedule PC may be filed any time between January 1, and December 31, 1979. Homeowners may claim a refundable credit of 10% of their property taxes accrued for 1978; however, the credit will not be less than \$40 or more than \$100. Renters will receive \$40 regardless of the amount of rent paid.

Schedule AE, Wisconsin Alternative Energy System Tax Benefit Claim

Individuals claiming a tax credit based on the cost of an alternative energy system installed on their property must file Schedule AE. If a Wisconsin income tax return (Form 1 or 1A) is filed, Schedule AE should be attached to that return. Cor-

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porations electing the special write-off provisions for the cost of an alternative energy system must attach Schedule AE to their corporate franchise/income tax return (Form 4 or 5).

Schedule AE, a one-page form, will be available after December 31, 1978. One portion of the schedule must be completed by the Department of Industry, Labor and Human Relations, to certify the cost of the alternative energy system and that the system meets the performance standards specified by rule by that Department.

Form 4U, Underpayment of Estimated Tax by Corporations

Form 4U has been included in the 1978 corporation Forms 4 and 5 booklets. It should be used to compute the addition to the tax penalty due on an underpayment of estimated tax, or to show that an exception is met which avoids such penalty.

Form 9X Eliminated

Form 9X, "Wisconsin Corporation Annual Information Return" has been eliminated for 1978. This form was previously used to summarize Forms 8 (stock transfers), 9b (dividends, interest and rent paid, etc.), and WT-7 (employer's reconciliation of income tax withheld) filed with the Department. Forms 8, 9b and WT-7 continue to be required, but will no longer need to be accompanied by the separate summary form 9X.

Revisions to Income Tax Returns (Forms 1, 1A and Schedule H)

New lines have been added to Form 1, Form 1A, and the Homestead Credit Claim for individuals to claim the 1978 special property tax/rent credit. Individuals who are *not* filing either of these returns should claim this credit on Schedule PC.

Space will be provided on Form 1 for individuals claiming a credit for an alternative energy system. The amount of the credit allowable will be computed on Schedule AE and carried to Form 1.

The signature space on Form 1 will be moved from the front of the return to the back. Individuals should be sure to sign their returns.

SUMMARY OF 1977 INDIVIDUAL RETURNS FILED

During the first six months of 1978, over 2,060,000 1977 income tax returns and Homestead and Farmland Preservation Credit claims were filed, representing 2,810,000 separate individuals. (The combined return of a husband and wife is considered one return.) The number of 1977 returns and Homestead claims filed is about 50,000 more than the 1976 returns filed last year. This is the first year Farmland claims were filed. Other statistics regarding 1977 tax returns are as follows:

- 610,000 tax returns were received during the month of April. These comprised about 30% of all income tax returns received by the Department in 1978.
- 1,340,000 individuals were sent income tax refunds, which averaged \$118 each. The average refund individuals received for 1976 returns was \$100.
- Individuals owing additional tax with their 1977 returns paid an average

of \$213, an increase over the average payment of \$180 last year. There were 600,000 taxpayers who made payments with their 1977 returns.

- 250,000 Homestead Credit refunds were issued averaging \$265 per claimant, an increase over the average refund of \$206 issued last year.
- About 700 Farmland Preservation Credit claims were filed with the Department.

1978 TAXPAYER ASSISTANCE

During the period January through June 1978, many requests for taxpayer assistance were received by the Department relating to income, franchise, and sales/use taxes and homestead and farmland credits. Taxpayer assistance involves answering questions and providing information and tax forms to taxpayers and tax practitioners who write, telephone or visit the Department's offices. Approximately 300 auditors, tax representatives and limited term employees at 37 different offices located throughout the state spent part of their time providing taxpayer assistance services.

In the first half of 1978, over 351,000 persons contacted the Department's offices for assistance. These persons asked a total of 507,000 questions, with 64% relating to individual income tax. More than one-half of these inquiries were received by telephone.

During this period, the Department also obtained information about the types of persons who visit its offices to receive assistance. On selected dates, persons were asked to complete a short questionnaire. Of the 3,500 completed questionnaires, 58% of the persons who visited a Department office were age 65 or older. Sixty-five percent traveled no more than 5 miles to get to the office and 70% had received assistance in prior years.

HOMESTEAD AND FARMLAND PRESERVATION CREDIT FILING DEADLINES

Less than three months remain for Wisconsin residents to file a 1977 Homestead claim, and for many farmland owners to

file a Farmland Preservation Credit claim. The law does not permit late returns nor extensions of time for these credits.

December 31, 1978 is the last day for filing a Homestead claim. It is also the last day for filing a Farmland claim for farmland owners who are calendar year taxpayers. Farmland claims of persons who file income tax returns on a fiscal year basis must be filed no later than 12 months after the end of their fiscal year. The homestead credit should be claimed on Wisconsin Schedule H and the farmland credit on Schedule FC.

So far this year, about 250,000 1977 Homestead claims and about 700 Farmland claims have been received. These claims have provided more than \$65 million in rent and property tax rebates.

Some of the requirements which must be met to qualify for benefits under these two programs for 1977 are as follows:

Homestead Credit (available only to individuals). A claimant:

- Must have been a full year Wisconsin resident.
- Must have been at least 18 years of age on December 31, 1977.
- Must have a household income of less than \$9,300 (\$9,900 if claimant, spouse or dependent is 65 or older).
- Is not claimed as a dependent on someone else's 1977 federal income tax return (does not apply to persons 62 or older).
- At the time of filing, cannot be receiving general relief or Aid to Families With Dependent Children (AFDC).
- Must have lived all or part of 1977 in property subject to real estate taxes.

Farmland Preservation Credit (available to individuals and corporations owning farmland). A claimant:

- Must have been a full year Wisconsin resident (corporations must have been organized under Wisconsin law and in existence for all of 1977).
- Must be the owner of at least 35 acres of farmland which is subject to agricultural use restrictions and

which produced at least \$6,000 in gross farm profits (or \$18,000 in last three years combined).

- Must report farm income on a farm business schedule for income tax purposes.
- Must have a household income of less than \$35,000.

For additional information concerning the eligibility requirements for these programs, instructions on how to file and the necessary claim forms, contact any Wisconsin Department of Revenue office or write to Department of Revenue, P.O. Box 8906, Madison, WI 53708.

BULK ORDERS OF TAX FORMS

The order blank (Form P-744) for requesting a bulk supply of 1978 Wisconsin income tax forms is scheduled to be mailed in early October. As in past years, bulk orders of income tax forms requested by professional tax preparers are subject to a minimal handling charge. However, no charge is made for forms which will be used for distribution to the general public, such as is commonly done by many banks, post offices and libraries.

Persons ordering bulk supplies of tax forms are again asked to determine their order amounts as accurately as possible. Orders for forms should be placed as early as possible. This will aid the Department in identifying possible shortages of forms.

If you are not currently on the Department's mailing list to receive the bulk order blank and would like one, call any Department office or write to the Department of Revenue, Central Services Section, P.O. Box 8903, Madison, WI 53708.

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.)

Arthur L. Solliday vs. Department of Revenue (Circuit Court of Jefferson County, Case No. 6600, May 11, 1978.) The Albert F. Solliday Trust was created