

WISCONSIN TAX BULLETIN

JULY, 1980
NUMBER 19

NEW WISCONSIN INHERITANCE TAX RETURN

A new, simplified one-page inheritance tax return has been developed for use by a surviving husband or wife to report the estate of a deceased spouse for Wisconsin inheritance tax purposes. The new return is known as Form 101S, Wisconsin Spousal Inheritance Tax Return.

Form 101S may be used when *all* the following conditions are met:

1. The deceased spouse died on or after July 1, 1979.
2. The *surviving spouse* is the *only* person receiving property because of the decedent's death.
3. No federal estate tax return is required to be filed.
4. The deceased spouse was a Wisconsin resident when he or she died.
5. The decedent did not own real estate or tangible property located outside Wisconsin when he or she died.

The new return may be used regardless of the type of proceeding used to administer a decedent's estate or to transfer property to the surviving spouse. Form 101S will be easier to complete than the other two multi-page inheritance tax returns, Forms 101 and 101A.

Form 101S will be available by August 1, 1980. Requests for copies should be sent to the Department of Revenue at Post Office Box 8904, Madison, WI 53708 or call (608) 266-1231.

NEW WISCONSIN TAX LAWS IN 1980

In recent months a number of Wisconsin tax law changes have been en-

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acted. This article contains brief descriptions of new laws relating to individual income, corporation franchise/income, inheritance, sales and use, withholding and excise taxes. The majority of these changes were enacted in the 1980 budget review bill (Chapter 221, Laws of 1979, Assembly Bill 1180) which was published on April 29, 1980.

Income Taxes

1. **Update Internal Revenue Code Reference to December 31, 1979** (Chapter 221, Laws of 1979, Assembly Bill 1180, effective for 1980 taxable year and thereafter.)

For the 1980 taxable year and thereafter, individuals, estates and trusts will use the Internal Revenue Code in effect on December 31, 1979 with three exceptions that do not apply for Wisconsin: (a) special federal provisions for benefits received from an employer's educational assistance program; (b) foreign living cost deductions; and (c) amortization of pollution control facilities. In addition, individuals may continue to claim Wisconsin itemized deductions for child and dependent care expenses and for political contributions and exclude certain amounts of foreign earned income.

Federal tax laws enacted in 1980 and thereafter will not apply in computing 1980 Wisconsin income and deductions.

2. **Offset One Spouse's Overpayment Against Other Spouse's Underpayment for Computing**

Addition to Tax Penalty (Chapter 221, Laws of 1979, Assembly Bill 1180, effective for 1980 taxable year and thereafter.)

In computing the "addition to tax" penalty for underpayment of tax by individuals, an underpayment by a person may be reduced by any overpayment of the person's spouse, if the spouse with the overpayment filed all required declarations of estimated tax and timely paid all required declaration amounts. Prior to this law change, this offset between spouses was not permitted for purposes of computing the "addition to tax" penalty.

3. **Declaration Filing Requirement Increased from \$60 to \$100** (Chapter 221, Laws of 1979, Assembly Bill 1180, effective for 1981 taxable year and thereafter.)

A person will be required to file a declaration of estimated tax if the person's tax can be expected to exceed withholding on wages by \$100 or more.

4. **Addition and Subtraction Modifications to Adjust Basis of Partnership Interest for Pre-1975 Out-of-State Losses and Gains** (Chapter 277, Laws of 1979, Senate Bill 316, effective for 1975 taxable year and thereafter.)

This new law provides that whenever a Wisconsin resident disposes of an interest in a partnership in a transaction in which gain or loss is recognized, a modification must be made to reflect any increases or decreases in the basis of the partnership interest which occurred in taxable years prior to 1975 as a result of losses or gains relating to business or property which had a situs outside of Wisconsin under the provisions of s. 71.07 in effect for years prior to 1975.

Prior to 1975, income or loss which a partnership derived from partnership business or property located outside of Wisconsin,