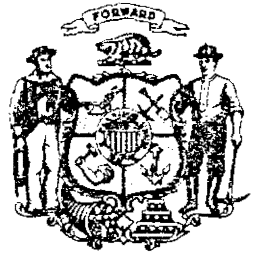


WISCONSIN TAX BULLETIN

Published by:

Wisconsin Department of Revenue
Income, Sales, Inheritance and
Excise Tax Division
P.O. Box 8910
Madison, Wisconsin 53708

August 7, 1981
NUMBER 24



SPECIAL BULLETIN

NEW WISCONSIN TAX LAWS

The 1981-83 budget bill (Chapter 20, Laws of 1981) which was signed by the Governor on July 29 and was published on July 30, 1981, contains a number of changes to the Wisconsin tax laws. This special issue of the WTB contains brief descriptions of the new income, corporation franchise/income, farmland preservation credit, homestead credit, inheritance, sales and use and excise tax provisions.

If you have any questions concerning these new laws, you may contact the Wisconsin Department of Revenue, Technical Services, Post Office Box 8910, Madison, Wisconsin 53708.

TAX LAW PROVISIONS IN BUDGET BILL

INCOME TAXES

Effective Date

- | | |
|---|---------------|
| 1. Update Reference to Internal Revenue Code to December 31, 1980 for Individuals, Estates and Trusts | 1981 tax year |
| 2. Rent Credit Changed | 1981 tax year |
| 3. Work Requirements Changed for Child Care Deduction | 1981 tax year |
| 4. Prorate Personal Exemption Credits on Basis of Months | 1981 tax year |
| 5. Define "Gross Income" Relating to Requirements to File a Tax Return | 1981 tax year |
| 6. Writ of Mandamus to File a Tax Return | July 31, 1981 |
| 7. Define Terms for Declaration of Estimated Tax | July 31, 1981 |
| 8. Exempt Income of Certain Trust Accounts of Nonresidents | 1981 tax year |
| 9. Defer Gain on Sale of Residence - Replacement Outside of Wisconsin | 1982 tax year |
| 10. 5% Minimum Tax | 1981 tax year |
| 11. Capital Gain and Loss Changes | 1982 tax year |
| 12. Accelerated Depreciation for Individuals, Estates and Trusts | 1981 tax year |

CORPORATE FRANCHISE/INCOME TAXES

Effective Date

- | | |
|--|---|
| 1. Update Internal Revenue Code Reference to December 31, 1980 for Insurance Companies, Regulated Investment Companies and Real Estate Investment Trusts | 1981 tax year |
| 2. Clarify That Federal Income Taxes are Not Deductible | 1975 tax year |
| 3. Clarify the Limitation for Deductible Dividends | 1980 tax year |
| 4. Eliminate Deduction for State Taxes | 1981 tax year |
| 5. Eliminate Deduction for Windfall Profits Tax | 1981 tax year |
| 6. Addition to Tax Penalty Not Deductible | 1981 tax year |
| 7. Accrual of Real Estate Taxes | 1981 tax year |
| 8. Involuntary Conversions - Replacement Property Outside Wisconsin | 1981 tax year |
| 9. Imputed Interest | 1981 tax year |
| 10. Capitalize Intangible Drilling Costs | 1981 tax year |
| 11. Eliminate Requirement to File Extension Form 7005 Within Ten Days | 1981 tax year |
| 12. Six Month Extensions for DISCs and Cooperatives | 1981 tax year |
| 13. Corporate Reorganization | 1981 tax year |
| 14. 60% Payment of Tax Liability Required to Meet Exception to Addition to Tax | July 31, 1981, except that amounts that would have been due before July 31, 1981 should be prorated equally among and paid with installments of estimated taxes beginning with the payment for the calendar quarter beginning October 1, 1981 |
| 15. Define Declaration of Estimated Tax Terms | July 31, 1981 |
| 16. Accelerated Depreciation | 1981 tax year |
| 17. Corporate Tax Rate Changed | 1981 tax year |

FARMLAND PRESERVATION CREDIT

Effective Date

1. Farmland Preservation Credit Changes

1981 tax year

HOMESTEAD CREDIT

1. Depreciation Added to Household Income
2. Homestead Credit Formula Changed

claims filed for
the year 1981

claims filed for
the year 1981

INHERITANCE TAXES

1. Update Reference to Internal Revenue Code to December 31, 1980 for Qualified Retirement Plans, Installment Payments and Power of Appointment

transfers because
of death on or
after July 1, 1981
except power of
appointment becomes
effective July 31, 1981

SALES AND USE TAXES

1. Retailers Discount Changed
2. Define When Sales and Use Tax Returns and Other Actions are Timely Filed
3. Exempt All Fuels Converted to Electric Energy, Gas or Steam
4. Exempt Corporate Reorganizations
5. Define "Substantially Similar" in Section 77.51(10)(b)
6. Exemption for Metropolitan Sewerage Districts

sales and use taxes
payable on returns
filed for taxable
years beginning on
or after January
1, 1983

July 31, 1981

October 1, 1981

July 31, 1981

July 31, 1981

October 1, 1981

EXCISE TAXES

1. Motor Fuel and Special Fuel Tax Increase to 13¢ Per Gallon
2. Impose New Excise Tax on Aviation Fuel

August 1, 1981

January 1, 1982

	<u>Effective Date</u>
3. Liquor and Wine Tax Increased	August 1, 1981
4. Cigarette Tax Increased to 20¢ Per Pack	August 1, 1981
5. New Tax on Tobacco Products	October 1, 1981
6. Filing Quarterly Reports-Beer, Liquor, Cigarette and Special Fuel	October 1, 1981

OTHER LAW CHANGES

1. Interest Rate and Addition to Tax Penalty Increased From 9% to 12%	determinations, assessments or other actions made by the Department of Revenue on or after August 1, 1981 regardless of the taxable period to which they pertain
2. Annual Adjustment to Withholding Tables	January 1, 1983
3. Nonacquiescence of Tax Appeals Commission Decisions	July 31, 1981
4. Eliminate Requirement to File Form 10	1981 tax year
5. Fraudulent Homestead Credit, Farmland Credit and Alternative Energy Credit Claims a Felony	claims filed on or after July 31, 1981
6. Time Limit for Refunding Income and Franchise Taxes	returns for the 1981 tax year
7. Lien for Unpaid Taxes - Effective Date	July 31, 1981
8. Application of Non-Delinquent Tax Payments	July 31, 1981
9. Payment of Income Tax Refunds or Tax Credits if a Person Dies	July 31, 1981
10. Property Tax Deferral for Persons 65 or Over	July 31, 1981
11. Reduce Refunds for Debts Owed the State	February 1, 1982