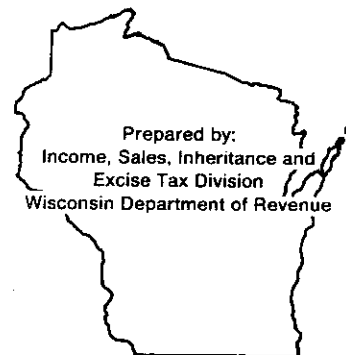


WISCONSIN TAX BULLETIN

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REFUND QUESTIONS

Do you have a question about your income tax or homestead credit refund check? First, wait at least 10 weeks after filing your Form 1, Form 1A or Schedule H. Then, call or write to: Wisconsin Department of Revenue, P.O. Box 8903, Madison, Wisconsin 53708, (608) 266-8100.

In your inquiry be sure to include your name and social security number, the name and social security number of your spouse if you are married, your address, the approximate date you filed your return, and your phone number where you can be reached during the day.

EXTENSIONS TO FILE TAX RETURNS FOR INDIVIDUALS

Forms 1 and 1A

Any extension of time granted by the Internal Revenue Service for filing federal returns also extends the time for filing the corresponding Wisconsin individual income tax returns. A copy of the federal extension (Form 4868 for a 4-month extension, or Form 2688 for an additional extension) must be filed with the Wisconsin return. 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.

If you are not applying for a federal extension, but need extra time for a Wisconsin return, a 30-day extension of time to file may be requested on Wisconsin Form I-101, "Application for Extension of Time to File Wisconsin Individual Income Tax Return". The application for extension must be submitted on or before April 15, 1985.

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 12%

IN THIS ISSUE

	Page
Refund Questions.....	1
Extensions to File Tax Returns for Individuals.....	1
Due Dates of Individuals' 1985 Estimated Tax Payments.....	1
Corporation 1985 Estimated Tax Requirements	2
Criminal Violations of State Income Tax Laws.....	2
Gift Tax Returns Due April 15.....	2
Due Dates for 1984 Homestead and Farmland Preservation Credit Claims.....	3
Reminder! Dependents With Unearned Income.....	3
Reminder! Report Federal Adjustments and Amended Returns.....	3
Do You Have Suggestions for 1985 Tax Forms?.....	3
Employers Must Submit Excess Withholding Exemption Certificates.....	3
New ISI&E Division Rules and Rule Amendments in Process.....	3
Report on Litigation.....	4
Tax Releases.....	14
Individual Income Taxes... Corporation	15
Franchise/Income Taxes	15
Sales/Use Taxes.....	15
Homestead and Farmland Credits.....	16

per year for the extension period (s. 71.10(5)(b), Stats.). To avoid the payment of interest, individuals may pay the tax due on or before the original due date of the return. A Wisconsin "Declaration Voucher", 1984 Form 1-ES, should be submitted with any payment made. This will ensure that the payment is properly credited to the individual's account. Individuals using a federal extension can obtain a 1984 Form 1-ES from any Depart-

ment of Revenue office. Individuals applying for a Wisconsin extension may use the 1984 Form 1-ES that is attached to the bottom of the application for the Wisconsin extension.

U.S. citizens who are not in the United States or Puerto Rico on April 15, 1985 are allowed an automatic extension until June 17 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 15.

Applications for extensions and related correspondence should be sent to:

Wisconsin Department of Revenue
P.O. Box 8903
Madison, Wisconsin 53708

Schedules H (Homestead) and FC (Farmland Preservation Credit)

No extensions of time are available for filing claims for the above credits.

1984 Homestead claims must be filed no later than December 31, 1985. Farmland preservation credit claims for 1984 must be filed no later than 12 months after the farmland owner's 1984 taxable year ends (e.g., December 31, 1985 for calendar year taxpayers).

DUE DATES OF INDIVIDUALS' 1985 ESTIMATED TAX PAYMENTS

Estimated income tax payments are tax deposits made during the year to prepay the tax that will be due when the individual's income tax return is filed. If the individual does not make the estimated tax payments when required, a penalty may be assessed.

Every individual, whether a resident of Wisconsin or nonresident, is required to file a 1985 declaration of Wisconsin estimated tax (Form 1-ES)

if the individual expects to have a balance due of \$100 or more with his or her 1985 income tax return.

The due date for individuals required to file a 1985 declaration during the first quarter of 1985 is April 15, 1985. Installment payments are also due on June 17, 1985, September 16, 1985 and January 15, 1986 for calendar year taxpayers.

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

CORPORATION 1985 ESTIMATED TAX REQUIREMENTS

A corporation must make installment payments of estimated tax if it can expect to have a tax liability for the year of over \$500. Installment payments are due on the fifteenth day of the third month, sixth month, and ninth month of the taxable year and the fifteenth day of the first month after the close of the taxable year.

If a required installment is not paid by its due date, an addition to the tax may be assessed on the amount of the underpayment for the period of the underpayment. In determining the underpayment for 1985, the percentage of tax that is required to be prepaid is 90% of the net tax liability shown on the return.

Corporations should keep in mind the change in Wisconsin law (1983 Wisconsin Act 27) concerning exceptions 1 and 2 (s. 71.22(10)(a) and (b), Stats.) to avoid the addition to the tax. Beginning with 1984 taxable years, corporations with Wisconsin net income of \$250,000 or more are no longer eligible for these exceptions. These exceptions continue to apply to corporations with less than \$250,000 of net income.

CRIMINAL VIOLATIONS OF STATE INCOME TAX LAWS

A Green Lake County man has been ordered to serve two consecutive six month jail terms in the Dane County Jail for criminal violations of the Wisconsin state income tax laws. Gregory J. Garro, of Princeton, Wisconsin, was sentenced on November 21, 1984 in Dane County Circuit Court by Circuit Judge James C. Boll on two counts of failing to file Wisconsin state income tax returns.

Criminal charges were filed against Garro by the Attorney General's office after an investigation by the Intelligence Section of the Wisconsin Department of Revenue. Garro was charged with failing to file state income tax returns for 1979 and 1980. He was found guilty on both counts after a jury trial.

An American Motors employe has been ordered to serve forty days in the Kenosha County Jail and three years probation for criminal violations of the Wisconsin state income tax laws. Dennis W. Harper, formerly of Kenosha, was sentenced on December 13, 1984 in Kenosha County Court by Circuit Judge Bruce Schroeder on three counts of failing to file Wisconsin state income tax returns for 1980, 1981 and 1982. Judge Schroeder sentenced Harper to forty days in jail with work release privileges on Count #1, then stayed execution of the sentence for thirty days pending filing of appeals. He also sentenced Harper to six months in jail with work release privileges on each of Counts #2 and #3, staying execution of the sentences on those counts and ordering Harper to serve three years probation. Under the conditions of probation, Harper must file and pay all income taxes when due and pay all back taxes.

Kenneth R. Edaburn, of Grantsburg, Wisconsin was sentenced on December 14, 1984 in Burnett County Circuit Court by Circuit Judge Warren Winton on three counts of failing to file Wisconsin state income tax returns. Judge Winton ordered Edaburn to pay a \$500 fine on each of the three counts plus \$539.28 court costs.

Failure to file a Wisconsin state income tax return is a crime punishable by a maximum fine of \$500 or imprisonment not to exceed six months or both. In addition to the criminal penalties provided by statute, Wisconsin law provides for substantial civil penalties on the civil tax liability. Assessment and collection of the additional taxes, penalties and interest due follows convictions for criminal violations.

GIFT TAX RETURNS DUE APRIL 15

All gifts made by Wisconsin residents are taxable, except gifts given to a spouse and gifts of real estate and tangible personal property located

outside of Wisconsin. All gifts made by nonresidents of Wisconsin of property (both real estate and tangible personal property) located in Wisconsin are taxable, except gifts given to a spouse.

1984 Wisconsin gift tax reports must be filed if the total value of taxable gifts given by one donor (person giving the gift) to one donee (person receiving the gift) exceeds \$3,000. Gift tax reports of the donee and donor for 1984 must be filed by April 15, 1985.

The donor reports gifts made on Form 7. On this form the donor enters the description and value of the gifts made to each donee.

The donee reports the gifts he or she received on Form 6, and includes the description and value of the gifts received from one donor. If the donee received gifts from more than one donor during that year, the donee must file a separate report of gifts received from each donor.

The gift tax due is figured on Form 6. In determining the 1984 gift tax due, an annual exemption of \$3,000 is allowed for all gifts made during a calendar year by one donor to one donee. Gifts to a spouse are completely exempt from Wisconsin gift tax. A lifetime personal exemption of \$10,000 is allowed for gifts to lineal issue (children, grandchildren), lineal ancestors (parents, grandparents), the wife or widow of a son, the husband or widower of a daughter, an adopted or mutually acknowledged child, and a mutually acknowledged parent. There is no lifetime exemption allowed to other donees.

Beginning in 1985 the gift tax exemptions are increased. The annual gift tax exemption is increased from \$3,000 to \$10,000. The lifetime gift tax exemption for property transferred to lineal issue and lineal ancestors (children, grandchildren, parents, grandparents) etc., is increased from \$10,000 to \$25,000. For these transfers occurring on or after January 1, 1986, the lifetime exemption will increase to \$50,000. Also, gift tax returns for 1985 will not have to be filed unless the total value of all gifts from one donor to one donee exceeds \$10,000.

DUE DATES FOR 1984 HOMESTEAD AND FARMLAND PRESERVATION CREDIT CLAIMS

December 31, 1985 is the deadline for filing a 1984 Wisconsin homestead credit claim. December 31, 1985 is also the deadline for filing a 1984 Wisconsin farmland preservation credit claim for calendar year farmland owners. Claimants using other fiscal years must file their farmland preservation credit claim by 12 months after the farmland owner's 1984 taxable year ends.

No extensions of time are available for filing claims for these two credits.

REMINDER! DEPENDENTS WITH UNEARNED INCOME

There is a special filing requirement for dependents with unearned income. Persons who are claimed as a dependent by another taxpayer, and who have unearned income (for example, interest or dividends) of \$1000 or more are required to file a Wisconsin income tax return.

If a dependent with unearned income elects to use the standard deduction on the Wisconsin return, the amount of deduction is limited to the lesser of the total earned income or the standard deduction. For example, if the dependent had total income of \$1,700 consisting of wages of \$500 and interest of \$1,200, his or her standard deduction is limited to \$500.

REMINDER! REPORT FEDERAL ADJUSTMENTS AND AMENDED RETURNS

A report must be filed with the Wisconsin Department of Revenue whenever a taxpayer's federal income tax return is adjusted by the Internal Revenue Service (IRS), and the adjustments affect the amount of Wisconsin tax payable. The report must be filed with the department within 90 days after the federal adjustments become final.

In addition, taxpayers filing an amended return with the IRS or another state must also notify the department within 90 days of filing the amended return, if information in the amended return affects the amount

of Wisconsin income reportable or tax payable.

An amended Wisconsin return or copy of the federal audit report should be sent to Wisconsin Department of Revenue, Audit Bureau, P.O. Box 8906, Madison, Wisconsin 53708.

DO YOU HAVE SUGGESTIONS FOR 1985 TAX FORMS?

Each year the department receives helpful suggestions from the public for improving the Wisconsin income tax forms.

Please let us know your ideas for improving Forms 1 (individual long form) and 1A (individual short form), Forms 4 and 5 (corporation franchise/income tax returns), Schedule H (Homestead) or other department forms. Send your suggestions to the Wisconsin Department of Revenue, Director of Technical Services, P.O. Box 8910, Madison, WI 53708. Submit your suggestions by July 1, 1985.

EMPLOYERS MUST SUBMIT EXCESS WITHHOLDING EXEMPTION CERTIFICATES

Wisconsin law provides that when an employer is required to furnish a copy of an employee's exemption certificate (federal Form W-4) to the Internal Revenue Service, a copy must also be furnished to the Wisconsin Department of Revenue (s. 71.20(8)(f), Stats.). The copy must be submitted to the Department of Revenue, Compliance Bureau, P.O. Box 8902, Madison, Wisconsin 53708, within 15 days after it is filed with the IRS.

For both federal and Wisconsin purposes, employers are required to submit copies of any employee's withholding exemption certificate if:

1. The employee claims more than 14 withholding exemptions, or
2. The employee claims complete exemption from withholding and he or she earns more than \$200 per week.

NEW ISI&E DIVISION RULES AND RULE AMENDMENTS IN PROCESS

Listed below, under Parts A and B, are proposed new administrative rules and amendments to existing rules that are currently in the rule adoption process. The rules are shown at their stage in the process as of March 15, 1985.

("A" means amendment, "NR" means new rule, "R" means repealed and "R&R" means repealed and recreated.)

A. Rules at Legislative Council Rules Clearinghouse

Note: Proposed rule Tax 11.71 regarding automatic data processing has been withdrawn.

B. Rules at Legislative Standing Committees

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|--------|--|
| 8.51 | Labels-A |
| 8.61 | Advertising-A |
| 8.76 | Salesperson-A |
| 8.81 | Transfer of retail liquor stocks-A |
| 11.002 | Permits, application, department determination-NR |
| 11.03 | Elementary and secondary schools-A |
| 11.05 | Governmental units-A |
| 11.10 | Occasional sales-A |
| 11.16 | Common or contract carriers-A |
| 11.17 | Hospitals, clinics and medical professions-A |
| 11.52 | Coin-operated vending machines and amusement devices-A |
| 11.53 | Temporary events-A |
| 11.54 | Temporary amusement, entertainment, or recreational events or places-A |
| 11.62 | Barbers and beauty shop operators-A |
| 11.65 | Admissions-A |
| 11.67 | Service enterprises-A |
| 11.68 | Construction contractors-A |
| 11.69 | Financial institutions-A |
| 11.97 | "Engaged in business" in Wisconsin-A |

C. Rules Approved by Legislative Standing Committees, Not Yet Effective

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|-------|--------------------|
| 11.10 | Occasional Sales-A |
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