

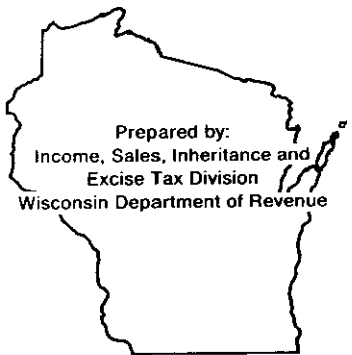
# WISCONSIN TAX BULLETIN

October 1986  
NUMBER 48

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## FEDERAL TAX LAWS ENACTED IN 1986 DO NOT APPLY FOR WISCONSIN

Federal tax laws enacted during 1986 generally may not be used in determining Wisconsin taxable income for 1986. There are two exceptions: (1) any federal law which changes the amount of taxable unemployment compensation required to be included in federal adjusted gross income will apply for Wisconsin tax purposes, and (2) at the taxpayer's option, any revisions to the federal Internal Revenue Code that relate to the taxation of income derived from any source as a direct consequence of participation in the milk production termination program (P.L. 99-198) will apply for Wisconsin tax purposes.

The fact that federal tax laws enacted during 1986 may not be used in determining Wisconsin taxable income for 1986 results in certain income and deduction items being different on 1986 Wisconsin and federal income tax returns. As in prior years, Wisconsin Schedule I should be used to adjust for these differences.

The federal laws enacted during 1986 which may result in a differences between Wisconsin and federal income for 1986 are Public Law 99-272 and the Tax Reform Act of 1986. A comprehensive list of the provisions of federal law which may not be used for Wisconsin purposes can be found in the instructions of Wisconsin Schedule I which will be available at Department of Revenue offices about January 2, 1987. The list will include items that affect calendar year taxpayers as well as those taxpayers who file on a fiscal year basis.

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## NEW FOR 1986 — WISCONSIN PACKAGE WI-X

A new package of Wisconsin tax forms is available for 1986. It is titled Package WI-X and contains actual size copies of most of the Wisconsin individual, fiduciary and corporation income tax, gift tax, inheritance tax, motor fuel tax, sales tax and withholding tax forms.

This forms package should be available December 15, 1986. The cost is \$5.00 per copy. An order blank to purchase Package WI-X will be sent with the bulk order form in October.

If you do not receive an order blank and wish to purchase copies of Package WI-X, requests indicating the number of copies wanted along with the amount due should be mailed to: Wisconsin Department of Revenue, Shipping and Mailing Section, Post Office Box 8903, Madison, WI 53708.

## TWO NEW FORMS FOR 1986

### 1. New Simplified Tax Form

Form WI-Z is a simplified tax form similar to federal Form 1040EZ. Form WI-Z may be filed by persons who

- file federal Form 1040EZ,
- were Wisconsin residents for all of 1986,
- did not have interest income from U.S. bonds or from state or municipal bonds in 1986,

- do not claim any Wisconsin tax credits other than the Wisconsin renter's and home owner's credits (such as Wisconsin homestead credit),
- will be claimed as a dependent on another person's income tax return, and have less than \$5,200 of total income.

The department encourages persons who meet these conditions to file Form WI-Z.

## 2. New Form for Nonresidents and Part-Year Residents

Nonresidents and part-year residents of Wisconsin must file Form 1NPR. As a result of changes in the Wisconsin income tax law, Form 1NPR has been designed to make it easier for these persons to report their Wisconsin income. Form 1NPR has 2 columns. The first column is labeled "Federal column." In this column, a nonresident or part-year resident will fill in the same amounts that were reported on the federal return. The second column is labeled "Wisconsin column." In this column, the person will fill in the amounts that apply to Wisconsin.

## 3. Other Form Changes

### *Income Tax Forms (Form 1 and 1A)*

- Married couples will be able to file a "joint" return for Wisconsin. The separate entry columns for spouses are eliminated.
- The entry line for the standard deduction is eliminated. The standard deduction has been built into the tax tables, eliminating the need for the separate entry line.
- The entry line for itemized deductions is eliminated. A Wisconsin itemized deduction credit is allowed in place of a subtraction for itemized deductions.
- The number of entry lines on Form 1 is reduced from 70 lines for 1985 to 27 lines for 1986. The number of entry lines on Form 1A is reduced from 30 lines for 1985 to 17 lines for 1986.
- Form 1 has been redesigned as a one-page form with four supporting sched-

ules appearing on the reverse side of the form.

- Entry lines detailing federal income and deductions are eliminated on Form 1. Taxpayers will enter their federal adjusted gross income rather than amounts from each separate line of their federal return.
- The section of the forms where credits are claimed is revised to reflect several law changes. The child-dependent care credit and earned income credit are eliminated. The married couple credit and itemized deduction credit are new for 1986. The personal exemption credits are revised to include only a dependent credit and a senior citizen credit.
- Form 1 includes a filing status for "married filing separate returns." Married persons filing a separate return must file on Form 1. Married persons filing a joint return may file on either Form 1 or 1A.
- Schedule MT, Wisconsin Minimum Tax, is eliminated for 1986. The Wisconsin Minimum Tax is computed on Form 1, and no additional schedule is needed.

### *Homestead Credit (Schedule H)*

- Two new questions have been asked relating to marital status (see Questions 6b and 6c).
- The entry lines for reporting the separate Wisconsin income of each spouse are revised. Only one entry line is needed as spouses may file a joint Wisconsin tax return.

Copies of the 1986 Wisconsin Form 1, 1A, WI-Z, 1NPR and Schedule H are included on pages 31 through 42 of this issue. Form 1NPR is still subject to change before being printed.

## 1986 INCOME AND FRANCHISE TAX FORMS

For tax practitioners and others who wish to print their own supplies of Wisconsin

tax forms, camera copy of the 1986 Wisconsin income and franchise tax forms and the 1987 declaration of estimated tax forms may be purchased from the WISCOMP Center. The cost is \$15 per side of a page which includes the 5% Wisconsin sales tax, handling and shipping. The camera copy of 1986 corporation forms is available immediately. Camera copy for most of the other tax forms is expected to be available about November 1, 1986.

A clip out order form is located on the last page of this bulletin. Address orders to WISCOMP, One West Wilson Street, Room B355, Madison, WI 53702. Make your remittance payable to WISCOMP. Your remittance must accompany your order. Orders are processed on a 24-hour basis.

## WISCONSIN JOINS INTERSTATE SALES COMPACT TO ENFORCE USE TAX LAWS

Wisconsin, along with Illinois, Indiana, Michigan, Minnesota, and Ohio, has signed the Great Lakes States Interstate Sales Compact to increase compliance with the use tax laws, primarily as it applies to transactions made across state boundaries.

The compact calls for an increase in cooperative enforcement and exchange of information by 1) encouraging voluntary registration with the other states by those instate vendors who, while not being required to register, make regular sales to consumers in the other states; 2) encouraging and enforcing registration by those instate vendors who are required to register with one or more other states; and 3) providing information to the other states on untaxed sales made by instate vendors to consumers in the other states. Audits will be used to discover untaxed sales made by vendors to consumers in the various Great Lakes states.

Although the compact specifically applies to sales and use taxes, the states may enter into agreements creating cooperative administrative efforts for other taxes, including corporate franchise tax, income tax, motor fuel tax, cigarette tax, and other excise taxes.

## TAXPAYERS TO RECEIVE FORMS 1099-G IN JANUARY 1987

An information return, Form 1099-G, will be mailed to taxpayers who received a Wisconsin income tax refund in 1986. Only such taxpayers who claimed itemized deductions on their 1985 federal income tax returns should receive Forms 1099-G. Section 6050E of the Internal Revenue Code requires the Department of Revenue to send this 1986 information return to taxpayers.

If a married person had offset part or all of his or her refund against tax owed by his or her spouse on a combined return, the full amount of the refund (amount before the offset) will be reported on Form 1099-G. For example, on their 1985 return spouse A had a refund of \$400 which was applied against spouse B's tax due of \$150. A refund check of \$250 (\$400 - \$150 = \$250) was issued to spouse A in 1986. The full amount of refund (\$400 in this example) will be reported on the 1986 Form 1099-G for spouse A.

If both a husband and wife receive a refund when filing a combined return, a separate Form 1099-G will be prepared for each spouse showing that spouse's refund. For example, on their 1985 combined return spouse A showed a refund of \$75 and spouse B a refund of \$125. One refund check of \$200 was sent to them in 1986. The Form 1099-G for spouse A will show a \$75 refund. The Form 1099-G for spouse B will show a \$125 refund.

## DEPENDENTS WITH UNEARNED INCOME — WHICH FORM TO FILE

Persons who are claimed as a dependent by another taxpayer and who have unearned income (for example, interest or dividends) of \$1,000 or more are required to file a 1986 Wisconsin income tax return. Which tax form should be filed?

### A dependent with unearned income

- *must* file Wisconsin Form 1 if his or her unearned income for 1986 is \$1,000 or more, or the total income is \$5,200 or more.

- may file Wisconsin Form 1A only if his or her unearned income is less than \$1,000 *and* the total income is less than \$5,200. Form 1A can be used only if all income is from wages, salaries, tips, unemployment compensation, interest, or dividends.

- may file Wisconsin Form WI-Z only if his or her total income is less than \$5,200 *and* he or she files Form 1040EZ for federal income tax purposes. Federal Form 1040EZ can be filed only by single persons under 65 years of age who meet certain income limitations and have no dependents.

If a dependent with unearned income is a nonresident or part-year resident of Wisconsin, he or she cannot use Wisconsin Form 1, 1A or WI-Z. All nonresidents and part-year residents must file Wisconsin Form 1NPR.

## BULK ORDERS OF TAX FORMS

In October, the Department will mail out the order blank (Form P-744) which practitioners and other persons or organizations should use to request bulk orders of 1986 Wisconsin income tax forms. As in past years, professional tax preparers are subject to a handling charge on their orders. No charge is made for forms used for distribution to the general public (for example, in a bank, library or post office).

Orders should be placed as early as possible after you receive the order blank. By receiving the orders early, the Department can better identify possible shortages of specific forms.

This year's mailing list for bulk order blanks contains the names of all persons and organizations who placed orders for 1985 forms. If you are not on this mailing list and do not receive a Form P-744 you may request the bulk order blank by contacting any Department office or by writing to the Wisconsin Department of Revenue, Central Services Section, P.O. Box 8903, Madison, WI 53708.

## TAX RETURN STATISTICS FOR 1986

There were 2,280,000 Wisconsin income tax returns filed in 1986. In addition, 277,000 homestead credit claims and 20,000 farmland preservation credit claims were filed during the year.

The 2,280,000 income tax returns were filed by 3,227,000 individuals. (The combined return of a husband and wife is considered one return.)

Taxpayers were issued a total of 1,818,000 income tax refunds in 1986, averaging \$264 each. The average refund for 1984 returns was \$267.

Homestead credit refunds averaged \$375 per claimant, an increase from the average refund of \$360 issued last year. About 43% of the claimants were age 65 or older. Of the individuals claiming homestead credit, 45% were renters and 55% were homeowners.

An average payment of \$1,671 was issued to each farmland preservation credit claimant. The average payment for 1984 claims was \$1,666.

Itemized deductions were claimed by 27% of the taxpayers, and the standard deduction was claimed by 73%.

As a result of Wisconsin's 5% minimum tax, 22,650 persons made an average payment of \$2,426 each.

## OVER 60,000 TAXPAYERS CONTRIBUTE TO ENDANGERED RESOURCE PROGRAM

The 1985 Wisconsin income tax returns, Form 1 and 1A, included a line for taxpayers to contribute to the Wisconsin Endangered Resources Fund. These donations either reduce a taxpayer's refund or increase the amount owed. Amounts contributed go to the Wisconsin Department of Natural Resources to help protect and care for Wisconsin's endangered species, nongame wildlife and rare plant and animal habitats.

On 1985 Wisconsin income tax returns filed, 61,081 taxpayers contributed

\$441,235 to the Endangered Resource Fund. This compares with 1984 income tax returns where 68,993 taxpayers contributed \$470,313.

### **TAXPAYERS CHECK OFF OVER \$400,000 TO STATE ELECTION CAMPAIGN FUND**

The 1985 Wisconsin income tax returns, Form 1 and 1A, included a box for taxpayers to designate \$1 to the State Election Campaign Fund. If the box is checked "yes," it does not increase or reduce the taxpayer's tax liability.

During the period July 1, 1985, to June 30, 1986, taxpayers designated \$476,536 to the election campaign fund on their Wisconsin tax returns. This compares to \$430,351 for the prior twelve months ending June 30, 1985.

### **REMINDER: FILING DEADLINES FOR 1985 HOMESTEAD AND FARMLAND PRESERVATION CREDIT CLAIMS**

December 31, 1986, is the deadline for filing a 1985 homestead credit claim. Farmland preservation credit claims for 1985 must be filed no later than 12 months after the farmland owner's 1985 taxable year ends. December 31, 1986 is the deadline for filing a 1985 farmland preservation credit claim for farmland owners who are calendar year taxpayers.

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

### **REMINDER: NOTIFY DEPARTMENT OF FEDERAL ADJUSTMENTS AND AMENDED RETURNS**

If a taxpayer's federal income tax return is adjusted by the Internal Revenue Service (IRS), and the adjustments affect the amount of Wisconsin income reportable or tax payable, such adjustments must be

reported to the Wisconsin Department of Revenue within 90 days after they 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 if information in the amended return affects the amount of Wisconsin income reportable or tax payable.

Wisconsin Administrative Code section Tax 2.105 provides additional information regarding this reporting requirement and indicates when adjustments made by the IRS are considered final.

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

### **REMINDER: EMPLOYERS MUST SUBMIT COPIES OF CERTAIN EMPLOYEE WITHHOLDING EXEMPTION CERTIFICATES TO THE DEPARTMENT**

Wisconsin law requires employers to submit copies of employee withholding exemption certificates to the Department whenever they are required to provide such information to the Internal Revenue Service (IRS). The copies must be submitted to the Department within 15 days after they are 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 number of exemptions claimed is more than 14 or (2) the employee is claiming complete exemption from withholding and he or she earns more than \$200 per week.

### **REMINDER: NONRESIDENT ENTERTAINERS REQUIRED TO FILE SURETY BOND OR CASH DEPOSIT**

A "nonresident" entertainer who performs in Wisconsin for a contract price that exceeds \$3,200 is required to file a surety

bond or cash deposit with the Department of Revenue in an amount of 6% of his or her total contract price.

If the bond or deposit is not filed, the "employer" at the event is required to withhold the 6% from the nonresident entertainer's payment. If the employer fails to withhold the required amount, the employer will be held liable for the amount that should have been withheld.

A "nonresident entertainer" is a nonresident person who furnishes amusement, entertainment or public speaking services, or performs in one or more sporting events, and includes a foreign corporation (one not organized under the laws of Wisconsin) not regularly engaged in business in Wisconsin which derives income from any of these activities or from these services performed by a nonresident person.

An "employer" is any Wisconsin resident person or firm which contracts for the services of a nonresident entertainer. In the absence of such resident contracting person, the employer is the last resident person or firm to have receipt, custody or control of the proceeds of the event. If there is neither a resident contracting person nor a resident with control of the proceeds, the employer is any nonresident person or firm who contracts for or has control of the proceeds of the event.

Amounts of cash deposited with the Department of Revenue with Form WT-10 and amounts withheld by employers and reported on Form WT-11 may be claimed as a credit by the nonresident entertainer on his or her Wisconsin individual income tax return or on the corporation's franchise/income tax return for the year in which the appearance was made. Any amounts deposited or withheld that are in excess of the nonresident entertainer's Wisconsin tax liability per the return will be refunded.

Surety bonds filed with the Department of Revenue with Form WT-10 will be released upon request when the nonresident entertainer's tax liability for the year involved has been satisfied.

Additional information may be obtained by requesting Publication 508, entitled Wisconsin Tax Requirements Relating to Nonresident Entertainers.

Copies of Publication 508, Form WT-10, Form WT-11 and the Nonresident Enter-tainer's Surety Bond may be obtained from the Wisconsin Department of Revenue, Central Services Section, P.O. Box 8903, Madison, Wisconsin 53708.

Any questions about the requirements of this law may be directed to Edward Pelter, Wisconsin Department of Revenue, P.O. Box 8906, Madison, Wisconsin 53708, telephone (608) 266-3645.

## CONVICTIONS FOR FAILURE TO FILE INCOME TAX RETURNS

A Menomonee Falls man has been ordered to serve 6 months in jail and pay \$1,000 in fines for criminal violations of the Wisconsin state income tax law. David J. McCarville was sentenced on May 14, 1986, in Dane County Circuit Court, Branch 9, Madison, by Circuit Judge William D. Byrne on two counts of failing to file Wisconsin state income tax returns. Judge Byrne ordered McCarville to serve 90 days in the Dane County jail on the first count and 90 days on the second count to run consecutively and fined him \$500 on each count.

McCarville was charged with failing to file state income tax returns on gross income of more than \$25,000 for 1980 and more than \$30,000 for 1981. He was found guilty on both counts after a jury trial.

An Ozaukee county man has been ordered to serve probation for criminal violations of the Wisconsin state income tax law. Knox M. Mitchell of Mequon, Wisconsin, was convicted on August 13, 1986, in Ozaukee County Circuit Court, Branch 2, Port Washington, after he plead no contest to one count of failing to file a state income tax return. Circuit Judge Warren A. Grady sentenced Mitchell to 6 months in jail, stayed execution of the sentence and ordered Mitchell to serve 2 years probation. Under the conditions of probation, Mitchell must file a Wisconsin income tax return for 1984 and pay the tax due within one year.

Failure to file a Wisconsin state income tax return is a crime punishable by a fine of not more than \$500 or imprisonment not to exceed 6 months or both for income tax returns due prior to July 20,

1985. Beginning July 20, 1985, the criminal penalty is a \$10,000 fine or imprisonment not to exceed 9 months or both. In addition to the criminal penalties, Wisconsin law provides for substantial civil penalties on the civil tax liability.

## PRISON TERM FOR INCOME TAX EVASION

A Green Bay area man has been ordered to pay \$6,000 in fines and serve jail time for state income tax violations. Richard Nachreiner, President of Richard's Hair Stylist's, Inc., Oneida, Wisconsin was sentenced on June 25, 1986 in Dane County Circuit Court, Branch 11, by Circuit Judge Daniel R. Moeser on 2 counts of state income tax evasion. Judge Moeser sentenced Nachreiner to 2 years in prison on the first count, stayed execution of the sentence and placed Nachreiner on 5 years probation on both counts, to be served concurrently. Under the conditions of probation, Nachreiner must serve 60 days in jail, pay a \$3,000 fine on each count, contribute 100 hours of community service and make restitution of income taxes, penalties and interest exceeding \$14,000.

Nachreiner was charged with failing to report more than \$147,000 in taxable income for the years 1979, 1980, and 1981 and evading more than \$14,000 in state income taxes for those years. He pled guilty to two of the charges on April 22.

Filing a false state income tax return is a crime punishable by a maximum fine of \$10,000 or imprisonment for 5 years or both. In addition to the criminal penalties provided by statute, Wisconsin law provides for substantial civil penalties on the civil tax liability.

## 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 state in the process as of October 1, 1986. Part C lists new rules and amendments which were adopted in 1986. Part D lists emergency

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

### A. Rules at Legislative Council Rules Clearinghouse

- 1.06 Application of federal income tax regulations for persons other than corporations-A
- 1.10 Depository bank requirements for withholding, motor fuel, general aviation fuel and special fuel tax deposit reports-A
- 1.13 Power of attorney-A
- 2.01 Residence-A
- 2.03 Corporation returns-A
- 2.05 Information returns, forms 8 for corporations-A
- 2.08 Returns of persons other than corporations-A
- 2.99 Minimum tax—individuals, estates and trusts-NR
- 3.03 Dividends received, deductibility of-A
- 3.07 Bonuses and retroactive wage adjustments paid by corporations-A
- 3.08 Retirement and profit-sharing payments by corporations-A
- 3.10 Salesmen's and officers' commissions, travel and entertainment expense of corporations-R
- 3.12 Losses on account of wash sales by corporations-A
- 3.37 Depletion of mineral deposits by corporations-A
- 3.38 Depletion allowance to incorporated mines and mills producing or finishing ores of lead, zinc, copper or other metals except iron-A
- 3.47 Legal expenses and fines--corporations-R
- 3.54 Miscellaneous expenses not deductible--corporations-A
- 3.81 Offset of occupational taxes paid against normal franchise or income taxes-A
- 3.91 Petition for redetermination-A
- 3.92 Informal conference-A
- 3.93 Closing stipulations-A
- 3.94 Claims for refund-A

### B. Rules at Legislative Standing Committees

- 2.395 Sales factor option-NR

### C. Rules Adopted But Not Yet Effective (Effective 11/1/86)

- 11.001 Definitions and use of terms-A
- 11.32 "Gross receipts" and "sales price"-A
- 11.68 Construction contractors-A
- 11.83 Motor vehicles-A
- 11.92 Records and record keeping-A
- 11.95 Retailer's discount-A
- 11.97 "Engaged in business" in Wisconsin-A

### D. Rules Adopted in 1986 (in parentheses is the date the rule became effective)

- 2.045 Information returns; form 9c for employers of nonresident entertainers, entertainment corporations or athletes-R (1/1/86)
- 3.22 Real estate and personal property taxes of corporations-R (1/1/86)
- 3.30 Depreciation and amortization, leasehold improvements: corporations-R (1/1/86)
- 3.31 Depreciation of personal property of corporations-R (1/1/86)
- 3.61 Mobile home monthly parking permit fees-R (1/1/86)
- 11.71 Computer industry-NR (3/1/86)
- 11.83 Motor vehicles-A (3/1/86)
- 17.01 Administrative provisions-NR (9/1/86)
- 17.02 Eligibility-NR (9/1/86)
- 17.03 Application and review-NR (9/1/86)
- 17.04 Repayment of loan-NR (9/1/86)

### E. Emergency Rules

- 2.395 Sales factor option-NR

The following sales tax rules to incorporate county sales/use tax provisions were published and became effective on March 24, 1986:

- 11.001 Definitions and use of terms-A
- 11.32 "Gross receipts" and "sales price"-A
- 11.68 Construction contractors-A
- 11.83 Motor vehicles-A
- 11.92 Records and record keeping-A
- 11.95 Retailer's discount-A
- 11.97 "Engaged in business" in Wisconsin-A

## REPORT ON LITIGATION

*This portion of the WTB summarizes recent significant Tax Appeals Commission and Wisconsin court decisions. The last paragraph of each decision indicates whether the case has been appealed to a higher court.*

*The last paragraph of each WTAC decision in which the department's determination has been reversed will indicate one of the following: (1) "the department appealed," (2) "the department has not appealed but has filed a notice of non-acquiescence" or (3) "the department has not appealed" (in this case the department has acquiesced to Commission's decision).*

The following decisions are included:

### Individual Income Taxes

James Keane (p. 6)  
Domicile—Wisconsin domicile not abandoned

### Corporation Franchise/Income Taxes

American Brands, Inc. (p. 7)  
Nexus

Falls Communications, Inc. (p. 7)  
Installment sales

Luebke Corporation (p. 8)  
Interest expense—purchase of own stock

Regency Nursing Home, Inc. (p. 8)  
Net business loss carryforward

### Sales/Use Taxes

Bargo Foods North, Inc. (p. 9)  
Meals—transportation companies  
Gross receipts

Reichard Yamaha, Inc. (p. 9)  
Successor's liability

Wisconsin Bell, Inc. (p. 9)  
Definitions of storage and use  
Liability of user

## INDIVIDUAL INCOME TAXES

**Domicile — Wisconsin domicile not abandoned.** *James Keane vs. Wisconsin Department of Revenue* (Wisconsin Tax Appeals Commission, June 19, 1986). The sole issue for the Commission to determine was whether the taxpayer during the years 1982 and 1983 was a resident of Racine, Wisconsin and domiciled in this state for income tax purposes.

The taxpayer was employed by the S.C. Johnson Company of Racine, Wisconsin from June 1974 until the present where he is the marketing vice-president, International Division. The taxpayer's home office is located in Racine, Wisconsin.

Prior to his purchase of a condominium in the State of Florida, the taxpayer and his wife resided at 3101 Michigan Road, Racine, Wisconsin. This home was sold in January 1982. The taxpayer testified that he and his wife purchased a condominium located in West Palm Beach, Florida where he took up Florida residency and obtained a Florida driver's license, Florida auto registration, Florida voting registration, Florida bank account and Florida savings account.

The taxpayer also testified that after he and his wife sold their home in Racine, Wisconsin in January 1982, they rented an apartment in Racine, Wisconsin. The taxpayer resided in that apartment approximately 65% of the year.

The taxpayer continued maintaining his Wisconsin driver's license and Wisconsin auto registration. The taxpayer also had personal property located in Wisconsin, maintained a bank account and safety deposit box in Wisconsin, and held membership in the Racine Country Club and St. Mary's Church of Racine, Wisconsin, all during 1982 and 1983.

The taxpayer's wage and tax statement in 1982 and 1983 lists his address as 111 East 11th Street, Racine, Wisconsin, and S.C. Johnson Company withheld Wisconsin state income tax from the taxpayer.

The Commission concluded that the taxpayer, during the period under review, did not abandon his Wisconsin domicile and establish a new domicile elsewhere. During the period under review, the taxpayer was legally domiciled in the State of Wisconsin, and thus, under the provisions of