

of this Bulletin. The order blank may also be used for subscribing to the *Wisconsin Tax Bulletin* and for ordering the Wisconsin Administrative Code. □

### Speakers Bureau

The department's Speakers Bureau provides speakers to business, community, and other organizations throughout Wisconsin. If you would like a speaker to address your group, please call the Speakers Bureau at (608) 266-8640.

Subjects that may be discussed include updates on income, corporate, sales, and withholding tax laws, audit procedures, common taxpayer errors, homestead credit issues, how tax laws apply to exempt organizations, and sales tax problems of contractors or manufacturers. □

### 1992 Package WI-X Will Be Available

The department will again be offering Package WI-X, which will contain actual size copies of most 1992 Wisconsin individual and fiduciary income tax, corporation franchise and income tax, partnership, inheritance and estate tax, motor fuel tax, sales and use tax, and withholding tax forms.

Package WI-X should be available by January 31, 1993. The cost is \$7.00 per copy. It may be ordered on the bulk order blank (Form P-744). The bulk order blank is being mailed in October. See the following article for more information on bulk orders.

If you do not receive an order blank and you wish to purchase copies of 1992 Package WI-X, mail your request indicating the number of copies, along with the amount due, to Shipping and Mailing Section, Wisconsin

Department of Revenue, P.O. Box 8903, Madison, WI 53708-8903. □

### Bulk Order of Tax Forms

During October, the department is mailing the order blank (Form P-744) which tax preparers should use to request bulk orders of 1992 Wisconsin income tax forms. There is a handling charge on these orders.

The department is also mailing order blanks (Forms P-744b and P-744L) which banks, post offices, and libraries should use to request bulk orders of 1992 Wisconsin income tax forms. No charge is made for forms used for distribution to the general public (for example, in a bank, library, or post office).

This year's mailing list for bulk order blanks contains the names of all persons and organizations who placed orders for 1991 forms. If you are not on this mailing list and do not receive a Form P-744, P-744b, or P-744L, you may request the bulk order blank by contacting any department office or by writing to Shipping and Mailing Section, Wisconsin Department of Revenue, P.O. Box 8903, Madison, WI 53708-8903. You may also phone the Shipping and Mailing Section at (608) 267-2025.

You should place your order as early as possible after you receive the order blank. Orders are expected to be filled in late December and early January. Package WI-X will be mailed separately in late January. □

### IRS 1992 Mileage Rate Change Applies for Wisconsin

The optional standard mileage rate specified by the IRS for computing business automobile expenses for 1992 also applies for Wisconsin.

The IRS increased the rate from 27.5¢ per mile for all business miles driven, to 28¢ per mile. The 28¢ per mile rate is allowed without regard to whether the automobile was previously considered fully depreciated.

If the standard mileage rate of 28¢ per mile is used, depreciation is considered to be allowed at 11.5¢ per mile for 1992, an increase from 11¢ per mile for 1991. However, no portion of the 28¢ per mile rate is considered to be depreciation after the adjusted basis of the automobile reaches zero.

The mileage rate used to calculate automobile expenses for charitable deduction purposes, which remains at 12¢ per mile in 1992, also applies for Wisconsin.

For both federal and Wisconsin purposes, a rate of 9¢ per mile is used in 1992 to calculate automobile expenses for medical and moving expense deductions. □

### Reminder: Deadlines for Filing Credit Claims Have Changed

The former December 31 deadline for filing homestead credit claims and most farmland preservation credit and farmland tax relief credit claims is no longer in effect. As a result of 1991 Wisconsin Act 39, the deadline for an individual to file a 1991 or subsequent year's claim for homestead credit is 4 years, 3½ months after the close of the taxable year to which the claim relates. The deadline for filing a farmland preservation credit or farmland tax relief credit claim is also 4 years, 3½ months after the close of the taxable year, except for corporations, for which the deadline is 4 years, 2½ months after the close of the taxable year. Claims filed by persons not required to file an income

tax return must be filed on a calendar-year basis.

The following examples illustrate various deadlines for filing a 1991 claim for homestead credit, farmland preservation credit, or farmland tax relief credit.

**Example 1:** A trust with a calendar-year taxable year wishes to file a 1991 farmland preservation credit claim. The claim may be filed any time up to April 15, 1996.

**Example 2:** A corporation with a fiscal taxable year ending November 30, 1992, wishes to claim farmland tax relief credit for 1991. The credit may be claimed any time up to February 17, 1997.

**Example 3:** An individual with a fiscal taxable year ending November 30, 1992, is required to file a 1991 income tax return and wishes to file a 1991 homestead credit claim. The claim may be filed any time up to March 17, 1997.

**Example 4:** Assume the person in Example 3 did not have a filing requirement. The 1991 homestead credit claim would have to be filed by the deadline which applies for calendar-year filers, which is April 15, 1996.

### Under Reporting of Receipts Is Costly

Charges against a Brillion, Wisconsin, couple, Lyle A. and Arlis L. Krizenesky, were filed in March 1992, by the Calumet County District Attorney. The Krizeneskys, owners and operators of a tavern in Brillion, were each charged with one count of being party to keeping a place of prostitution, one count of soliciting a person to practice prostitution, and one count of permitting an entertainer to solicit drinks from customers.

A plea agreement was reached in May 1992, in which Lyle Krizenesky pled no contest to one count of keeping a house of prostitution and one count of filing a fraudulent 1990 Wisconsin income tax return. Arlis Krizenesky pled no contest to one count of filing a fraudulent 1990 Wisconsin income tax return. The remaining charges were dismissed.

On June 17, 1992, they were each sentenced to 3 years probation, with the conditions that they make restitution of the taxes, penalty, and interest, and they execute a mortgage in favor of the Department of Revenue in the amount of \$40,000. The investigation showed that for the years 1987-1991, gross receipts from the tavern business were under reported by more than \$174,000.

In another case of under reporting income, Patricia G. Hass, 44, of LaCrosse, Wisconsin, was charged in August 1992, with three counts of filing false and fraudulent income tax returns regarding her 1988 original return, a 1988 amended return, and her 1989 return. According to the LaCrosse County District Attorney's Office, Hass had been charged in May 1991 with nine counts of felony theft, accused of depositing nine checks worth \$99,825 from Metallics, Inc. into her personal bank accounts. These checks were all made payable to Olsten of LaCrosse, a temporary employment service operated by Hass. She had not reported any of the income on her Wisconsin income tax returns.

Filing a false or fraudulent Wisconsin state income tax return is a crime punishable by a fine of not more than \$10,000 or imprisonment not to exceed five years or both. In addition to the criminal penalties, Wisconsin law provides for substantial civil penalties, and interest due follows convictions for criminal violations.

### PartnerCare Enrollment Card Procedures Changed

In October 1992, the department mailed PartnerCare enrollment cards and an explanatory flyer to approximately 135,000 individuals. The mailing was based on a listing of persons age 65 or older, whose household income for 1991 did not exceed \$19,154, and who filed a 1991 homestead credit claim.

PartnerCare is a program sponsored by the State Medical Society of Wisconsin and the Coalition of Wisconsin Aging Groups. Its purpose is to help low-income senior citizens get the medical care they need. Participating doctors volunteer to charge PartnerCare cardholders no more than the amount Medicare approves, for Medicare-covered services.

In past years, PartnerCare cards mailed by the department were temporary or "annual" cards, with an expiration date (the cards mailed in October 1991, for example, expire December 31, 1992). The cards mailed out beginning this year, however, are "permanent" cards, with no expiration date. Individuals will no longer be issued a new card each year.

To enable more eligible persons to receive a PartnerCare card, the 1992 homestead credit claim, Schedule H, will include a check box near the box for the claimant's age. By checking the box if the claimant has a spouse age 65 or older, the department will be able to issue a PartnerCare card to the spouse if applicable, as well as to the claimant.

### Over 1.7 Million Refunds Issued

Taxpayers were issued a total of 1,735,000 income tax refunds during

the period July 1, 1991, to June 30, 1992, for an average refund of \$304. The average refund for the prior year was \$296.

There were 2,535,000 Wisconsin individual income tax returns filed during the 12 months ending June 30, 1992. This compares to 2,533,000 income tax returns filed for the prior 12 months. The 2,535,000 returns were filed by 3,652,000 individuals.

An itemized deduction credit was claimed by 24% of the taxpayers on 1991 returns. The average credit allowed was \$342, compared to an average credit of \$326 for the prior year.

There were 249,000 homestead credit claims and 25,000 farmland preservation credit claims filed during the year. This compares to 259,000 homestead credit claims and 25,000 farmland preservation credit claims filed for the prior year.

Homestead credit refunds averaged \$424 per claimant, a decrease from the average refund of \$438 issued last year. About 48% of the claimants were age 65 or older. Of all individuals claiming homestead credit, 50% were renters and 50% were homeowners.

An average farmland preservation credit of \$1,188 was issued to each claimant. The average payment for 1991 was \$1,115.

### Endangered Resources Contributions Exceed \$650,000

The 1991 Wisconsin income tax returns, Forms WI-Z, 1A, 1, and 1NPR, included a line for taxpayers to contribute to the Wisconsin Endangered Resources Fund. These donations either reduce a taxpayer's income tax refund or increase the

amount of income tax 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 1991 Wisconsin income tax returns filed, 60,977 taxpayers contributed \$655,941 to the Endangered Resources Fund. This compares with 1990 income tax returns, where 66,473 taxpayers contributed \$679,489.

### Taxpayers Designate \$407,179 to State Election Campaign Fund

Wisconsin income tax returns, Forms WI-Z, 1A, 1, and 1NPR, include a box for taxpayers to designate \$1 to the State Election Campaign Fund. If the election box is checked, there is no increase in tax liability or reduction in refund.

During the period July 1, 1991, to June 30, 1992 (primarily 1991 tax returns), taxpayers designated \$407,179 to the election campaign fund on their Wisconsin tax returns. This compares to \$431,478 for the prior 12 months ending June 30, 1991.

### Administrative Rules in Process

Listed below 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 October 1, 1992, or at the stage in which action occurred during the period from July 2, 1992, to October 1, 1992.

Each affected rule lists the rule number and name, and whether it is

amended (A), repealed (R), repealed and recreated (R&R), or a new rule (NR).

### Rules at or Reviewed by Legislative Council Rules Clearinghouse

- 11.08 Medical appliances, prosthetic devices and aids-A
- 11.12 Farming, agriculture, horticulture and floriculture-A
- 11.17 Hospitals, clinics and medical professions-A
- 11.18 Dentists and their suppliers-A
- 11.33 Occasional sales-A
- 11.45 Sales by pharmacies and drug stores-A
- 11.49 Service stations and fuel oil dealers-A
- 11.57 Public utilities-A
- 11.83 Motor vehicles-A
- 11.84 Aircraft-A
- 11.85 Boats, vessels and barges-A
- 11.88 Mobile homes-A

### Rules at Revisor of Statutes Office for Publication of Hearing Notice

- 11.03 Elementary and secondary schools and related organizations-A
- 11.05 Governmental units-A
- 11.70 Advertising agencies-R&R
- 11.71 Computer industry-A
- 11.95 Retailer's discount-A

### Rules at Legislative Standing Committee

- 11.26 Other taxes in taxable gross receipts and sales price-A
- 11.32 "Gross receipts" and "sales price"-A
- 11.51 Grocers' guidelist-A
- 11.68 Construction contractors-A
- 11.87 Meals, food, food products and beverages-A
- 11.925 Sales and use tax security deposits-A

### Rules Adopted and in Effect (including effective date)

- 2.475 Apportionment of net business incomes of interstate railroads, sleeping car companies and car line companies-NR (9/1/92)

### Emergency Rules Expired (including expiration date)

- 2.475 Apportionment of net business incomes of interstate railroads, sleeping car companies and car line companies-NR (9/13/92)

### Rules Withdrawn From Promulgation (including date withdrawn)

- 11.86 Utility transmission and distribution lines-A (7/27/92)

### Recently Adopted Rules Summarized

The *Wisconsin Tax Bulletin* regularly includes a listing of administrative rules in the various stages within the process of being "adopted," or put into effect as part of the "Tax" section of the Wisconsin Administrative Code. Adopted rules are printed and distributed to Administrative Code subscribers and certain Department of Revenue employees and tax services, near the effective date of adoption.

For each rule that is adopted, the *Wisconsin Tax Bulletin* includes a summary of the new rule or changes to the existing rule and the effective date of adoption. In addition, the entire text of new rules and the amended subunits of existing rules, showing changes made to the previous rules, are published.

Included in this issue is information regarding section Tax 2.475. The effective date for this new rule is September 1, 1992.

Tax 2.475, relating to the apportionment of income of interstate railroads, sleeping car companies and car line companies, is created because of the amendment to s. 71.26(1)(a), Stats., by 1991 Wisconsin Act 39 which imposes a franchise or income tax on these entities for taxable years beginning on or after January 1, 1991. This rule provides a procedure for these entities that are doing business within and without Wisconsin to apportion or allocate their income to Wisconsin. The new rule is shown below.

Tax 2.475 APPORTIONMENT OF NET BUSINESS INCOMES OF INTERSTATE RAILROADS, SLEEPING CAR COMPANIES AND CAR LINE COMPANIES. (ss. 71.04(8)(c) and 71.25(10)(c), Stats.)

(1) DEFINITIONS. In this section:

(a) "Gross receipts from carriage" means gross receipts received for the carriage of property or persons net of interline payments made to other railroads as a result of the interchange of carriage between and among railroads. Gross receipts from carriage includes interline payments received from other railroads.

(b) "Revenue ton mile" means the movement of one net ton of property or persons, or both, the distance of one mile, for consideration. For carriage of persons, each person shall be considered the equivalent of 150 pounds, and the average weight of the contents of head end cars, or "baggage cars," is considered to be 4 tons.

(2) INTERSTATE RAILROADS AND SLEEPING CAR COMPANIES. With respect to the imposition of Wisconsin franchise or income tax

measured by or on net income for taxable years beginning on or after January 1, 1991, the income of a railroad or sleeping car company operating within and without Wisconsin shall be apportioned to Wisconsin on the basis of the arithmetical average of the following 2 factors:

(a) The ratio of the gross receipts from carriage of property or persons, or both, first acquired for carriage in Wisconsin to the total gross receipts from carriage of property or persons, or both, everywhere.

(b) The ratio of revenue ton miles of carriage in Wisconsin to revenue ton miles of carriage everywhere.

(3) SUBSTITUTION OF FACTORS. Whenever gross receipts data is not available the department may authorize or direct substitution of a similar factor, such as gross tonnage, and whenever revenue ton mile data is not available the department may similarly authorize substitution of a similar factor, such as revenue miles.

(4) CAR LINE COMPANIES. With respect to the imposition of Wisconsin franchise or income tax measured by or on net income for taxable years beginning on or after January 1, 1991, the income of a car line company operating within and without Wisconsin shall be allocated or apportioned to Wisconsin as provided in s. 71.04(4) or 71.25(6) and s. Tax 2.39.

Note: Section 71.26(1)(a), Stats., was amended by 1991 Wisconsin Act 39, effective for taxable years beginning on or after January 1, 1991. For taxable years beginning before January 1, 1991, railroads, sleeping car companies and car line companies were exempt from Wisconsin franchise and income taxation. □