

109	Tax Information for Married Persons Filing Separate Returns and Persons Divorced	501	Field Audit of Wisconsin Tax Returns
111	How to Get a Private Letter Ruling From the Wisconsin Department of Revenue	502	Directory of Free Publications
112	Wisconsin's Individual Estimated Tax and Corporation Estimated Tax Programs	503	Wisconsin Farmland Preservation Credit
113	Federal and Wisconsin Income Tax Reporting Under the Marital Property Act	504	Directory for Wisconsin Department of Revenue
114	Wisconsin Taxpayer Bill of Rights	505	A Taxpayer's Appeal Rights of an Office Audit Adjustment
117	Guide to Wisconsin Information Returns	506	Taxpayers' Appeal Rights of Field Audit Adjustments
200	Sales and Use Tax Information for Electrical Contractors	507	How to Appeal to the Tax Appeals Commission
201	Wisconsin State and County Sales and Use Tax Information	508	Wisconsin Tax Requirements Relating to Nonresident Entertainers
202	Sales and Use Tax Information: Motor Vehicle Sales, Leases and Repairs	509	Filing Wage Statements and Information Returns on Magnetic Media
203	Sales and Use Tax Information for Manufacturers	600	Wisconsin Taxation of Lottery Winnings
205	Do You Owe Wisconsin Use Tax? (Individuals)	601	Wisconsin Taxation of Pari-Mutuel Wager Winnings
206	Sales Tax Exemption for Nonprofit Organizations	700	Speakers Bureau presenting ...
207	Sales and Use Tax Information for Contractors	W-166	Wisconsin Employer's Withholding Tax Guide □
210	Sales and Use Tax Treatment of Landscaping		
211	Sales and Use Tax Information for Cemetery Monument Dealers		
212	Businesses: Don't Forget About Use Tax		
213	Travelers: Don't Forget About Use Tax		
214	Do You Owe Wisconsin Use Tax? (Businesses)		
400	Wisconsin's Temporary Recycling Surcharge		
500	Tax Guide for Wisconsin Political Organizations and Candidates		

IRS 1993 Mileage Rate Applies for Wisconsin

The optional standard mileage rate specified by the IRS for computing business automobile expenses for 1993 also applies for Wisconsin.

The IRS kept the 1993 rate the same as for 1992, 28¢ per mile for all business miles driven. 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 1993, the same as for 1992. However, no portion of the 28¢ per mile rate is considered to be depreciated

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 1993, also applies for Wisconsin.

For both federal and Wisconsin purposes, a rate of 9¢ per mile is used in 1993 to calculate automobile expenses for medical and moving expense deductions. □

Magnetic Media Filing Required for Some Forms

Persons who are required to file federal wage statements and information returns on magnetic media with the Internal Revenue Service or Social Security Administration may also be required to file those forms on magnetic media with the Wisconsin Department of Revenue. Wisconsin Publication 509, *"Filing Wage Statements and Information Returns on Magnetic Media,"* describes what forms must be filed on magnetic media for Wisconsin, the magnetic media requirements, and when and where to file on magnetic media. A copy of Publication 509 is reproduced on pages 49 and 50 of this Bulletin. □

PartnerCare Enrollment Cards Mailed

In October 1993, the department is mailing PartnerCare enrollment cards and an explanatory flyer to approximately 27,000 individuals. The mailing is based on a listing of 1992 homestead credit claimants and their spouses age 65 or older, whose household income for 1992 did not exceed \$19,154, and who were not mailed a PartnerCare card by the department in 1992.

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, expired December 31, 1992). The cards mailed out beginning October 1992, however, are "permanent" cards, with no expiration date. Individuals will no longer be issued a new card each year; the 125,000 persons who were mailed a card in October 1992 will not receive one this year.

To enable more eligible persons to receive a PartnerCare card, the homestead credit claim, Schedule H, includes 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 is 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 1,723,000 income tax refunds during the period July 1, 1992, to June 30, 1993, for an average refund of \$309. The average refund for the prior year was \$304.

There were 2,522,000 Wisconsin individual income tax returns filed during the 12 months ending June 30, 1993. This compares to 2,535,000 income tax returns filed for the prior 12 months. The 2,522,000 returns,

which included joint tax returns, were filed by 3,619,000 individuals.

An itemized deduction credit was claimed by 24% of the taxpayers on their 1992 returns. The average credit allowed was \$322, compared to an average credit of \$342 for the prior year.

There were 239,000 homestead credit claims and 24,500 farmland preservation credit claims filed during the year. This compares to 249,000 homestead credit claims and 25,000 farmland preservation credit claims filed for the prior year.

Homestead credit refunds averaged \$439 per claimant, an increase from the average refund of \$424 issued last year. About 49% 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 \$1,182 was issued to each claimant. The average payment for the prior year was \$1,188. ☐

Endangered Resources Contributions Decrease to \$610,000

The 1992 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 1992 Wisconsin income tax returns filed, 56,574 taxpayers contrib-

uted \$609,549 to the Endangered Resources Fund. This compares with 1991 income tax returns, where 60,977 taxpayers contributed \$655,941. ☐

Taxpayers Designate \$378,824 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, 1992, to June 30, 1993 (primarily 1992 tax returns), taxpayers designated \$378,824 to the election campaign fund on their Wisconsin tax returns. This compares to \$407,179 for the prior 12 months ending June 30, 1992. ☐

Administrative Rules in Process

Listed below are proposed new administrative rules and changes 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, 1993, or at the stage in which action occurred during the period from July 2, 1993, to October 1, 1993.

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

9.67 Cigarette tax credit-R&R

Rules Sent to Revisor of Statutes for Publication of Notice

- 11.04 Constructing buildings for exempt entities-A
- 11.27 Warranties-R&R
- 11.82 Mailing lists and mailing services-A

Rules Sent to Legislative Committees

- 3.095 Income tax status of interest and dividends from municipal, state and federal obligations received by individuals and fiduciaries-R&R

Rule Adopted But Not Yet Effective

- 2.07 Earned income tax credit-NR
- 2.13 Moving expenses-R
- 2.14 Aggregate personal exemptions-R
- 2.15 Methods of accounting for corporations-R
- 2.16 Change in method of accounting for corporations-R
- 2.165 Change in taxable year-R
- 2.19 Installment methods of accounting for corporations-R
- 2.20 Accounting for acceptance corporations, dealers in commercial paper, mortgage discount companies and small loan companies-R
- 2.21 Accounting for incorporated contractors-R
- 2.22 Accounting for incorporated dealers in securities-R
- 2.24 Accounting for incorporated retail merchants-R
- 2.25 Corporation accounting generally-R
- 2.26 "Last in, first out" method of computing inventory for corporations-R
- 2.51 Rent received by corporations from Wisconsin real estate-R
- 2.53 Stock dividends and stock rights received by corporations-R
- 2.56 Insurance proceeds received by corporations-R

- 2.57 Annuity payments received by corporations-R
- 2.60 Dividends on stock sold "short" by corporations-R
- 2.63 Dividends accrued on stock-R
- 2.65 Interest received by corporations-R
- 2.70 Gain or loss on capital assets of corporations; basis of determining-R
- 2.72 Exchanges of property by corporations generally-R
- 2.721 Exchanges of property held for productive use or investment by corporations-R
- 2.73 Involuntary conversion by corporations-R
- 2.75 Recoveries by corporations-R
- 2.76 Refunds of taxes to corporations-R
- 2.80 Improvements on leased real estate, income to corporate lessor-R
- 2.81 Damages received by corporations-R
- 2.83 Requirements for written elections as to recognition of gain in certain corporation liquidations-R
- 2.86 Income to corporations from cancellation of government contracts-R
- 3.01 Rents paid by corporations-R
- 3.05 Profit-sharing distributions by corporations-R
- 3.07 Bonuses and retroactive wage adjustments paid by corporations-R
- 3.08 Retirement and profit-sharing payments by corporations-R
- 3.09 Exempt compensation of military personnel-R
- 3.12 Losses on account of wash sales by corporations-R
- 3.14 Losses from bad debts by corporations-R
- 3.17 Corporation losses, miscellaneous-R
- 3.35 Depletion, basis for allowance to corporations-R
- 3.36 Depletion of timber by corporations-R

- 3.37 Depletion of mineral deposits by corporations-R
- 3.38 Depletion allowance to incorporated mines and mills producing or finishing ores of lead, zinc, copper or other metals except iron-R
- 3.43 Amortization of trademark or trade name expenditures — corporations-R
- 3.45 Bond premium, discount and expense — corporations-R
- 3.48 Deductions for research or experimental expenditures — corporations-R
- 3.52 Automobile expenses — corporations-R
- 3.54 Miscellaneous expenses — corporations-R
- 3.81 Occupational taxes paid by corporations-R
- 3.82 Evasion of tax through affiliated interests-R
- 5.01 Filing reports-R
- 11.67 Service enterprises-A
- 17.01 Administrative provisions-R
- 17.02 Eligibility-R
- 17.03 Application and review-R
- 17.04 Repayment of loan-R

Rules Adopted and in Effect (including date of adoption)

- 11.15 Containers and other packaging and shipping materials-A (8/1/93)
- 11.66 Telecommunications and CATV services-R&R (10/1/93)

Emergency Rules (including effective date)

- 9.67 Cigarette tax credit-R&R (9/1/93)

Rules Withdrawn From Promulgation (including date withdrawn)

- 11.675 Janitorial services-NR (7/23/93)
- 11.68 Construction contractors-A (8/16/93) □

Recently Adopted Rules Summarized

Listed below is a summary of recent revisions to administrative rules. In addition to the summary, substantive changes and new text are reproduced. In the amendments, material lined through (~~lined through~~) represents deleted text, and underscored (underscored) material represents new text.

This issue includes information about sec. Tax 9.67, repealed and recreated as an emergency rule effective September 1, 1993, sec. Tax 11.15, amended effective August 1, 1993, and sec. Tax 11.66, repealed and recreated effective October 1, 1993.

Tax 9.67 Cigarette tax credit. Tax 9.67 is repealed and recreated as an emergency rule, to: 1) reflect the deletion of the term "meter impression" in the definition of "stamp" as a result of 1993 Wisconsin Act 16; 2) reflect the repeal of the requirement that the secretary prescribe rules describing security requirements, as a result of 1993 Wisconsin Act 16; 3) reflect a change in the required payment date for credit extended by the department; and 4) update language and style. The definitions of "cigarette tax stamp" and "cigarette tax stamp purchase" in the rule are deleted since they are either a repeat of statutory language or are unnecessary. The text of Tax 9.67 is as follows:

Tax 9.67 Cigarette tax credit. (s. 139.32(6), Stats.) (1) PAYMENT FOR CIGARETTE TAX STAMPS. Under s. 139.32(6), Stats., manufacturers and distributors having obtained a permit from the secretary of revenue may purchase cigarette tax stamps on credit. The credit extended by the department for any cigarette tax stamp purchase shall become due and payable upon the earlier of:

(a) Formal demand by the department.

(b) Fifteen days after the close of the month in which the indicia were received by the manufacturer or distributor.

(2) INVESTIGATION. The department may investigate the financial stability of the applicant and may deny credit to any permittee when there is any question of ability to pay as required in this section.

(3) CANCELLATION OR REVOCATION OF PRIVILEGE. The privilege granted to any distributor of making cigarette tax stamp purchases on credit may be canceled or revoked at any time at the discretion of the department.

Tax 11.15 Containers and other packaging and shipping materials. Tax 11.15 (title) is amended, to include previously omitted statutory references; (2)(k) and (2)(l) are renumbered (2)(j) and (2)(k), to provide for proper alphabetic order; and (7) is amended and (7)(b) is created, to clarify the department's position regarding charges for packaging materials in connection with the sale of tangible personal property, and to address the sales and use tax treatment of packaging materials returned by customers. The text of Tax 11.15 (title), (7), and (7)(b) is as follows:

Tax 11.15 Containers and other packaging and shipping materials. (ss. 77.51(4)(a) and (b) and (14)(intro.) and (j), 77.52(1) and (2)(a)10 and 77.54(3m) and (6)(b), Stats.)

(7) CONTAINERS SOLD. (a) If a ~~separate~~ charge is made by a seller or lessor of tangible personal property to a customer for packaging materials used in connection with the shipment of the property, the charge for packaging materials becomes a part of the selling price or rental charge ~~and is subject to~~

~~the tax. If the sale of the property shipped is not subject to or is exempt from tax, the charge for packaging materials is not subject to or is exempt from tax. If the sale of the property shipped is subject to tax, the charge for packaging materials is subject to tax. This paragraph is applicable to the taxation of packaging materials regardless of whether the charge for packaging materials is separately stated or not separately stated.~~

(7)(b) Any credit given by a seller or lessor to a customer for packaging materials used in connection with the shipment of property which the customer returns to the seller or lessor shall reduce the seller's or lessor's gross receipts subject to tax in the reporting period during which the materials are returned, if the seller or lessor included the selling price of the packaging materials in the gross receipts subject to tax, and the seller or lessor returns the tax to the customer.

Tax 11.66 Telecommunications and CATV services. Tax 11.66 is repealed and recreated, to reflect the creation of sec. 77.51(17m) and (21m), Wis. Stats. (1991-92), the amendment to sec. 77.52(2)(a)5, Wis. Stats. (1991-92), and the repeal of sec. 77.51(13p) and (14m), Wis. Stats. (1991-92), pursuant to 1991 Wisconsin Act 39, and to define private line service. The text of Tax 11.66 is as follows; examples and notes appearing in the rule are not reproduced here:

Tax 11.66 Telecommunications and CATV services. (ss. 77.51(17m) and (21m), 77.52(2)(a)5 and 12 and (am) and 77.54(24), Stats.) (1) DEFINITIONS. In this section:

(a) "Private line" means a dedicated local or interexchange channel provided for communication between 2 points without use of the

local or toll switching network, for the exclusive use of one or several customers.

(b) "Service address" has the same meaning as in s. 77.51(17m), Stats.

(2) GENERAL. The sale of telecommunications services, not including services paid for by the insertion of coins in a coin-operated telephone, is subject to Wisconsin sales or use tax if both of the following occur:

(a) The service originates in Wisconsin.

(b) The service is charged to a service address in Wisconsin, regardless of the location where that charge is billed or paid. These charges include:

1. Telephone calls or transmissions placed via dial 1 equal access systems in which the service provider identifies the telephone number of the line from which the call originates and the charge for that call is added to the account of the person responsible to pay that charge.

2. Telephone calls made from a location in Wisconsin other than the caller's own telephone for which the caller instructs the operator to charge the call to the caller's own telephone located in Wisconsin.

3. Telephone calls made from any location in Wisconsin by use of a credit card where the service provider issuing the credit card is also the dial 1 equal access service provider for the customer's telephone in Wisconsin and the charge for the call is made to the customer's account.

4. Telephone calls made from any location in Wisconsin by use of a credit card where the service provider issuing the credit card is

not the cardholder's dial 1 equal access service provider, but where the cardholder's telephone is in Wisconsin.

5. Service which originates in a local exchange in Wisconsin that does not provide dial 1 equal access.

(3) TAXABLE TELECOMMUNICATIONS SERVICES. Telecommunications services which are subject to Wisconsin sales or use tax include:

(a) Local and toll service and Wide-Area Telecommunications Service, or WATS, including intra-state private line service.

(b) Channel services.

(c) Telegraph services.

(d) Cable television system services, including installation charges.

(e) Teletypewriter services.

(f) Computer exchange services.

(g) Cellular mobile telecommunications services.

(h) Specialized mobile radio services and any other form of mobile one-way or two-way communications service.

(i) Stationary two-way radio services.

(j) Paging services.

(k) Facsimile, or FAX, transmission services.

(L) Teleconferencing services.

(m) Any other transmission of messages or information by electronic or similar means between or among points by wire, cable, fiber optics, laser, microwave, radio, satellite or similar facilities.

(4) NONTAXABLE SERVICES. Gross receipts from the sale or charge for the following services are not taxable:

(a) Interstate or international telecommunications service if the

service originates from another state or country or if the service originates in Wisconsin but is charged to a service address in another state or country.

(b) Basic or sophisticated emergency telephone system services provided by a telecommunications utility for which charges are levied pursuant to a county ordinance under s. 146.70(3), Stats.

(c) Access services, Measured Toll Service, or MTS, and Wide-Area Telecommunications Service, or WATS, services resellers purchase, repackage, and resell to customers.

(d) Interstate private line service, including tie lines and foreign exchange service, charged on a flat rate periodic basis.

(e) Nonmechanical telephone answering services.

(f) Transfers of services, commonly called "access services" to an interexchange carrier which permit the origination or termination of telephone messages between a customer in this state and one or more points in another telephone exchange.

(5) PURCHASES BY PERSONS PROVIDING SERVICE. Persons engaged in the business of providing communications services are consumers, not retailers, of the tangible personal property used in providing those services. The tax applies to the sale of property to them. However, s. 77.54(24), Stats., exempts *"apparatus, equipment and electrical instruments, other than station equipment, in central offices of telephone companies, used in transmitting traffic and operating signals."* □