



# Wisconsin TAX BULLETIN



## Your Ideas

See articles on page 3.

### Mailing of Monthly Sales/Use Tax Returns Changed

A change in the mailout procedure for monthly sales and use tax return filers will become effective July 1994. The change results from suggestions to save forms and postage costs, based on a survey of 1,000 monthly filers.

Rather than mailing sales and use tax returns each month, the Department of Revenue will mail all monthly filers three returns during the first month of each calendar quarter. **EXAMPLE:** Monthly filers will be sent July, August, and September 1994 returns by the end of July. This mailing will also contain instructions, three worksheet copies for taxpayers' files, and three return mailing address labels. ☐

### New Sales and Use Tax Laws Explained

The Wisconsin Legislature enacted many changes to Wisconsin tax laws in 1994, as described in *Wisconsin Tax Bulletin 87*, dated May 1994.

The June *Sales and Use Tax Report* gives further explanations of the major changes to the sales and use tax laws. See pages 31 to 34 of this Bulletin for a copy of the Report, which was sent in June to all active sales and use tax registrants. ☐



### Focus on Publications: Landscaping

During this summer "spruce-up" time, landscapers and others are busy planting trees and shrubs, seeding and sodding lawns, and installing decorative stones, walks, and retaining walls.

Are any of these services subject to Wisconsin sales and use tax? Answers can be found in the Department of Revenue's Publication 210, "Sales and Use Tax Treatment of Landscaping." A copy of Publication 210, which has been recently updated, appears on pages 35 and 36 of this Bulletin. ☐

### Do You Owe Use Tax on Mail-Order Purchases?

If you buy items from mail-order companies who do not charge Wisconsin sales or use tax, you may owe Wisconsin use tax.

Office supplies, computer equipment, paper, and furniture are common examples of mail-order purchases which result in the buyer owing use tax.

If you hold a seller's permit, you should report use tax owed on your sales and use tax return, Form ST-12. If you are not required to hold a seller's permit and regularly make purchases subject to use tax, you should apply for a consumer use tax registration certificate.

If you make infrequent purchases subject to use tax, the use tax may be reported on a consumer use tax return, Form UT-5. Individuals may also report use tax on their individual income tax return. ☐

### Extension of Time for Increasing Section 179 Deduction

The Budget Adjustment Bill (1993 Wisconsin Act 437), signed April 25, 1994, and published May 9, 1994, includes provisions which adopt the change in the federal Internal Revenue Code (IRC) made by Public Law 103-66 which increased from \$10,000 to \$17,500 the maximum cost of depreciable property that can be expensed under sec. 179, IRC. This conformity to the new sec. 179 limits for Wisconsin purposes is effective for taxable years beginning in 1993 and thereafter.

Federal law and federal Reg. 1.179-5 require that the sec. 179 election must be made on the taxpayer's first income tax return for the taxable year the property was placed in service or on an amended return filed no later than the due date (including exten-

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sions) of the return for the tax year the property was placed in service.

Because the Budget Adjustment Bill did not become law until after the due date of many 1993 income and fran-

chise tax returns, the Department of Revenue will accept an amended return filed within four years after the original (unextended) due date of a 1993 return to increase the amount of sec. 179 expense deduction up to \$17,500 (maximum amount allowable under federal law). A taxpayer other than an insurance company is not required to claim the same sec. 179 amount on the 1993 Wisconsin return as on the 1993 federal return. A taxpayer may claim a sec. 179 deduction for an amount up to \$17,500 on the 1993 Wisconsin return (regardless of the amount claimed on the 1993 federal return), provided the amount qualifies for deduction under sec. 179, IRC.

**EXAMPLE:** An individual whose 1993 return was due April 15, 1994, claimed \$15,000 on his or her federal

return as a sec. 179 deduction. The \$15,000 amount is the total amount that qualified for deduction under sec. 179, IRC. For Wisconsin purposes the individual claimed \$10,000 as a sec. 179 deduction on the original 1993 Wisconsin return which was filed by April 15, 1994. This individual will have until April 15, 1998 (four years after the original due date of the Wisconsin return) to file an amended Wisconsin return to increase his or her sec. 179 expense deduction up to \$15,000 for Wisconsin.

This extension applies only to 1993 returns.

For more information regarding sec. 179 expense deductions for corporations, see the tax release titled "Wisconsin Treatment of Section 179 Expense Deduction," beginning on page 22 of this Bulletin. □

## Buyers May File Sales/Use Tax Claims for Refund Beginning September 1, 1994

A new law, 1993 Wisconsin Act 437, will allow buyers to file claims for refund of sales or use taxes paid in error to sellers. Such claims may be filed on or after September 1, 1994. However, the claims may include sales or use taxes paid to sellers prior to September 1, 1994.

Questions have been asked about buyers who are currently being field audited and who want to file a claim for refund under this new law. If a buyer being field audited paid sales or use tax in error to sellers during the period being field audited, the buyer may file claims for refund on or after September 1, 1994. Also, a claim for refund relating to the period being field audited must be filed by the buyer prior to the department's issuance of a notice of determination regarding the field audit.

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If the time for issuing a notice of determination is extended by agreement between the taxpayer (buyer) and the Department of Revenue, the buyer may, during the extended time period, but prior to the issuance of the notice of determination, file a claim for refund of sales and use taxes erroneously paid to a seller during the period being audited.

**EXAMPLE:** A buyer is field audited for the years 1989-1992. The 1989 year is open to adjustment until March 15, 1994 (4 years from the unextended due date of the 1989 return). The buyer and the department agree in writing to extend to November 1, 1994, the time period in which the department may issue a field audit notice of determination. The buyer discovers that it paid sales or use tax in error to a seller in 1989. A claim for refund by the buyer must be filed (1) by November 1, 1994 (the extended date for issuing a notice of determination) or (2) prior to the issuance of the notice of determination, whichever is earlier. (Note: Such claim may not be filed with the department prior to September 1, 1994.)

The department is currently drafting a new publication titled "Filing Claims for Refund of Sales and Use Tax." This publication will explain who may file claims for refund of sales or use tax, which forms to use, time limitations for filing, interest and penalties, etc. A copy of the publication will be included in the October 1994 *Wisconsin Tax Bulletin*. □



### **Wanted: Your Comments About the**

### ***Wisconsin Tax Bulletin***

The *Wisconsin Tax Bulletin* (WTB) is published to provide tax information to **YOU**, the readers. To make the WTB more useful to you, the department is seeking suggestions for items

that may be of interest to you, and ways to make the WTB more valuable to you.

How could the department improve on the information it publishes? What areas would you like to see covered or expanded? Do you have any particular likes or dislikes about the WTB? Do you have any other ideas, comments, or suggestions you'd like to share?

Please take a few moments to put your comments or ideas in writing, and be a part of improving *your* WTB. Send your comments or ideas to Wisconsin Department of Revenue, Administration Technical Services, P.O. Box 8933, Madison, WI 53708-8933. We'd like to hear from you! □

### **Do You Have Ideas or Suggestions for 1994 Tax Forms?**

Do you have comments, ideas, or suggestions for improving Wisconsin's tax forms or instructions? Can you think of ways the forms or instructions could be made easier to understand? If so, the department would like to hear from you.

Please take a few moments to put your ideas in writing, and send them to Wisconsin Department of Revenue, Administration Technical Services, P.O. Box 8933, Madison, WI 53708-8933. Your suggestions could help make "tax time" easier for taxpayers and practitioners. □

### **Use Tax Self-Audit of Attorneys**

Over 11,000 letters and worksheets are being sent to attorneys and attorney firms during April through August, 1994. This mailing is part of a use tax self-audit project being conducted by the Department of Revenue's Audit Bureau.

In an earlier phase of the self-audit project, the department contacted 8,000 CPA firms, self-employed CPAs, tax preparers, tax preparation firms, and enrolled agents (see *Wisconsin Tax Bulletin* 82 (July 1993), page 1). Over \$600,000 of use tax, interest, and late filing fees were collected as a result of this project, and 127 taxpayers obtained seller's permits or became registered for use taxes.

The use tax self-audit project will include other professionals in the future. The registration of tax practitioners, attorneys, and others should result in greater use tax compliance in the future. □

### **Information or Inquiries?**

#### **Madison - Main Office**

Area Code (608)

Beverage, Cigarette,	
Tobacco Products . . .	266-6701
Corporation Franchise and	
Income . . . . .	266-1143
Estimated Taxes . . . . .	266-9940
Fiduciary, Inheritance,	
Gift, Estate . . . . .	266-2772
Homestead Credit . . . . .	266-8641
Individual Income . . . . .	266-2486
Motor Fuel . . . . .	266-3223
Sales, Use, Withholding .	266-2776
Audit of Returns: Corporation,	
Individual, Homestead	266-2772
Appeals . . . . .	266-0185
Refunds . . . . .	266-8100
Delinquent Taxes . . . . .	266-7879
Copies of Returns:	
Homestead, Individual	266-2890
All Others . . . . .	266-0678
Forms Request:	
Taxpayers . . . . .	266-1961
Practitioners . . . . .	267-2025

#### **District Offices**

Appleton . . . . .	(414) 832-2727
Eau Claire . . . . .	(715) 836-2811
Milwaukee . . . . .	(414) 227-4000

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