

### Three Charged With Homestead Credit Fraud

Three persons were charged in August 1997, in Milwaukee County Circuit Court, with criminal violations of Wisconsin tax laws that include filing fraudulent income tax returns and homestead credit claims, and fraudulently claiming earned income credit.

Leander L. Burks, 52, 5172 N. Lovers Lane Road, Milwaukee, pled guilty to one felony count of filing a fraudulent homestead credit claim. In a plea bargain, Circuit Court Judge Jeffrey A. Wagner imposed and stayed a 32 month jail sentence on Burks, placed him on probation for three years, and ordered him to perform 45 hours of community service and make restitution to the Wisconsin Department of Revenue of \$3,088.

According to the criminal complaint, Burks filed four fraudulent homestead credit claims, two in 1996 and two in 1997. He filed one claim each year in his name and one claim using the name of his disabled son. Burks prepared fraudulent rent certificates for each claim, when in fact no rent was paid. He either forged the name of a deceased person as the alleged landlord or used a fictitious name and social security number.

Shirley L. Ware, 47, 2816 N. 36th Street, Milwaukee, was charged with filing fraudulent homestead credit claims for 1991 through 1996, on which she received homestead credits totalling \$2,436.

According to the complaint, Mrs. Ware claimed she was separated from her husband and did not know his income. During that period, Mr. and Mrs. Ware lived together, applied for numerous loans together,

filed joint Wisconsin income tax returns, purchased two automobiles, maintained a joint checking account, and opened three credit card accounts.

Linda Williamson, 28, 5721 N. 94th Street, Milwaukee, was charged with filing false income tax returns and false earned income credit claims for the years 1992, 1993, 1994, and 1995. According to the criminal complaint, Mrs. Williamson also filed false homestead credit claims for the years 1993 and 1994.

On her Wisconsin income tax returns for the above years, Mrs. Williamson claimed that she lived separately from her husband, when in fact they lived together approximately half of each year. She also stated that she paid the full amount of the rent and that her husband provided no support for her and their children, whereas Mr. and Mrs. Williamson had a joint checking account where all their payroll checks were deposited. Mrs. Williamson also admitted making up false dependents.

Mr. and Mrs. Williamson's joint income was \$27,988 for 1992, \$39,111 for 1993, \$40,850 for 1994, and \$44,303 for 1995. Based on their income, they did not qualify for the earned income credit or homestead credit. They owe the State of Wisconsin \$6,810 related to the false credit claims.

In addition to the homestead credit and earned income credit charges, Louis S. Beauchamp, 55, 301 West Coventry Court, Milwaukee, was charged in September 1997, by the Milwaukee County District Attorney's Office, with three counts of failure to file Wisconsin income tax returns for 1993, 1994, and 1995.

According to the criminal complaint, he received commissions of \$126,735 in 1993, \$109,888 in 1994, and \$28,610 in 1995. If convicted on all counts, he faces up to 27 months in jail and up to \$30,000 in fines.

Filing fraudulent income tax returns and false claims for homestead credit or earned income credit are felonies punishable by up to five years in prison and fines of up to \$10,000, or both, for each count. Failure to file a Wisconsin income tax return when due is a crime punishable by up to nine months' imprisonment and \$10,000 in fines for each count. In addition to criminal sanctions the Wisconsin Department of Revenue also imposes interest and civil penalties. □



### 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, 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 topics do you want covered or expanded? Do you have particular likes or dislikes about the WTB? Do you have ideas, comments, or suggestions you'd like to share?

Please take a few moments to give us your comments or ideas, and be a part of improving *your* WTB. Send your comments or ideas to Mark Wipperfurth, Wisconsin Department of Revenue, Administration

Technical Services, P.O. Box 8933, Madison, WI 53708-8933. If you prefer, you may fax your comments to him at (608) 261-6240, or you may call him at (608) 266-8253. We'd like to hear from you!

## Make Your Research Easier

Are you looking for an easy way to locate reference material to research a Wisconsin tax question? The *Wisconsin Topical and Court Case Index* may be just what you need.

This two-part index will help you find reference material relating to income, franchise, withholding, sales/use, estate, and excise taxes.

The first part of the index, the "Topical Index," lists by tax type, alphabetically by subject, references to Wisconsin statutes, administrative rules, tax releases, private letter rulings, publications, *Sales and Use Tax Reports*, Attorney General opinions, and *Wisconsin Tax Bulletin* articles.

The second part, the "Court Case Index," lists by tax type, alphabetically by subject, decisions of the Wisconsin Tax Appeals Commission, Circuit Court, Court of Appeals, and Wisconsin Supreme Court.

The *Wisconsin Topical and Court Case Index* is available by subscription for \$18 per year, plus sales tax. This includes a volume published in January and an addendum published in June. To order your copy, complete the order blank on page 67 of this Bulletin.



## Need a Speaker?

Are you planning a meeting or training program? The Department of Revenue's Speakers Bureau provides speakers to business, community, and educational organizations.

Department representatives are available to speak on a variety of topics that can be targeted toward your group's particular areas of interest, including:

- New sales/use, income, and corporate tax laws.
- How sales tax affects contractors, manufacturers, nonprofit organizations, or businesses in general.
- What to expect in an audit.
- Common errors discovered in audits.
- Manufacturing property assessment.

To arrange for a speaker, please write to Wisconsin Department of Revenue, Speakers Bureau, P.O. Box 8933, Madison, WI 53708-8933, or call (608) 266-1911.

## Wisconsin Tax Bulletin Annual Index Available



Once each year the *Wisconsin Tax Bulletin* includes an index of materials that have appeared in past Bulletins. The latest index available appears in *Wisconsin Tax Bulletin* 101 (April 1997), pages 39 to 66, and includes information for issues 1 (October 1976) to 99 (October 1996).

## Tax Publications Available

Over 50 publications are available, free of charge. To receive any of the publications by mail: write to Wisconsin Department of Revenue, Forms Request Office, P.O. Box 8903, Madison, WI 53708-8903; call (608) 266-1961; or fax a request to (608) 261-6239.

Publications can also be received via your fax machine; use the department's Fax-A-Form system by calling (608) 261-6229 from a fax telephone and entering the retrieval code "10" plus the publication number. Some publications are also available via the Internet, by accessing the department's World Wide Web site at

<http://www.dor.state.wi.us>

## Income and Franchise Taxes

- 102 Wisconsin Tax Treatment of Tax-Option (S) Corporations and Their Shareholders (11/96)
- 103 Reporting Capital Gains and Losses for Wisconsin by Individuals, Estates, Trusts (10/96)
- 104 Wisconsin Taxation of Military Personnel (8/96)
- 106 Wisconsin Tax Information for Retirees (8/96)
- 109 Tax Information for Married Persons Filing Separate Returns and Persons Divorced in 1996 (10/96)
- 112 Wisconsin Estimated Tax and Estimated Surcharge for Individual, Estates, Trusts, Corporations, Partnerships (11/96)
- 113 Federal and Wisconsin Income Tax Reporting Under the Marital Property Act (10/96)

- 115 Wisconsin Federal/State Electronic Filing Handbook (9/96)
- 116 Income Tax Payments Are Due Throughout the Year (12/95)
- 119 Limited Liability Companies (LLCs) (11/96)
- 120 Net Operating Losses for Individuals, Estates, and Trusts (11/96)
- 121 Reciprocity (10/95)
- 122 Tax Information for Part-Year Residents and Nonresidents of Wisconsin for 1996 (10/96)
- 123 Business Tax Credits for 1996 (11/96)
- 600 Wisconsin Taxation of Lottery Winnings (11/93)
- 601 Wisconsin Taxation of Pari-Mutuel Wager Winnings (3/94)

### Sales and Use Taxes

- 200 Electrical Contractors — How Do Wisconsin Sales and Use Taxes Affect Your Business? (2/97)
- 201 Wisconsin Sales and Use Tax Information (1/97)
- 202 Sales and Use Tax Information for Motor Vehicle Sales, Leases, and Repairs (2/97)
- 203 Sales and Use Tax Information for Manufacturers (12/94)
- 205 Use Tax Information For Individuals (2/97)
- 206 Sales Tax Exemption for Nonprofit Organizations (9/90)
- 207 Sales and Use Tax Information for Contractors (2/96)

- 210 Sales and Use Tax Treatment of Landscaping (5/94)
- 211 Cemetery Monument Dealers — How Do Wisconsin Sales and Use Taxes Affect You? (3/97)
- 212 Businesses: Do You Owe Use Tax on Imported Goods? (2/97)
- 213 Travelers: Don't Forget About Use Tax (2/97)
- 214 Businesses: Do You Owe Use Tax? (2/97)
- 216 Filing Claims for Refund of Sales or Use Tax (9/95)
- 217 Auctioneers — How Do Wisconsin Sales and Use Taxes Affect Your Operations? (3/96)
- 219 Hotels, Motels, and Other Lodging Providers — How Do Wisconsin Sales and Use Taxes Affect Your Operations? (6/96)
- 220 Grocers — How Do Wisconsin Sales and Use Taxes Affect Your Operations? (8/96)
- 221 Farm Suppliers and Farmers — How Do Wisconsin Sales and Use Taxes Affect Sales to Farmers? (4/97)

### Audits and Appeals

- 501 Field Audit of Wisconsin Tax Returns (2/96)
- 505 Taxpayers' Appeal Rights of Office Audit Adjustments (6/96)
- 506 Taxpayers' Appeal Rights of Field Audit Adjustments (5/97)
- 507 How to Appeal to the Tax Appeals Commission (4/96)

### Other Topics

- 111 How to Get a Private Letter Ruling From the Wisconsin Department of Revenue (3/96)
- 114 Wisconsin Taxpayer Bill of Rights (1/97)
- 117 Guide to Wisconsin Information Returns (10/96)
- 118 Electronic Funds Transfer Guide (4/96)
- 124 Petition For Compromise Of Delinquent Taxes (4/97)
- 130 Fax A Form (8/96)
- 400 Wisconsin's Temporary Recycling Surcharge (11/96)
- 410 Local Exposition Taxes (11/94)
- 500 Tax Guide for Wisconsin Political Organizations and Candidates (1/97)
- 502 Do You Have Wisconsin Tax Questions? (2/97)
- 503 Wisconsin Farmland Preservation Credit (12/96)
- 504 Directory for Wisconsin Department of Revenue (10/96)
- 508 Wisconsin Tax Requirements Relating to Nonresident Entertainers (8/94)
- 509 Filing Wage Statements and Information Returns on Magnetic Media (3/94)
- 700 Speakers Bureau presenting ... (2/93)
- W-166 Wisconsin Employer's Withholding Tax Guide (3/96) □

## Endangered Resources Contributions

### Total \$566,000



The 1996 Wisconsin income tax returns included a line for taxpayers to designate a contribution to the Wisconsin Endangered Resources Fund. These contributions help protect and care for Wisconsin's endangered species, nongame wildlife, and rare plant and animal habitats.

Donations to the Endangered Resources Fund can be made on both paper filed tax returns and electronically filed returns.

During July 1996 through June 1997 (primarily 1996 returns), 44,269 taxpayers contributed \$565,760 to the Endangered Resources Fund. This compares with 1995 income tax returns, where 49,669 taxpayers contributed \$621,270. □

## Taxpayers Designate \$295,232 to State Election Campaign Fund

Wisconsin income tax returns include a box for taxpayers to designate \$1 to the State Election Campaign Fund.

During July 1996 to June 1997 (primarily 1996 tax returns), taxpayers designated \$295,232 to the election campaign fund on their Wisconsin tax returns. This compares to \$306,955 for the prior year. □



## Nearly 1.8 Million Refunds Issued

Taxpayers were issued about 1.8 million income tax refunds during January through July 1997 (primarily 1996 returns), for an average

refund of \$313. The average refund for 1995 returns was \$342.

There were 2,612,900 Wisconsin individual income tax returns filed during the twelve months ending June 30, 1997. This compares to 2,692,000 returns for the prior year. The 2,612,900 returns, which included joint tax returns, were filed by 3,818,000 individuals.

An itemized deduction credit was claimed by 27% of the taxpayers on their 1996 returns. The average credit was \$411, compared to \$377 on 1995 returns.

There were 201,000 homestead credit claims filed during the year, and the average credit was \$448. This compares to 213,000 homestead credit claims averaging \$452 for the prior year. About 48% of the claimants were age 65 or older, 52% were renters, and 48% were homeowners.

About 23,200 farmland preservation credit claims, averaging \$1,208 per claim, were filed during the year ending June 30, 1997. During the prior year, the same number of farmland preservation credit claims were filed, and the average payment was \$1,226. □

## 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, 1997, or at the stage in which action occurred during the period from July 2, 1997 to October 1, 1997.

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).

### Scope Statement Published

- 1.13 Power of attorney-R&R
- 11.03 Elementary and secondary schools and related organizations-A
- 11.11 Industrial or governmental waste treatment facilities-A

### Rules Sent to Legislative Council Rules Clearinghouse

- 11.03 Elementary and secondary schools and related organizations-A
- 11.11 Industrial or governmental waste treatment facilities-A

### Rules Sent to Revisor for Publication of Notice

- 11.15 Containers and other packaging and shipping materials-A

### Rules Being Reviewed Following Publication of Notice

- 11.12 Farming, agriculture, horticulture and floriculture-A

### Rules Sent for Legislative Committee Review

- 11.001 Forward and definitions-A
- 11.002 Permits, application, department determination-A
- 11.01 Sales and use tax return forms-A

- 11.05 Governmental units-A
- 11.14 Exemption certificates, including resale certificates-A
- 11.15 Containers and other packaging and shipping materials-A
- 11.32 "Gross receipts" and "sales price"-A
- 11.35 Occasional sales by non-profit organizations on or after January 1, 1989-A
- 11.39 Manufacturing-A
- 11.41 Exemption of property consumed or destroyed in manufacturing-A
- 11.68 Construction contractors-A
- 11.86 Utility transmission and distribution lines-A
- 11.97 "Engaged in business" in Wisconsin-A

- 11.32 "Gross receipts" and "sales price"-A
- 11.35 Occasional sales by non-profit organizations on or after January 1, 1989-A
- 11.39 Manufacturing-A
- 11.41 Exemption of property consumed or destroyed in manufacturing-A
- 11.68 Construction contractors-A
- 11.86 Utility transmission and distribution lines-A
- 11.97 "Engaged in business" in Wisconsin-A

67 of this Bulletin to obtain the Tax section of the Wisconsin Administrative Code.

**Tax 11.66(2)(intro.)** is revised to reflect the amendment to sec. 77.52(2)(a)5, Wis. Stats., effective August 1, 1996. As a result of this amendment, telecommunications services paid for by the insertion of coins in a coin-operated telephone became taxable.

**Tax 11.66(5)** is revised to reflect the repeal of sec. 77.54(24), Wis. Stats., effective September 1, 1995. This law change repealed the exemption for equipment in central offices of telephone companies.

The text of Tax 11.66(2)(intro.) and (5) is as follows:

**Rules Adopted and in Effect (October 1, 1997)**

- 11.68 Construction contractors-A
- 11.86 Utility transmission and distribution lines-A
- 11.97 "Engaged in business" in Wisconsin-A
- 11.66 Telecommunications and CATV services-A

11.66(2)(intro.) 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:

(5) PURCHASES BY PERSONS PROVIDING SERVICE. Persons engaged in the business of providing communications telecommunications services are consumers, not retailers, of the tangible personal property used by them or transferred incidentally by them 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."~~

**Rules Adopted but Not Yet Effective**

- 11.001 Forward and definitions-A
- 11.002 Permits, application, department determination-A
- 11.01 Sales and use tax return forms-A
- 11.05 Governmental units-A
- 11.14 Exemption certificates, including resale certificates-A

**Recently Adopted Rule Summarized**

Summarized below is information regarding sec. Tax 11.66, relating to telecommunications services, revised effective October 1, 1997.

In addition to the summary of the changes, the text of the revised rule is reproduced. In the amendments, material lined through (~~lined through~~) represents deleted text, and underscored (underscored) material represents new text.

To order up-to-date administrative rules of the Department of Revenue, you can use the order blank on page