

of property taxes or rent on the homestead credit claim.

- d) "Job access loans," "health care coverage," "child care subsidies," and "transportation assistance." These payments are not taxable for income tax purposes and are not includable in household income for homestead credit purposes. They do not require the one-twelfth reduction of property taxes or rent on the homestead credit claim.

**Q** Are charges for snowplowing subject to Wisconsin sales and use tax?

**A** No. Snowplowing is not a taxable service.

**Q** Are charges for sanding and salting roads, sidewalks, or parking lots subject to Wisconsin sales and use tax?

**A** No. However, persons providing those services must pay Wisconsin sales or use tax on their purchases of the sand and salt used in providing the services. ☐

## Tips to Speed Refund Processing

If you have a refund coming on your 1997 Wisconsin income tax return and want your return processed as quickly as possible, you can help by following the tips listed below.

### File Electronically

There are many good reasons to file your Wisconsin return electronically.

- It's fast and safe. Most refund checks are sent within a week. Direct deposits are even faster, and there's no check to lose.

- It's documented. Your electronic return transmitter is notified that your Wisconsin return has been received and accepted.
- It's easy and accurate. Approved tax preparers and others can file electronically for you, and the electronic filing system checks the return for common errors.

### Use the Quick Refund Program

Under the Quick Refund Program, refunds are issued in as little as two weeks. Returns are checked for accuracy later, and an adjustment notice is mailed at that time, if necessary. To qualify for a quick refund, you must:

- File a signed and complete 1997 Form WI-Z, 1A, or 1, by April 1, 1998.
- Use the department-printed mailing label with no changes.
- Be sure **your** correct name, social security number, and address are on the label you are using.
- Have a Wisconsin address on the label.
- Enter the refund amount (including cents) in the quick refund box at the top of the return.
- Not claim homestead or farmland preservation credit, and owe no delinquent taxes or debts to other state agencies.
- Mail the return to Quick Refund, P.O. Box 38, Madison, WI 53787-0001.

### Use Your Label

Apply the department-printed name and address label to the tax return you file. Here are some more tips:

- Use the label even if you are filing a computerized return or a return completed by a preparer.

- Draw a line through incorrect information and make corrections on the label.
- If you received a postcard with a label instead of forms, transfer that label to the return.
- Use the Wisconsin label, not the federal IRS label.
- Be sure the label is yours, not another taxpayer's.

### File an Accurate and Complete Return

Avoid errors and delays in processing your tax return by following these tips:

- Make entries legible and on the correct lines.
- Attach the correct withholding statements.
- Claim only Wisconsin tax withheld, not federal tax, social security, or tax withheld for another state.
- Attach **all** necessary supporting schedules.
- Fill in **all** requested information when claiming the school property tax credit.
- Attach a **complete** copy of your federal return and schedules if you file on Form 1 or 1NPR.
- Attach a completed rent certificate or a copy of your 1997 property tax bill if you are claiming homestead credit (not necessary if you are claiming only the school property tax credit). ☐

## Visit the Department of Revenue Internet Site!

You can receive updated Wisconsin tax information via the internet, by accessing the Department of Revenue's World Wide Web site at <http://www.dor.state.wi.us>. This site contains several valuable areas of information, including the following:

- **What's New.** Contains press releases and other informational materials published by the department.
- **Forms & Publications.** Includes downloadable tax forms and instructions, as well as publications relating to tax matters.
- **Agency Information.** Describes the functions of each office or division, lists executives, administrators, and other managers, and gives information about how to contact various offices.
- **Frequently Asked Questions.** Answers questions relating to various taxes, filing returns, obtaining forms, office locations, taxpayer assistance, and other tax-related matters.
- **Survey.** Gives visitors an opportunity to give the department their opinion on what's good and not so good about the web page, and to suggest ideas for improving it.
- **Related Sites of Interest.** Gives information about other Wisconsin agencies' sites, federal sites, and other sites of interest.

If you would like additional information about the department's web site, contact the department's internet coordinator, Mary Lou Clayton, at (608) 261-2272. □

## Withholding Tax Update Sent to Employers

The annual Withholding Tax Update was sent in December 1997, along with Forms WT-7, *Employer's Annual Reconciliation of Wisconsin Income Tax Withheld from Wages*, to employers registered to withhold Wisconsin taxes.

A copy of the Withholding Tax Update appears on pages 39 and 40 of this Bulletin. □

## Form 1099-Gs and 1099-INTs Mailed to Taxpayers

The Department of Revenue is mailing approximately 660,000 Form 1099-Gs and 1,000 Form 1099-INTs in January 1998. Federal law requires that the department provide 1997 Form 1099-Gs to persons who received a Wisconsin income tax refund in 1997 and claimed state income tax payments as an itemized deduction on the federal tax return for the year to which the refund applies. Form 1099-INTs must be provided to persons who received \$600 or more of interest on refunds issued by the Department of Revenue.

Regardless of whether a taxpayer is sent a Form 1099-INT, the taxpayer must report all interest received from the department in 1997 as income on his or her 1997 federal and Wisconsin tax returns.

All or a portion of a state income tax refund from Form 1099-G may also be includable in federal taxable income. However, **the refund should not be included** in Wisconsin taxable income.

Form 1099-G explains how the refund reported to the Internal Revenue Service (IRS) was determined. The first line shows the amount of the refund. Subsequent lines show adjustments for: amounts applied to next year's estimated taxes; endangered resources donations; late filing penalties and interest; homestead, farmland preservation, farmland tax relief, and earned income credits; retirement plan penalties; and other adjustments. The last line shows the refund reported to the IRS. □

## Businessman Jailed for Permit Violation

Jerome S. Burdick, 56, Eagle River, was sentenced in September 1997, to 30 days in jail for operating a business without a seller's permit, after it had been revoked. Oneida County Circuit Court Judge Mark A. Mangerson also ordered Burdick to pay restitution for delinquent sales taxes and withholding taxes, within nine months. He was permitted work release privileges in connection with the jail term.

Burdick, who operated Minocqua Cleaners in Minocqua, was charged in December 1996 with the "operating without a permit" violation, after his seller's permit had been revoked on two separate occasions.

In November 1997, Gerald J. Becker, 51, the former owner of Tony's Place restaurant in Oshkosh, was charged with two counts of filing false income tax returns. The charges were filed in Winnebago County Circuit Court.

According to the criminal complaint, Becker failed to report income of over \$70,000 in each of the years 1994 and 1995. His reported income was \$12,000 in 1994 and \$14,000 in 1995. If convicted, he faces possible imprisonment, fines, prosecution costs, and over \$11,000 in unpaid taxes.

William J. Brown, 40, a Green Bay used car dealer, was charged in December 1997, with felony theft of state sales taxes. According to the criminal complaint filed in Brown County Circuit Court, Brown collected over \$115,000 in sales tax monies from September 1989 through September 1994, which he failed to pay over to the state. The

customers on motor vehicles he sold through his business known as Quality Plus Auto Sales.

If convicted of the theft, Brown could face up to ten years in prison and up to \$10,000 in fines. In addition to the criminal penalties, Wisconsin law provides for substantial civil penalties on the civil tax liability. Assessment and collection of the taxes, penalty, and interest due follows the conviction for criminal violation. ☐

## How to Avoid Processing Delays

Each year thousands of tax returns and credit claims are sent back to taxpayers or letters are required, because of missing schedules or information. In the 1997 processing season (1996 returns and claims) the department sent back nearly 100,000 tax returns and credit claims. Listed below are tips for avoiding correspondence or "sendbacks" of tax returns and credit claims.

### Individual Income (Forms WI-Z, 1A, 1, and 1NPR)

- Attach copies of federal return and schedules to Form 1 or 1NPR.
- Attach withholding statements.
- Complete married couple credit schedule.
- Complete residence questionnaire on Form 1NPR.
- Complete resident status box(es) on Form 1NPR.
- Attach other state's tax return to verify credit for tax paid to other states.
- Sign the tax return.

### Corporation Franchise and Income (Forms 4, 5, 5S, 4T, and 4I)

- Fill in federal employer identification number.
- Attach copy of federal form.
- Attach schedules to support credits (e.g., manufacturer's sales tax, research, development zone, farmland tax relief).
- Complete Schedule S (temporary recycling surcharge) on Form 5S.
- Sign the tax return.

### Homestead Credit (Schedule H)

- Include Wisconsin return, copy of federal return and schedules, and wage statements with Schedule H, or attach complete copy of tax return if Schedule H is filed separately from the tax return.
- Attach explanation if low or no income is reported.
- Follow special instructions for married, separated, or divorced persons.
- Attach rent certificate.
- Be sure rent certificate is filled in completely, is not altered, is not a photocopy, and has an original signature.
- Attach copy of 1997 property tax bill (not county receipt, installment stub, mortgage statement, canceled check, etc.).
- Attach ownership verification (copy of deed, land contract, divorce judgment, final judgment in an estate, etc.) if tax bill shows owners other than claimant and spouse.
- Attach explanation if claiming less than twelve months' rent and/or property taxes.
- Sign the Schedule H.

### Farmland Preservation Credit (Schedule FC)

- Attach copies of all 1997 property tax bills, not tax receipts.
- Attach ownership verification (copy of deed, land contract, divorce judgment, final judgment in an estate, etc.) if tax bill shows owners other than claimant and spouse.
- Attach correct and complete zoning certificate.
- Attach copy of **executed** farmland preservation agreement.
- Attach closing agreement for sale or purchase of land if a transfer took place during the year.
- Attach statement signed by county treasurer to verify payment of prior year's property tax when tax bill indicates delinquent taxes.
- Attach extension agreement if farmland preservation agreement is expired.

### Partnership (Form 3)

- Fill in federal employer identification number.
- Attach copies of federal Form 1065 and Wisconsin Schedule 3K-1.
- Do not file federal Form 1065 and Schedule K-1 without Wisconsin Form 3 and Schedule 3K-1. ☐

## Avoid Errors on Income or Franchise Tax Returns

Are your tax returns and credit claims filed without errors? Many errors are discovered each year, either in processing or in subsequent audits by the department. The information below may be helpful in preparing error-free Wisconsin tax returns or credit claims.

## Errors Discovered in Processing Returns

Common errors discovered in processing 1996 individual income tax returns include the following:

### Math Errors —

250,000 returns (10% of returns processed) were adjusted for math errors.

### School Property Tax Credit —

33,000 returns were adjusted for errors in claiming this credit; 80% of the errors included looking up the wrong amount of credit.

### Itemized Deduction Credit —

31,000 returns were adjusted; two-thirds of the errors included looking up the incorrect amount of standard deduction.

### Incomplete Returns —

Processing of many returns was delayed because of missing information, such as school district, school property tax credit, earned income credit, itemized deduction credit, or taxes paid to other states.

### Estimated Tax Underpayment —

34,000 returns were adjusted for underpayment interest because taxes were underpaid.

### Temporary Recycling Surcharge —

Most errors included checking the special worksheet box or listing net income or loss when not subject to the surcharge.

### Tax Withholding —

Most errors included claiming social security or another state's withholding as Wisconsin tax withheld.

## Errors Discovered in Auditing

Errors discovered in auditing Wisconsin individual income, corporate, and sales and use tax returns and

credit claims resulted in the collection of \$109.3 million in taxes, excess credits, penalties, and interest in the fiscal year ending June 30, 1997. This includes sales and use taxes of \$58 million, individual and fiduciary income taxes of \$22 million, and corporation taxes of \$29.3 million. The most common errors are described below.

## INDIVIDUAL AND FIDUCIARY

### Income Computed Incorrectly —

- unemployment compensation or social security income (federal/Wisconsin differences calculated incorrectly)
- tax-option (S) corporation income (wrong amount entered from Schedule K-1)
- math errors (errors on federal return carried over to Wisconsin form)

### Income Omitted —

- IRA distributions
- total gross receipts
- municipal interest
- interest and dividends
- gambling winnings that are not reported on a Form 1099-G

### Credits Computed Incorrectly —

- school property tax (incorrectly claimed on business portion, or claimed in year taxes not paid)
- dependent (incorrectly claimed for self or spouse)
- earned income (claimed in error or computed incorrectly)
- taxes paid to other states (incorrectly claimed other state's withholding)

- itemized deduction (percentage of income not subtracted from medical or miscellaneous deductions)

### Incorrect Deductions or Expenses —

- IRA deduction (omitted or claimed incorrectly)
- personal travel or entertainment (incorrectly claimed as business expenses)
- office-in-home (not qualified to claim)
- gambling losses in excess of winnings claimed

### Other Errors —

- IRA penalty omitted
- Wisconsin return not amended for IRS adjustments
- incorrect filing status used
- farm loss limitation not properly computed
- income earned in another state omitted on Wisconsin return
- capital loss carryover not claimed in subsequent year
- refund entered on estimated tax offset line

## HOMESTEAD CREDIT

### Household Income Omitted —

- AFDC
- IRA/deferred compensation deductions
- gross pension
- depreciation or sec. 179 expense
- tax-exempt interest
- unemployment compensation

## Property Taxes —

- taxes not reduced for months AFDC received
- special assessments incorrectly claimed
- more than one acre claimed for nonfarm property
- taxes not properly prorated for co-ownership or for occupancy only part of year

## Rent —

- rent not reduced for months AFDC received
- rent not reduced for joint occupancy
- percentage of rent constituting property taxes computed incorrectly
- rent for more than twelve months claimed

## Credit —

- amount looked up incorrectly in computation table

## FARMLAND PRESERVATION CREDIT

## Household Income Omitted —

- gross pension
- depreciation
- deferred compensation
- capital gain exclusion
- capital loss carryover
- gross social security

## Property Taxes —

- special assessments incorrectly claimed
- taxes not properly prorated for co-ownership
- taxes incorrectly claimed for land not covered by zoning certificate
- incorrect computation

## Credit Percentage —

- incorrect percentage claimed. □

### Common Mistakes Regarding Wisconsin Estate Taxes

Listed below are errors that are commonly made regarding Wisconsin estate taxes, and the filing of a Wisconsin Estate Tax Return, Form W706. This information may be helpful in preparing proper and timely estate tax returns and related documents.

- Failing to file a Wisconsin Form W706. Wisconsin does have an estate tax. Estates that are required to file a federal United States Estate Tax Return (Form 706) are also required to file Wisconsin Form W706.
- Failing to file a **complete** return with the required attachments. Missing attachments commonly include:
  - Complete copy of the federal estate tax return, Form 706, including all schedules.
  - Copy of the decedent's last will, and any codicils.
  - Trust instruments, and amendments if applicable.
  - Complete listing of assets from the federal return.
  - Copy of an approved Form 4768, the Internal Revenue Service extension of time to file

the federal Form 706 after its original due date.

- Failing to file by the due date. The due date of the Wisconsin Form W706 is nine months after the date of death, not twelve months as under the repealed inheritance tax law.
- Failing to timely pay the Wisconsin estate tax. The tax is due nine months after the date of death, even if an extension of time to file has been requested (an extension to file does not extend the time to pay).

The tax should be paid on Form 401T, with an accompanying letter stating that a federal extension to file has been requested, if that is the case. Do not make an estate tax payment on an estimated income tax voucher.

- Incorrectly computing the interest due on a late-paid estate tax. Interest on a late payment must be computed from the date of death, not from the due date of the return.
- Failing to compute and pay the late-filing penalty. A penalty of five percent of the Wisconsin estate tax is due on returns filed more than nine months after the date of death, unless a federal extension has been granted and the return is filed within the extension period. Payment of the estate tax within nine months of the date of death may not affect the imposition of the late-filing penalty.
- Failing to notify the department within 30 days of adjustments made by the Internal Revenue Service (IRS) to federal Form 706, as required under sec. 72.33, Wis. Stats. (1995-96). Notification should include a copy of the

IRS Form 1273, 3228, or 886A, and a cover letter.

- Failing to notify the department that more than one certificate will be requested. Whenever possible, certificate requests for both the fiduciary return and the estate tax return should be made at the same time. If this is not possible, inform the department at the time of the first request that both certificates will be requested. This will help expedite the requests, and you will only need to send one set of documents for the estate. □



### 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. □

## Department Offers Taxpayer Assistance

During the filing season of January through April 15, 1998, department personnel will be available to answer questions.

In the department's larger offices, assistance is provided on a daily basis (Monday through Friday). Assistance in other offices generally is available on Mondays only, although there are exceptions as noted below.

### Offices Providing Daily Assistance

Location	Address	Telephone No.	Hours
* Appleton	265 W. Northland Ave.	(920) 832-2727	7:45-4:30
* Eau Claire	718 W. Clairemont Ave.	(715) 836-2811	7:45-4:30
* Green Bay	200 N. Jefferson St., Rm. 526	(920) 448-5179	7:45-4:30
* Kenosha	5906 10th Ave., Rm. 106	(414) 653-7100	7:45-4:30
* Madison	125 S. Webster St.	NONE	8:00-4:30
* Madison	4638 University Ave.	(608) 266-2772	7:45-4:30
* Milwaukee	819 N. Sixth St., Rm. 408	(414) 227-3883	7:45-4:30
* Racine	616 Lake Ave.	(414) 638-7500	7:45-4:30
* Waukesha	141 N.W. Barstow St.	(414) 521-5310	7:45-4:30

### Offices Providing Assistance on Mondays Only (unless otherwise noted)

Baraboo	1000 Log Lodge Ct.	(608) 356-8973	7:45-4:30
Beaver Dam	211 S. Spring St.	(920) 887-8108	7:45-4:30
Elkhorn	715 W. Walworth St.	(414) 723-4098	7:45-4:30
Fond du Lac	845 S. Main, Ste. 150	(920) 929-3985	7:45-4:30
Grafton	1930 Wisconsin Ave.	(414) 377-6700	7:45-4:30
Hayward	100 Ranch Rd.	(715) 634-8478	7:45-11:45
Hudson	1810 Crestview Dr., Ste. 1B	(715) 381-5060	7:45-4:30
Janesville	101 E. Milwaukee	(608) 758-6190	7:45-4:30 (a)
* La Crosse	620 Main St.	(608) 785-9720	7:45-4:30 (a)
Lancaster	130 W. Elm St.	(608) 723-2641	7:45-4:30
Manitowoc	914 Quay St.	(920) 683-4152	7:45-4:30
Marinette	Courthouse, 1926 Hall Ave.	(715) 732-7565	9:00-12:00
Marshfield	300 S. Peach Ave., Ste. 4	(715) 387-6346	7:45-4:30
Monroe	1518 11th St.	(608) 325-3013	7:45-11:45
Oshkosh	515 S. Washburn, Ste. 105	(920) 424-2100	7:45-4:30
Rhineland	203 Schiek Plaza	(715) 365-2666	7:45-4:30
Rice Lake	11 E. Eau Claire St., Ste. 4	(715) 234-7889	7:45-4:30
Shawano	1340 E. Green Bay St., Ste. 2	(715) 526-5647	7:45-4:30
Sheboygan	807 Center Ave.	(920) 459-3101	7:45-4:30
Superior	1225 Tower Ave., Ste. 315	(715) 392-7985	7:45-4:30
Tomah	203 E. Clifton	(608) 372-3256	7:45-11:45
Watertown	600 E. Main St.	(920) 262-2700	7:45-11:45
Waupaca	644 Hillcrest Dr., Ste. 2	(715) 258-9564	7:45-11:45
Wausau	710 Third St.	(715) 842-8665	7:45-4:30
West Bend	120 N. Main St.	(414) 335-5380	7:45-4:30
Wisconsin Rapids	830 Airport Ave.	(715) 421-0500	9:00-4:30

\* Open During noon hour

(a) Open Monday, Tuesday, and Wednesday