

Wisconsin TAX BULLETIN

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New Tax Laws

The following are brief descriptions of two new Wisconsin laws that make changes to the sales and use tax law effective June 1, 2002, and to laws of several tax types effective October 1, 2002.

1. Allow Prior Trade-In Allowance on Replacement Vehicle Purchased With Lemon Law Proceeds (2001 Act 45, create secs. 77.51(4)(b)3m and (15)(b)4m and 218.0171(2)(cq), effective for Lemon Law refunds made on or after June 1, 2002.)

If a person received a trade-in allowance on the purchase of a motor vehicle (“lemon” vehicle) and then receives a payment from the manufacturer refunding the amount the person paid for the “lemon” vehicle under sec. 218.0171, Wis. Stats. (“Lemon Law refund”), gross receipts or sales price of a replacement motor vehicle purchased by the person may be reduced by the trade-in amount that was allowed on the purchase of the “lemon” vehicle, if all of the following conditions are met:

- The customer provides to the seller of the replacement vehicle a statement from the manufacturer indicating the (1) trade-in amount previously applied toward the sales price of the “lemon” vehicle and (2) date of the Lemon Law refund. *(Continued on page 3)*

We Want to Talk to You

(by Diane L. Hardt, Co-Chair of the Streamlined Sales Tax Project)

If you are not familiar with the work of the Streamlined Sales Tax Project, we want to talk to you. The Project has undertaken perhaps one of the most significant efforts to improve tax administration ever. It is precedent setting in that never before have governments and the private sector worked together to accomplish so much. And yet, there is much work left to do.

The Wisconsin Department of Revenue, like many of the revenue departments around the country, has been actively engaged in the discussion and development of the simplifications and procedures. The business community – including retailers, telecommunication

companies, manufacturers, leasing companies, printers, airlines, accounting and law firms, and e-commerce businesses – have devoted their tax professionals to developing the simplifications and procedures. It’s expected that as many as 20 – 30 states will pursue the model legislation in 2003. *(Continued on page 4)*

New Electronic Funds Transfer (“EFT”) System is Unveiled

Effective July 1, 2002, the Department of Revenue has implemented a new and secured electronic funds transfer (“EFT”) system that is available 24 hours a day – seven days a week. Anexsys is the vendor that designed the system and will provide ongoing support to its components.

- The new EFT system contains a telephone filing component, an on-line filing component, and a batch filing component for service providers. The transition from the former telephone filing system to the new system was “seamless.” In fact, the EFT Unit encourages current system users to take advantage of the on-line and batch filing enhancements being offered. New users of the system need only obtain their EFT number and password from the Department of Revenue. *(Continued on page 4)*

Department Will Offer Free Electronic Filing

The department will offer a new electronic filing (“e-filing”) service, beginning with 2002 income tax returns filed in 2003. The new service will offer basic on-line instructions and fill-in forms on which taxpayers can enter information on-line and submit their return electronically. Initially, it will be restricted to income tax returns with no federal schedules or with only Schedule A and/or B attached.

The department’s free e-filing product will not handle more complex tax returns. Indeed, many taxpayers will still choose a professional tax preparer or professional tax preparation software, which offer expert tax planning advice and other services beyond those available from the Department of Revenue.

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The free e-filing service will help the department fulfill its goal of making taxpaying less taxing. The free Internet income tax filing service is one of the ways the department is meeting its budget reduction targets while still maintaining and improving its quality of service to the taxpayers of Wisconsin.

The free electronic income tax filing program will save taxpayers' money, because e-filed returns require less processing. Paper tax forms need to be opened, sorted, reviewed, and coded. Then each line on the tax form must be scanned or manually re-keyed into Department of Revenue computers. But with electronic filing, the taxpayer's keystrokes are the department's keystrokes.

This exciting new initiative is something taxpayers have been asking for, and the Department of Revenue is pleased that it will be able to deliver that service to them in time for next year's filing and processing season. [☞](#)

Administrative Rules May Require Electronic Filing

Administrative rule section Tax 2.08 has been amended to require certain higher volume tax practitioners to file individual income tax returns electronically. Electronic filing ("e-filing") prevents the most common errors on tax returns, verifies certain information, provides confirmation of receipt, and gets refunds to taxpayers faster - usually a lot faster.

The rule will be implemented in a phased approach. No later than October 2002, the department will notify practitioners who will be affected by the rule change. The first year of the mandate, practitioners who filed 200 or more 2001 Wisconsin individual income tax returns in 2002 will be included in the mandate. The second year of the mandate, practitioners who filed 100 or more 2002 Wisconsin individual income tax returns in 2003 will be included in the mandate. The threshold will remain at 100 for future years.

While the Department of Revenue is committed to advancing the use of e-filing, the new rule adopts a measured approach to implementation and allows for a waiver in the case of undue hardship.

- Less than 10% of tax practitioners will be required to e-file. Based on data reviewed, nearly 44,000 practitioners who file Wisconsin returns will not be mandated, as they file fewer than 100 Wisconsin individual income tax returns per year (it is estimated that the mandate will apply to only about 2,000 practitioners the first year and 3,600 practitioners the following years).
- Minnesota, Louisiana, Mississippi, New York, South Carolina, Tennessee, and Texas have similar requirements, while Alaska and California have similar legislation pending.

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Madison WI 53707-7840

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- Any practitioner can ask for a waiver from the electronic filing requirement if the requirement results in a hardship to the practitioner. In addition if a taxpayer wishes to file a paper tax return, the practitioner is not required to electronically file that return.

For more information about registering to submit individual income tax returns electronically, go to <http://www.dor.state.wi.us/eserv/e-ero.html> or contact the department by any of the following methods:

Mail: Wisconsin Department of Revenue
Electronic Filing Unit
PO Box 8977
Madison WI 53708-8977

Phone: (608) 264-6886

Fax: (608) 264-6884

E-mail: efiling@dor.state.wi.us

Administrative rule section Tax 11.01 has also been amended, to require certain sales and use tax returns to be filed electronically. Sales and use tax registrants will be given 90 days notice before the due date of the first period required to be filed electronically, beginning with sales and use tax registrants with a monthly filing

frequency. The rule allows for waiver of the requirement to file electronically due to hardship. The first step to begin using the free and secure Sales Internet Process (SIP) to file sales and use tax returns electronically is to download and print the application form (Form S-002) available at www.dor.state.wi.us/forms and follow the mailing instructions. This paper process is necessary to maintain the high level of security in using this system. For more information about SIP, see the article titled “File Sales and Use Tax Returns Electronically With SIP” on page 6 of this Bulletin, go to the web site <http://www.dor.state.wi.us/eserv/sip.html>, or contact the department by any of the following methods:

Mail: Wisconsin Department of Revenue
Inquiry & Technical Assistance
PO Box 8902
Madison WI 53708-8902

Phone: (608) 261-6261

Fax: (608) 267-1030

E-mail: sales10@dor.state.wi.us

The text of the amended rules, sections Tax 2.08 and 11.01, relating to the electronic filing of returns, is reproduced in an article titled “Soon-to-Be Adopted Rules Summarized” on page 17 of this Bulletin. [↗](#)

New Tax Laws (Continued from page 1)

- The replacement motor vehicle is purchased within 60 days from the date the person receives the Lemon Law refund.
- The replacement vehicle is the first motor vehicle purchased by the person after receiving the Lemon Law refund.

The trade-in amount allowed against the selling price of the replacement vehicle may not exceed the selling price of the replacement vehicle.

Example: Customer A purchases a new motor vehicle for \$35,000, trading in a vehicle valued at \$30,000 and paying \$5,000 in cash. Customer A pays \$250 of Wisconsin sales tax on the purchase of the new vehicle (\$35,000 selling price – \$30,000 trade-in = \$5,000 x 5% sales tax rate). The new vehicle is ultimately returned to the manufacturer because it is a “lemon.” The manufacturer refunds \$35,000 plus the \$250 of sales tax to Customer A under sec. 218.0171, Wis. Stats. The manufacturer

provides a statement to Customer A indicating a \$30,000 trade-in was previously applied to the “lemon” vehicle and the date the refund was provided to Customer A. Within 60 days of receiving the Lemon Law refund, Customer A purchases a replacement vehicle for \$38,000.

The amount of sales or use tax due on the purchase of the replacement vehicle is \$400 (\$38,000 selling price – \$30,000 trade-in previously allowed on the “lemon” = \$8,000 x 5% sales tax rate).

Under prior law, the trade-in of a vehicle in a prior transaction could not be used in a subsequent transaction.

2. **Provide Simplified Procedures for the Merger and Conversion of Business Entities** (2001 Act 44, amend sec. 77.21(1e) and create secs. 71.80(21) and (22), 73.03(58), 77.25(6d) and (6m), and 77.61(15), effective October 1, 2002.)

This Act simplifies the procedures for limited partnerships, limited liability companies, business

corporations, and nonstock corporations to convert or merge into any other form of business entity.

For Wisconsin franchise and income tax purposes, the conversion of a business entity to another form of business entity under sec. 179.76, 180.1161, 181.1161, or 183.1207, Wis. Stats., shall be treated in the same manner as the conversion is treated for federal income tax purposes. The merger of a business entity with one or more business entities under sec. 179.77, 180.1101, 180.1104, 181.1101, 181.1104, or 183.1201, Wis. Stats., shall be treated in the same manner as the merger is treated for federal income tax purposes.

Under current law, the real estate transfer fee does not apply to a conveyance pursuant to mergers of corporations. This Act amends the definition of “mergers of corporations” as follows: “Mergers of corporations” means the merger or combination of two or more corporations, nonstock corporations, limited liability companies, or limited partnerships or any combination thereof, under a plan of merger or a plan of

consolidation permitted by the laws that govern the entities.

In addition, the Act exempts the conveyance of property pursuant to the conversion of a business entity to another form of business entity under sec. 179.76, 180.1161, 181.1161, or 183.1207, Wis. Stats., if, after the conversion, the ownership interests in the new entity are identical with the ownership interests in the original entity immediately preceding the conversion. Conveyances pursuant to partnerships registering as limited liability partnerships under sec. 178.40, Wis. Stats., are also exempt from the real estate transfer fee.

For sales and use tax purposes, a business entity that converts to another business entity under sec. 179.76, 180.1161, 181.1161, or 183.1207, Wis. Stats., shall be subject to the provisions applicable to liquidations, reorganizations, and business entity formations. [↗](#)

We Want to Talk to You (Continued from page 1)

The Wisconsin Department of Revenue will continue to educate individuals and groups about the proposed legislation. Our activities will include:

- Speaking to businesses and their associations, accounting and law firms, tax practitioners, and governments
- Educating lawmakers and their staffs

- Providing information on our web site about the components of the Wisconsin bill to be introduced in early 2003.

If you would like more information about the proposed legislation, or if you would like a speaker at an upcoming event, please call Vicki Gibbons at (608) 266-3873. You can also visit our web site at www.dor.state.wi.us or the Streamlined Sales Tax Project web site at www.streamlinedsalestax.org. [↗](#)

New EFT System (Continued from page 1)

They can then register on the system for the tax types for which they wish to make payments, and actual payments can be scheduled for the next business day or for up to 365 days into the future.

- The telephone filing component is similar to the former system, which used an interactive voice response (IVR) unit to guide the user through the actions needed to register and make payments. This component is accessible through the EFT toll free touch-tone telephone number – 1-888-EFT-WISC (1-888-338-9472).
- The new on-line filing component allows the user to file through a secure web site using a personal computer. Menus and pull-down options guide the

user through registration and payment actions. This is a faster and simpler process than telephone filing. This component is accessible through the EFT web site at <https://www.witaxeft.com>.

- The new on-line batch filing component is primarily for use by service providers who have multiple business accounts for whom they make tax payments to Wisconsin. The payment can be made out of the service provider’s bank account or each taxpayer’s bank account. Service providers will register through the EFT web site at <https://www.witaxeft.com>, but further client registrations and payments will be handled through batch files transmitted between the service provider and Anexsys.

All three components share a common database so the user, once registered on the system, can easily use any

of the three components to make payments or update a payment profile.


The system is designed to handle payments of the following tax types: withholding tax, estimated recycling surcharge, estimated tax (trust, estate, individual, corporation), sales and use tax, motor fuel tax, petroleum inspection fees, general aviation fuel tax, liquor and wine tax, beer tax, cigarette tax, tobacco products tax, and unemployment insurance.

System users are asked to provide an e-mail address. The intent is to communicate electronically with system users about system status, pass on general information, and provide problem resolution.

More than 70,000 tax and unemployment insurance accounts are now registered in an electronic funds transfer (EFT) program that includes both the Department of Revenue and the Department of Workforce Development. This program allows

taxpayers to make EFT payments for both taxes and unemployment insurance. The new EFT system is intended to improve the operational efficiency of both departments, and to maximize collections by having funds available on tax due dates.

EFT collections continue to grow in the Department of Revenue. In fiscal year 2001, \$5.5 billion was collected by EFT, which is 52% of total collections. In fiscal year 2000, \$3.1 billion was collected by EFT, which is 27% of total collections.

If you have questions regarding the department's EFT program or if you wish to register for EFT, you may call the EFT information line at (608) 264-9918 or write to Wisconsin Department of Revenue, EFT Unit, Mail Stop 3-14, PO Box 8912, Madison WI 53708-8912. You may also visit the department's Internet web site at www.dor.state.wi.us for general EFT information and EFT information for financial institutions. Click on the brown "E-services" tab to access EFT information. 

“Implementing States” of the Streamlined Sales Tax Project Approve Simplifications

The numbers are growing. In the April 2002 *Wisconsin Tax Bulletin*, it was reported that 26 states had enacted the model legislation required to be part of an interstate agreement to simplify sales tax laws and make them more uniform. It's now 34 states and the District of Columbia.

States that have enacted the model legislation include: Alabama, Arizona, Arkansas, Florida, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Missouri, Nebraska, Nevada, New Jersey, North Carolina, North Dakota, Ohio, Oklahoma, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.


These “implementing states” of the Streamlined Sales Tax Project are currently reviewing all of the simplifications proposed by the Project. The “implementing states” expect to approve additional model legislation, including the proposed simplifications in sales tax law, later this summer. In fact, the initial draft of the legislation was discussed at the Project's meeting in Salt Lake City, Utah, on July 10 – 12, 2002.

The key features of the Streamlined Sales Tax System include:

- Uniform definitions within tax bases
- Simplified exemption administration
- State administration of all state and local sales tax
- Uniform sourcing rules for property and services
- Simplified audit procedures for retailers who use a technology model specified by the states

Uniform definitions to be included in the model legislation include:

- Tangible personal property
- Food and food ingredients, prepared foods, candy, soft drinks, and dietary supplements
- Drugs, prescription drugs, and over-the-counter drugs
- Durable medical equipment, prosthetic devices, and mobility enhancing equipment
- Software, prewritten computer software, software delivered electronically, and load and leave software

Most “implementing states” are expected to pursue the model legislation in the 2003 legislative sessions. Wisconsin is expected to do the same. 

File Sales and Use Tax Returns Electronically With SIP

If you are a business person or a tax practitioner responsible for filing Wisconsin sales and use tax returns, you are invited to try the Department of Revenue's fast and efficient Sales Internet Process ("SIP").


SIP is the Wisconsin Department of Revenue's secure web-based application that combines the convenience of filing your sales and use tax return from your computer desktop, along with the speed and flexibility of making your tax payment by electronic funds transfer ("EFT"). SIP offers the following advantages over filing a paper return:

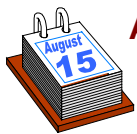
- Saves postage costs.
- Stores return information for you.
- Provides a receipt showing when the return was received.
- Allows an EFT payment to be initiated or warehoused all within the same filing transaction. (Unlike filing a paper return, a separate phone call is not needed to initiate an EFT transaction when using SIP.)
- Performs most of the calculations needed to fill out the return. (Note: a few manual pre-calculations are needed to arrive at some of the data to be entered into SIP.)

In order to use SIP, a sales and use tax return filer must have a state issued logon ID. Applying for the logon ID is easy:

1. Download and print the application form (Form S-002) by using the "Apply" link at www.salestax.dor.state.wi.us.
2. Complete and mail the SIP application to the Department of Revenue.
3. Receive a logon ID and a one-time password in the mail.
4. Log onto SIP at www.salestax.dor.state.wi.us.
5. SIP will automatically test the applicant's Internet browser for compatibility and will alert the person to any needed adjustments.
6. Follow the online instructions to complete the sales and use tax return.

More information can be found in Wisconsin Publication 227, *E-File Sales Tax Returns With SIP*, available at any Department of Revenue office or online at www.dor.state.wi.us/html/pubs.html. See the article titled "Tax Publications Available" on page 11 of this Bulletin for other methods of obtaining publications.

If you have any questions about SIP after reviewing Publication 227, you may contact the department's Inquiry & Technical Assistance Unit, by phone at (608) 261-6261 or e-mail at sales10@dor.state.wi.us. 



Automatic 4-Month Extension Expires August 15


If your 2001 Wisconsin and federal individual income tax returns were due April 15, 2002, but you filed an application for an automatic 4-month extension for filing your federal return with the Internal Revenue Service ("IRS"), both your federal and Wisconsin returns are due August 15, 2002. When you file your Wisconsin return, be sure to attach a copy of the federal extension application, Form 4868.

Any filing extension available under federal law may be used for Wisconsin purposes, even if you are not using that extension to file your federal return. If you did not file a federal extension application but needed a 4-month extension for Wisconsin only, your 2001

Wisconsin return, ordinarily due April 15, 2002, must be filed by August 15, 2002.

If you are extending the time to file your Wisconsin return only, attach one of the following items to the 2001 Wisconsin return you file:

- A statement indicating that you are filing under the federal automatic 4-month extension provision; or
- A copy of federal Form 4868 with only the name, address, and social security number completed.

Note: You were not required to pay your 2001 taxes by April 15, 2002, as a condition for receiving an extension of time to file your Wisconsin tax return. 



Wisconsin/Minnesota Sales Tax Seminars

The Wisconsin and Minnesota Departments of Revenue will again present a series of joint sales and use tax seminars in October. The seminars will include information on similarities and differences in the two states' sales and use tax laws. All of the October seminars are for general businesses.

You are invited to attend any of the following seminars, free of charge. All seminars are from 9:00 a.m. to 12:30 p.m., at the locations indicated. To register or for more information, call the Minnesota Department of Revenue at (651) 297-4213.

October 1, 2002 – Duluth, Minnesota
Minnesota Department of Revenue Office
2711 West Superior Street

October 8, 2002 – Hudson, Wisconsin
Hudson House
1616 Crestview Drive

October 15, 2002 – Onalaska, Wisconsin
Onalaska Omni Center
225 Rider Club Street



Flyer Provides Integrated Tax System Information for Practitioners

“Release 1” of the Department of Revenue’s Integrated Tax System (“ITS”) will be in effect as of November 2002. To provide information about ITS for practitioners, the department has developed a flyer, titled “What Tax Practitioners Should Know About the Integrated Tax System (ITS).”

The flyer describes what ITS is, what it will initially include and what will come later, and changes and benefits that sales and use tax filers will see with the November implementation. It also discusses past ITS project successes and provides contact information.

A copy of the ITS flyer appear on pages 33 and 34 of this Bulletin. [☞](#)

Treasury Offset Program Pays Big Dividends

The Department of Revenue has collected over \$5.8 million in delinquent income taxes through the Treasury Offset Program (“TOP”), a federal offset program implemented in Wisconsin in February 2001.

Since the program’s inception, the department has certified more than \$210 million of unpaid income taxes to Financial Management Services, the branch of the U.S. Treasury that disperses federal payments, including

federal income tax refunds. More than 9,000 delinquent taxpayers in Wisconsin have had their federal refunds intercepted, either in whole or in part, as a result of the program.

The Treasury Offset Program, an off-shoot of a larger program that offsets most types of federal payments on behalf of federal agencies, was first opened to state revenue departments in January 2000. To date, twenty-four states have collected approximately \$150 million in delinquent income tax through TOP. [☞](#)

Field Audit Results Can Be “Projected”

The Department of Revenue has begun projecting sales and use tax field audit results to subsequent years. The policy was instituted as a result of requests from taxpayers who wanted to project audit results.

At the conclusion of a field audit, there is often an additional year or years that are open to adjustment but are not included as part of the original audit period. Projecting the sales and use tax audit results forward to

the subsequent years, and including any additional sales and use taxes that may result for those years as part of the field audit assessment, can offer benefits to both the department and the taxpayer. Taxpayer benefits include less interest owed due to earlier assessment for the later years, and time saved by not going through a full audit or the preparation of amended returns for those years.

For all sales and use tax audits with years open to adjustment subsequent to the initial years audited, the auditor may consider projecting the audit results to

subsequent open years. A determination whether the taxpayer qualifies for a projection of audit results will be made on a case-by-case basis. Factors that do not automatically preclude a projection, but may indicate the taxpayer is not a good prospect for this treatment, include the following:

- Changes in the taxpayer's business operations.
- Changes in the method of reporting sales and use tax, or in personnel responsible for the reporting.
- Tax law changes that affect the taxpayer.

No projection into subsequent years will be made if the taxpayer does not agree in full with the results from the

original years audited. In addition, the taxpayer must agree to the projection.

For additional information about projecting field audit results, you may contact Jean Gerstner, Chief, Audit Technical Services Section, either by phone at (608) 266-8643, by e-mail at jgerstne@dor.state.wi.us, or by mail at the following address:

Wisconsin Department of Revenue
Attention Jean Gerstner
Mail Stop 5-257
PO Box 8906
Madison WI 53708-8906



Wisconsin Taxes Can be Paid by Credit Card

The Wisconsin Department of Revenue, in cooperation with Official Payments Corporation, accepts credit card payments for the following taxes:

- Balances due on individual income tax returns.
- Extension payments of individual income taxes.
- Estimated individual income tax payments.
- Amounts due on Notices of Adjustment with a payment key (Form I-503 and Form I-509 - the payment key is shown on the form). [Note: This does **not** include Individual Office Audit or Field Audit Notice of Amount Due bills (Form I-438).]
- Full or partial payments of delinquent taxes (all tax types).

Only taxpayers who filed a Wisconsin individual income tax return with the Department of Revenue last year may make credit card payments for these taxes. Only taxpayers who have a "delinquent tax notice payment key" may pay their delinquent taxes by credit card (the payment key is included on the delinquent tax notice).

The following types of credit cards are accepted for credit card payments of Wisconsin taxes:

- American Express.
- Discover.
- Master Card.
- Visa.

Official Payments Corporation imposes a fee for paying by credit card (the Department of Revenue does not). Official Payments Corporation charges the taxpayer a convenience fee of \$1.00 for payments of \$40.00 or less, or 2.5% of the payment amount for payments greater than \$40.00. Taxpayers who choose to pay by credit card will see two separate transactions on their credit card billing statement, one for the tax and one for the convenience fee.

To pay Wisconsin taxes by credit card, or to obtain additional information, you may call Official Payments Corporation at 1-800-2PAY-TAX (1-800-272-9829), or you may visit the company's Internet web site at www.officialpayments.com.

Any Suggestions for 2002 Tax Forms?

Do you have 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. In past years, many suggestions from taxpayers and tax professionals have been used in developing tax forms and instructions.

Please take a few moments to put your ideas in writing, and mail them to Wisconsin Department of Revenue, Administration Technical Services, Mail Stop 6-40, PO Box 8933, Madison WI 53708-8933. If you prefer, you may fax your suggestions to (608) 261-6240, or e-mail them to treid@dor.state.wi.us. Your suggestions could help make "tax time" easier for taxpayers and practitioners.

Information or Inquiries?

Listed below are telephone numbers to call if you wish to contact the Department of Revenue about any of the taxes administered by the Income, Sales, and Excise Tax Division and the Processing and Customer Services Division. A comprehensive listing of telephone numbers and addresses appears in *Wisconsin Tax Bulletin 129* (April 2002), pages 27 to 30.

Madison – Main Office
Area Code (608)

Appeals.....	266-0185
Audit of Returns: Corporation, Individual, Homestead	266-2772
Beverage Tax	266-6702
Cigarette, Tobacco Products Taxes	266-8970
Copies of Returns.....	266-2890
Corporation Franchise and Income Taxes.....	266-1143
Delinquent Taxes	266-7879
Electronic Filing:	
Individual Income Tax.....	264-6886
Sales Tax	261-6261
Electronic Funds Transfer (“EFT”).....	264-9918
Estimated Taxes	266-9940
Fiduciary, Estate Taxes	266-2772
Forms Request:	
Taxpayers	266-1961
Practitioners.....	267-2025
Fax-A-Form.....	261-6229
Homestead Credit.....	266-8641
Individual Income Tax	266-2486
Motor Vehicle Fuel Tax	266-3223
Refunds	266-8100
Sales, Use, Withholding Taxes	266-2776
Sales Internet Process (“SIP”)	261-6261
TTY.....	267-1049

District Offices

Appleton.....	(920) 832-2727
Eau Claire.....	(715) 836-2811
Milwaukee:	
General	(414) 227-4000
Refunds.....	(414) 227-4907
TTY	(414) 227-4147



Campground Food Sales May Be Taxable

Sales of certain food, food products, and beverages by campgrounds are taxable. However, sales of certain other food, food products, and beverages by campgrounds are nontaxable if the items are for consumption at the purchaser’s campsite.

Information about the taxability or nontaxability of food, food products, and beverages sold by campgrounds can be found in Part VI of the June 2002 *Sales and Use Tax Report* (number 2-02). The Report was sent in late June and early July to all persons registered for Wisconsin sales and use tax purposes.

A copy of the June Sales and Use Tax Report appears on pages 35 and 36 of this Bulletin. [↗](#)

Travelers May be Subject to Use Tax

Travelers who have purchased merchandise in other states or in foreign countries, and have brought the items into Wisconsin, may be subject to Wisconsin use tax on their purchases.

All merchandise stored, used, or consumed in Wisconsin, that is taxable under Wisconsin’s sales tax law, is subject to Wisconsin use tax if Wisconsin sales tax has not been paid. Examples of taxable merchandise include:

- | | |
|-----------------|----------------------------|
| Antiques | Furs |
| Art works | Glassware |
| Books | Jewelry |
| Cameras | Musical instruments |
| Carpeting, rugs | Paintings |
| Chinaware | Precious metals, gemstones |
| Clothing | Silverware |
| Computers | Stereo equipment |
| Crystal | Tapes |
| Furniture | |

Wisconsin allows a credit for sales tax paid to another state, up to the 5% use tax charged by Wisconsin. Wisconsin also allows a credit for a similar local tax paid to another state, up to the 0.5% Wisconsin county tax and/or the 0.1% or 0.5% Wisconsin stadium tax. However, a credit is not allowed for foreign sales taxes or custom duty charges that may have been paid.

The department regularly audits U.S. Customs records and exchanges information with other states to ensure that use tax owed on foreign or out-of-state purchases is remitted to the department.

For more information about use tax on items purchased in other states or foreign countries, refer to Wisconsin

Publication 213, *Travelers - Don't Forget About Use Tax*. See the article titled "Tax Publications Available" on page 11 of this Bulletin, for information about how to obtain publications. [↗](#)

Dry Cleaning Fees Help the Environment

Dry cleaning facilities are required to report and remit a special dry cleaning facility license fee, which is used to help fund the cleanup costs of lands contaminated by dry cleaning chemicals. This cleanup effort will help ensure that groundwater and the environment are maintained in good stewardship for future generations.

Persons who dry clean items at a dry cleaning facility in Wisconsin must be registered with the Wisconsin Department of Revenue to hold a Dry Cleaning Facility License. Along with holding a Dry Cleaning Facility License, cleaners are responsible to report and remit a 1.8% dry cleaning facility license fee on their dry cleaning receipts once each calendar quarter.

The Department of Revenue has registered many dry cleaning facilities. However, a recent audit of accounts shows that not *all* dry cleaning facilities are registered for this license, which has been **required under state**

law since October 14, 1997. When the Department of Revenue contacts a dry cleaning facility that has failed to register for this license, costly negligence penalties can result. If the department has not previously contacted a cleaning facility, the facility can still register under a "voluntary disclosure" process that will eliminate the costly negligence penalty and will even reduce late payment interest.

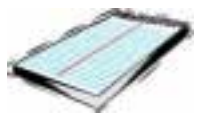
Questions regarding registration of a dry cleaning facility, or how to obtain voluntary disclosure treatment, can be directed to:

Wisconsin Department of Revenue
Customer Service and Taxpayer Education
Technical Assistance – Business
PO Box 8902
Madison WI 53708-8902

Phone: (608) 266-2776

Fax: (608) 267-1030

E-Mail: sales10@dor.state.wi.us.



Index of Reference Material Available

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 "Topical Index" portion lists by tax type, alphabetically by subject, references to Wisconsin statutes, administrative rules, tax releases, private letter rulings, Wisconsin tax publications, *Sales and Use Tax*

Reports, Attorney General opinions, and *Wisconsin Tax Bulletin* articles.

The "Court Case Index" lists by tax type, alphabetically by issue, 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 37 of this Bulletin. The Index is also on the department's Internet web site at www.dor.state.wi.us. Just click on the brown "Publications" tab. [↗](#)

Tax Publications Available

Listed below are 68 publications that are available, free of charge, from the Department of Revenue. Copies are available at any department office, or by mail, e-mail, fax, or the Internet.

By Mail

Write to Wisconsin Department of Revenue, Forms Request Office, Mail Stop 1-151, PO Box 8951, Madison WI 53708-8951; call (608) 266-1961; or fax a request to (608) 261-6913.

By E-Mail

You may e-mail your request to forms@dor.state.wi.us.

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.

Via the Internet

Access the department's Internet web site at www.dor.state.wi.us, and click on "Publications" and then "Tax Publications."

Note: The numbers of some publications may be followed by an asterisk. These are publications that are new or have been revised since the last issue of the *Wisconsin Tax Bulletin*.

Income and Franchise Taxes

- 102 Wisconsin Tax Treatment of Tax-Option (S) Corporations and Their Shareholders (12/01)
- 103 Reporting Capital Gains and Losses for Wisconsin by Individuals, Estates, Trusts (11/01)
- 104 Wisconsin Taxation of Military Personnel (10/01)
- 106 Wisconsin Tax Information for Retirees (1/02)
- 109 Tax Information for Married Persons Filing Separate Returns and Persons Divorced in 2001 (11/01)
- 112 Wisconsin Estimated Tax and Estimated Surcharge for Individual, Estates, Trusts, Corporations, Partnerships (1/99)
- 113 Federal and Wisconsin Income Tax Reporting Under the Marital Property Act (10/01)

- 116 Income Tax Payments Are Due Throughout the Year (12/95)
- 119 Limited Liability Companies (LLCs) (12/00)
- 120 Net Operating Losses for Individuals, Estates, and Trusts (11/01)
- 121 Reciprocity (12/01)
- 122 Tax Information for Part-Year Residents and Nonresidents of Wisconsin for 2001 (11/01)
- 123 Business Tax Credits for 2001 (12/01)
- 125 Credit for Tax Paid to Another State (11/01)
- 126 How Your Retirement Benefits Are Taxed (11/01)
- 600 Wisconsin Taxation of Lottery Winnings (1/02)
- 601 Wisconsin Taxation of Pari-Mutuel Wager Winnings (1/02)

Sales and Use Taxes

- 200 Electrical Contractors – How Do Wisconsin Sales and Use Taxes Affect Your Business? (3/98)
- 201 Wisconsin Sales and Use Tax Information (11/01)
- 202 Sales and Use Tax Information for Motor Vehicle Sales, Leases, and Repairs (11/00)
- 203 Sales and Use Tax Information for Manufacturers (7/00)
- 205 Use Tax Information for Individuals (8/01)
- 206 Sales Tax Exemption for Nonprofit Organizations (6/00)
- 207 Sales and Use Tax Information for Contractors (10/00)
- 210 Sales and Use Tax Treatment of Landscaping (4/01)
- 211 Cemetery Monument Dealers – How Do Wisconsin Sales and Use Taxes Affect You? (6/00)
- 212 Businesses: Do You Owe Use Tax on Imported Goods? (8/01)
- 213 Travelers: Don't Forget About Use Tax (8/01)
- 214 Businesses: Do You Owe Use Tax? (8/01)
- 216 Filing Claims for Refund of Sales or Use Tax (11/00)

217 Auctioneers – How Do Wisconsin Sales and Use Taxes Affect Your Operations? (1/00)

219 Hotels, Motels, and Other Lodging Providers – How Do Wisconsin Sales and Use Taxes Affect Your Operations? (2/01)

220 Grocers – How Do Wisconsin Sales and Use Taxes Affect Your Operations? (10/01)

221 Farm Suppliers and Farmers – How Do Wisconsin Sales and Use Taxes Affect Sales to Farmers? (3/02)

222 Motor Vehicle Fuel Users: Do You Owe Use Tax? (3/00)

223 Bakeries – How Do Wisconsin Sales and Use Taxes Affect Your Business? (2/98)

224 Veterinarians – How Do Wisconsin Sales and Use Taxes Affect Your Business? (6/99)

225 Barber and Beauty Shops – How Do Wisconsin Sales and Use Taxes Affect Your Operations? (4/01)

226 Golf Courses – How Do Wisconsin Sales and Use Taxes Affect Your Operations? (3/00)

227 E-file Sales Tax returns with S.I.P. (3/01)

229 Brackets for Collecting Wisconsin Sales or Use Tax on Retail Sales (11/01)

Other Taxes and Credits

127 Wisconsin Homestead Credit Situations and Solutions (12/01)

128 Wisconsin Farmland Preservation Credit Situations and Solutions (12/01)

400 Wisconsin's Recycling Surcharge (12/01)

403 Premier Resort Area Tax (2/98)

410 Local Exposition Taxes (5/01)

503 Wisconsin Farmland Preservation Credit (12/01)

508 Wisconsin Tax Requirements Relating to Nonresident Entertainers (5/01)

W-166 Wisconsin Employer's Withholding Tax Guide (4/00)

Audits and Appeals

501* Field Audit of Wisconsin Tax Returns (3/02)

505 Taxpayers' Appeal Rights of Office Audit Adjustments (2/02)

506 Taxpayers' Appeal Rights of Field Audit Adjustments (9/99)

507 How to Appeal to the Tax Appeals Commission (7/98)

515 Non-Statistical Sampling (1/01)

Other Topics

111 How to Get a Private Letter Ruling From the Wisconsin Department of Revenue (2/01)

114 Your Wisconsin Taxpayer Bill of Rights (10/01)

115 Handbook for Federal/State Electronic Filing (10/01)

117 Guide to Wisconsin Information Returns (2/01)

124 Petition for Compromise of Delinquent Taxes (5/00)

130 Fax A Form (12/01)

140 A Tax Practitioner's Guide to Electronic Filing (6/00)

401 Extensions of Time to File (11/01)

405 Wisconsin Taxation of Native Americans (12/01)

500 Tax Guide for Wisconsin Political Organizations and Candidates (11/01)

502 Directory of Wisconsin Tax Publications (1/02)

504 Directory for Wisconsin Department of Revenue (2/00)

509 Filing Wage Statements and Information Returns on Magnetic Media (2/01)

700 Speakers Bureau presenting . . . (6/00) [🔗](#)

Occupational Licenses Can Be Revoked or Denied for Delinquent Taxes

Occupational license or credential holders that have Wisconsin tax delinquencies may have their licenses or credentials suspended or revoked. Initial or renewal applications may be denied if the applicant has a Wisconsin tax delinquency.

The Wisconsin Department of Revenue (“DOR”) is authorized to certify tax delinquencies to 13 Wisconsin agencies. Once certified, these agencies must deny initial or renewal applications, or suspend or revoke current licenses or credentials.

The current list of agencies participating in the “Occupational License Program” is as follows:

Administration - Division of Gaming
Board of Commissioners of Public Lands
Commerce
Commissioner of Insurance
Ethics Board
Financial Institutions
Health and Family Services
Natural Resources
Public Instruction
Regulation and Licensing
Revenue - SLF Division
Transportation
Workforce Development

The above-listed agencies, examining boards, and affiliated credentialing boards issue certain professional and occupational licenses or credentials. Most licenses or credentials renew on a periodic basis, either yearly or every two years. License/credential holders go through a screening process, at initial issuance, upon renewal, or by a periodic match program, to identify individuals and businesses with Wisconsin tax delinquencies. Those with delinquent tax liabilities are notified and allowed ten days to pay their delinquent accounts.

An individual or business whose initial or renewal application has been denied, or whose license or credential has been either suspended or revoked, is entitled to a hearing before DOR, provided the hearing

request is made in a timely manner as specified by Wisconsin Statutes. This hearing is limited to questions of: a) mistaken identity of the license/credential holder; and b) whether the license/credential holder has paid the delinquent taxes for which the person or the business is liable.

If, after the hearing, DOR affirms its certification that the license/credential holder is liable for delinquent taxes, the agency issuing the license or credential must affirm its denial, suspension, or revocation of the holder’s license or credential. The license/credential holder or applicant may then seek judicial review in the Dane County Circuit Court.

If a license/credential holder’s license or credential is denied, revoked, or suspended because of delinquent taxes and the license/credential holder reapplies for the license or credential, the issuing agency must deny the reapplication until DOR sends the agency a clearance certificate, indicating the delinquent tax issue is resolved. If a license/credential holder or applicant owes delinquent tax and cannot pay the balance in full, DOR may accept installment payments on the balance. Before the license or credential will be released, the license/credential holder must provide financial information, have ALL outstanding tax returns filed up-to-date, and make a down payment.

Individuals or businesses that have delinquent tax accounts and have questions relating to applying for or renewing an occupational license or credential, or to resolving the delinquent accounts, should contact DOR as follows:

1. Those that wish to resolve their delinquent accounts before applying for or renewing a license or credential, and that have not yet received a notice of denial, suspension, or revocation of the license or credential, may either contact their nearest DOR office or call the Madison Central Collection office at (608) 266-7879.
2. Those that have received a notice that their license or credential will be denied, suspended, or revoked should contact the Madison Central Collection office at the telephone number listed in #1 above. [☞](#)

Don’t Ignore Department of Revenue Inquiries

If a client receives a letter or notice from the Department of Revenue (“DOR”) asking that they file a

tax return, or estimating the client’s tax liability, don’t ignore that letter or notice. It is important to respond timely in order to avoid an estimated assessment and the possibility of a collection fee (minimum of \$35) and other collection actions.

When DOR believes that a required tax return has not been filed, the department may either send a letter to the taxpayer requesting the missing return, or issue an estimated tax assessment. If no return is required, the taxpayer should send a response to DOR, explaining why no return is required. In the case of a business, the business should notify DOR when a Wisconsin seller's permit or Wisconsin employer identification number is no longer needed. As long as a seller's permit or employer identification number is considered active, sales tax returns or withholding tax deposit reports are required to be filed, even if there are no sales to report or withholding deposits to be made.

An estimated assessment is issued if a timely response to a request for a return is not received. Estimated assessments are generally much higher than the taxpayer's actual liability, because the estimates are based on incomplete information, and credits are not allowed. For example, in cases involving individual income tax, the estimate may not take into account Wisconsin tax withheld from wages.

If there is no response to an estimated assessment, a delinquent account is established and the amount of the assessment is subject to delinquent interest of 1.5% per month, as well as a minimum \$35 collection fee. The \$35 fee will be cancelled if a tax return or information is

subsequently furnished **and** the tax return or information indicates that there is no filing requirement.

After a delinquent account has been established, collection action will be initiated, including, but not limited to, filing a tax lien, requiring an employer to withhold additional money from an employee's pay, and seizing assets such as bank accounts. The tax lien is public information, which creates a potential for credit agencies to obtain access to the information. This could adversely affect a taxpayer's credit rating.

These types of actions are the reason it is vital to respond to letters and notices from DOR. There may not be a need for a tax return, and even if a return is due, the taxpayer may not owe Wisconsin tax. But the department will never know unless a response is received.

Each letter or notice requesting that a return be filed includes a telephone number to call with questions. Also, employees located in any of DOR's offices throughout the state are available to provide assistance.

For a list of Department of Revenue office locations and hours, or for further information regarding delinquent tax collection, you may access DOR's Internet web site at www.dor.state.wi.us and click on the brown "FAQS" (frequently asked questions) tab. [↗](#)



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 index will help you locate reference materials including articles, court case

summaries, tax releases, and private letter rulings, to research questions about Wisconsin taxes.

The latest *Wisconsin Tax Bulletin* index available appears in *Wisconsin Tax Bulletin* 128 (January 2002), pages 64 to 95. It includes information for issues 1 to 127 (through October 2001). [↗](#)

Question and Answer



Caution: *The answers in this article reflect interpretations by the Wisconsin Department of Revenue, of laws enacted by the Wisconsin Legislature as of the date of this Bulletin. Laws enacted after that date, new administrative rules, and court decisions may change the interpretations.*

(Sales and Use Tax)

Q I operate a motel, and occasionally I rent a roll-away bed to a guest, to accommodate an additional

person in the room. Is the charge for the additional bed subject to Wisconsin sales tax?

A Yes. Although motel operators are considered consumers of tangible personal property they use in providing lodging services, separate rentals of tangible personal property such as roll-away beds, refrigerators, microwave ovens, audio-visual equipment, etc., are subject to Wisconsin sales tax.

Q A local charity is conducting a fundraiser. My business has donated some inventory items to the charity for its raffle. I had purchased the inventory items without tax for resale. Do I owe use tax on these donated items?

A If you donated the items to an organization that holds a Certificate of Exempt Status (issued by the Department of Revenue) or to a Wisconsin governmental unit, you do not owe use tax on these items. However, if you donated the inventory items to an organization that does not hold a Certificate of Exempt Status (for example, VFW or Kiwanis Club), you owe use tax on the donated items, assuming an exemption (for example, meat) does not apply.

Q I was charged sales tax on a repair to my car. Are services subject to sales tax?


A Certain services are subject to Wisconsin sales and use tax. These taxable services are listed in Wisconsin Publication 201, *Wisconsin Sales and Use Tax Information*, on pages 15 to 19. Taxable services include the repair of all items of tangible personal property (for example, a car). The service provider was correct in charging you sales tax on the repair to your car.

Publication 201 is available on the department's Internet web site, www.dor.state.wi.us. See the article titled "Tax

Publications Available" on page 11 of this Bulletin for other methods of obtaining publications.

Q I am a retailer located in Wisconsin, and I sell items of tangible personal property to customers located in Wisconsin and in other states. I send the items to my customers using the U.S. Postal Service or a common carrier (such as UPS). Do I have to charge Wisconsin sales tax on items sold that are sent outside Wisconsin?

A No. Your sales of tangible personal property to the out-of-state customers take place outside of Wisconsin. Sales of tangible personal property are completed at the time when and the place where the seller or the seller's agent transfers possession to the buyer or the buyer's agent. A common carrier or the U.S. Postal Service is the agent of the seller, regardless of any f.o.b. point and regardless of the method by which freight or postage is paid. Because possession of the items transfers from your agent (the U.S. Postal Service or common carrier) to your customers outside Wisconsin, you do not owe Wisconsin sales tax on the sales.

Exception: If you have direct or indirect knowledge that the items you sell are intended to be stored, used, or consumed in Wisconsin, you are subject to Wisconsin tax on your sale at the time of the storage, use, or consumption, unless an exemption applies. 

Accountant Imprisoned for Tax Evasion, Other Crimes

Accountant Patricia J. Coster, 30, of Madison, was sentenced in April 2002, to ten years in the Wisconsin state prison system for evading state income taxes, embezzlement, forgery, and issuing worthless checks. Coster is the former business accountant of Orion Progressive Lens Lab, Inc., in Madison.

From February 2000 through May 2001, Coster embezzled \$74,722 from Orion. In addition, she issued numerous worthless, counterfeit, or forged checks totaling over \$21,000 between November 2000 and June 2001. Coster did not report any of the stolen money on her 2000 or 2001 Wisconsin income tax return.

In January 2002, Coster was charged with fifteen felonies. The charges include three counts of theft in a business setting, four counts of issuing worthless checks, seven counts of forgery, and one count of state

income tax evasion. Coster was charged with a second felony count of state income tax evasion and bail jumping in April.

Dane County Circuit Court Judge Steven D. Ebert sentenced Coster to ten years in the state prison system on one of the theft counts. The sentence includes one year in confinement and nine years of extended supervision. Judge Ebert withheld sentence on the remaining counts and placed Coster on 15 years probation. Among the conditions of probation are that Coster pay restitution to Orion and the Wisconsin Department of Revenue. Coster was also ordered to undergo psychological evaluation and drug and alcohol assessment.

Filing a fraudulent Wisconsin income tax return is a felony, punishable by imprisonment of up to seven years, six months and fines of up to \$10,000, or both. In addition to the criminal penalties, Wisconsin law

provides substantial civil penalties on the civil tax liability. Assessment and collection of the taxes, penalties, and interest follows the conviction for criminal violations.

In June 2002, Darryl Welch and his former girlfriend, Shannon Jefferson, made their initial appearance before Circuit Court Judge Victor Manian. Welch, age 40, currently incarcerated at the Dodge Correctional Institution, was charged by the Milwaukee County District Attorney's Office with one count of filing a fraudulent income tax return and two counts of failure to file timely tax returns. Jefferson, age 28, currently incarcerated at the Robert E. Ellsworth Correctional Center was charged with two counts of failure to file timely tax returns. In 2002, Welch and Jefferson pled guilty to Medicaid Fraud. The criminal tax charges followed an investigation by the Fraud Unit of the Wisconsin Department of Revenue.

According to the criminal complaint, Darryl Welch filed a fraudulent 1997 income tax return, failing to report over \$51,000 of income. Also, according to the complaint, he failed to file timely 1999 and 2000 tax returns. During those years, the complaint alleges, Welch's taxable income exceeded \$217,000 in 1999 and he had gross receipts, gambling winnings and interest income that exceeded \$101,000 in 2000. If convicted on all counts, Welch faces a maximum penalty of up to nine years imprisonment, fines of up to \$30,000, or both, together with the cost of prosecution.

According to the criminal complaint, Shannon Jefferson failed to file 1999 and 2000 income tax returns. During those years, the complaint alleges, she had a net profit of over \$89,000 in 1999 and gross receipts of over \$182,000 in 2000. If convicted on all counts, Jefferson faces a maximum penalty of up to 18 months imprisonment, fines of up to \$20,000, or both, together with the cost of prosecution.

Failure to file a Wisconsin income tax return when due is a crime punishable by up to nine months imprisonment, up to \$10,000 in fines, or both, together with the cost of prosecution. In addition, civil penalties apply to the civil tax liability, as well as assessment and collection of the taxes, penalties, and interest due.

In April 2002, John P. Kendall, 30, now of Madison and a former auto dealer at Wittenberg Auto Sales, was

charged by Shawano County District Attorney Gary Bruno, with crimes he allegedly committed in 2000 and 2001. The charges include failing to submit registration and title certificates to the Department of Transportation for cars he sold to numerous customers, one felony count of theft for failing to remit the fees he collected from customers on those transactions, three felony counts of sales tax theft, and three misdemeanor counts of failure to file sales tax returns.

According to the criminal complaint, Kendall failed to send in the paperwork and over \$1,000 in title and registration fees to the Department of Transportation, which resulted in complaints from 23 people, stating that they had not received titles for vehicles they had purchased from him. An investigation revealed that Kendall also failed to remit to the Department of Revenue nearly \$7,000 in state and county sales tax he collected from customers in the fourth quarter of 2000 and the first two quarters of 2001. In addition, he did not file required sales tax returns for any of those three quarters.

If convicted on all counts, Kendall faces 40 years in prison and \$41,700 in fines and forfeitures.

Also in April, Michael R. and Deirdre A. Fesenmaier, both age 42, of Lake Geneva, were charged by the Walworth County District Attorney's Office with three counts each of failure to file Wisconsin income tax returns.

According to the criminal complaint, the Fesenmaiers failed to file income tax returns for the years 1998, 1999, and 2000. During those years, the complaint alleges, the Fesenmaiers' income exceeded \$50,000. The gross income filing requirement for 2001 state income tax returns is \$9,000 for a single individual and \$18,000 on a joint return.

If convicted on all three counts, the Fesenmaiers each face a maximum penalty of up to 27 months imprisonment, fines of up to \$30,000, or both, together with the cost of prosecution. Failure to file a Wisconsin income tax return when due is a crime punishable by up to nine months imprisonment, up to \$10,000 in fines, or both, together with the cost of prosecution, civil penalties on the civil tax liability, and assessment and collection of the taxes, penalties, and interest due. [↗](#)

Administrative Rules in Process

Listed below are administrative rules that are currently in the rule promulgation process. The rules are shown at their stage in the process as of July 1, 2002.

The listing includes rule numbers and names, and whether a rule is amended (A), repealed and recreated (R&R), or a new rule (NR).

To order up-to-date administrative rules of the Department of Revenue, you can use the order blank on page 37 of this Bulletin to order the Tax section of the Wisconsin Administrative Code.

Scope Statement Published

- 11.19 Printed material exemptions – A (published June 30, 2002)
- 11.33 Occasional sales – A (published June 30, 2002)
- 11.46 Summer camps – A (published May 31, 2002)
- 11.48 Landlords, hotels and motels – R&R (published June 30, 2002)
- 11.50 Auctions – A (published June 30, 2002)
- 11.57 Public utilities – A (published June 30, 2002)

- 11.65 Admissions – A (published May 31, 2002)
- 11.87 Meals, food, food products and beverages – A (published May 31, 2002)

Rules Sent to Revisor for Publication of Notice

- 2.03 Corporation returns – A (published May 31, 2002)
- 2.12 Amended returns – A (published May 31, 2002)
- 3.91 Petition for redetermination – A (published May 31, 2002)
- 6.40 Waste treatment facilities (industrial/utility) – A (published June 30, 2002)
- 11.11 Industrial or governmental waste treatment facilities – A (published June 30, 2002)
- 12.40 Waste treatment facilities (industrial) – A (published June 30, 2002)

Rules Adopted but Not Yet Effective

- 2.08 Returns of persons other than corporations – A (anticipated effective date August 1, 2002)
- 11.01 Sales and use tax return forms – A (anticipated effective date August 1, 2002). [☞](#)

Soon-to-Be-Adopted Rules Summarized

Summarized below is information regarding two administrative rules that have been revised: sections Tax 2.08 relating to returns of persons other than corporations, and Tax 11.01 relating to sales and use tax return forms. The effective date of the revisions is scheduled to be August 1, 2002.

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

To order up-to-date administrative rules of the Department of Revenue, you can use the order blank on page 37 of this Bulletin to order the Tax section of the Wisconsin Administrative Code.

Tax 2.08 Returns of persons other than corporations. Subsections (1)(a)2. and (1)(a)3. are revised, to conform language to Legislative Council Rules Clearinghouse (“Clearinghouse”) standards.

Subsections (1)(a) 4., 5., 6. to 15., and 17. to 28. and (1)(b)5. and 6. are renumbered (1)(a)5., 6., 9. to 22., 24., and 26. to 32. and (1)(b)7. and 8., due to the addition and deletion of forms as described below. As renumbered: par. (a)6. is revised, to provide that Form 1X is used to amend telefile and netfile original returns; par. (a)15. is revised, to include information about newly created Forms 1CNA and 1CND; and pars. (a)18. and (b)7. are revised, to correct the name of Schedule DC.

Subsections (1)(a)4., 7., 8., 23., and 25. and (1)(b)5. and 6. are created, to list new or previously unlisted forms.

Subsection (1)(a)16. is repealed, to remove the reference to obsolete Schedule EICW.

Subsection (1)(b)3. is revised, to change the name of Form 3S as a result of replacing the temporary recycling surcharge with a recycling surcharge.

Subsection (3) is renumbered (3)(a)(intro.) and revised, to reflect the creation of subdivisions 1. to 3. and subs. (3)(b) to (3)(e), as explained below.

Subdivisions 1. to 3. are created, to provide updated filing procedures, including filing by electronic means and delivering as prescribed per the creation of sec. 71.01(5g), Wis. Stats., and the amendment to sec. 71.80(18), Wis. Stats., by 1997 Wis. Act 27.

Subsections (3)(b) to (3)(e) are created, to provide authority for the department to require certain tax return preparers and tax preparation firms to file returns by electronic means, and to provide exceptions to the requirement and **waivers**.

Both notes at the end of Tax 2.08 are revised, to update the department office location and mailing address and to include additional statutory references.

The text of Tax 2.08(1)(a) 4., 7., 8., 23., and 25., (1)(b)5. and 6., and (3), and the notes at the end of Tax 2.08, is as follows:

Tax 2.08(1)(a)4. Telefile and netfile worksheet. Income tax. This is a worksheet that may be used by single individuals under age 65 who file by telephone using telefile or by computer using netfile. Only eligible individuals who have been selected by the department to file in this manner may use telefile or netfile.

7. Form 1CNA. Combined individual income tax return for nonresident members of professional athletic teams.

8. Form 1CND. Combined individual income tax return for nonresident directors of corporations.

23. Schedule MS. Manufacturer's sales tax credit.

25. Schedule RS. Recycling surcharge.

(1)(b)5. Form 3U. Underpayment of estimated recycling surcharge by partnerships.

6. Schedule 3Z. Manufacturer's sales tax credit.

(3) FILING RETURNS. (a) All forms and information required to be filed or furnished by persons other than corporations shall be filed or furnished by providing the information requested on the appropriate forms, signing the returns or forms as appropriate, ~~and delivering them to the department or mailing them to the address specified by the department on the form or in the instructions.~~ and submitting them by one of the following means:

1. Mailing them to the address specified by the department on the form or in the instructions.

2. Delivering them to the department or to the destination that the department or the department of administration prescribes.

3. Filing them by the use of electronic means as prescribed by the department.

Note: The destination for delivering forms that the department or the department of administration prescribes and the type of electronic means the department prescribes for filing forms shall be stated on the forms or in the instructions, on the department's internet web site at www.dor.state.wi.us, or in the department's quarterly newsletter titled "Wisconsin Tax Bulletin" or other written material.

(b) Except as provided in pars. (c) and (d), the department may require a tax return preparer or tax preparation firm that prepared the threshold number, as described in subs. 1. and 2., of Wisconsin individual income tax returns for the prior taxable year, to file individual income tax returns prepared by that tax return preparer or tax preparation firm by electronic means. The department shall notify tax return preparers and tax preparation firms by October 1 of any year of the requirement to use electronic means. The requirement to file returns by electronic means shall be effective beginning January 1 of the year following notification. The threshold number of returns prepared in the prior taxable year is as follows:

1. For taxable year 2002, 200 or more returns.

2. For taxable year 2003 and thereafter, 100 or more returns.

(c) Paragraph (b) does not apply to a return on which the taxpayer has indicated that the taxpayer did not want the return filed by electronic means.

(d) The secretary of revenue may waive the requirement to file by electronic means when the secretary determines that the requirement causes an undue hardship, if the tax return preparer or tax preparation firm otherwise required to file by electronic means does all of the following:

1. Requests the waiver in writing.

Note: Written waiver requests should be addressed to Wisconsin Department of Revenue, Secretary's Office, Mail Stop 3-258, PO Box 8903, Madison WI 53708-8903.

2. Clearly indicates why the requirement causes an undue hardship.

(e) In determining whether the electronic means requirement causes an undue hardship, the secretary of revenue may consider the following factors:

1. Unusual circumstances that may prevent the person from filing by electronic means.

Example: The tax return preparer does not have access to a computer that is connected to the internet.

2. Any other factor that the secretary determines is pertinent.

Note: Forms may be delivered in person to the Department of Revenue at 2135 Rimrock Road, Madison, Wisconsin. Blank forms may be obtained at the same location; by calling (608) 266-1961; by writing to Wisconsin Department of Revenue, Forms Request Office, Mail Stop 1-151, PO Box 8951, Madison WI 53708-8951; or by accessing the department's internet web site at www.dor.state.wi.us.

Note: Section Tax 2.08 interprets ss. 71.01(5g), 71.03(2), 71.20(1), 71.55(3) and 71.80(18), Stats.

Tax 11.01 Sales and use tax return forms. Subsection (1)(title) is created, to clarify the context of the subsection.

Subsection (1)(b) is revised, to provide that Form S-012 may also be used to file refund claims or report additional taxes for prior periods.

Subsections (1)(c), (1)(d), (1)(e), and (1)(h) are repealed, to remove references to obsolete Forms S-013, S-014, SU-002, and S-108.

As a result of the above repeals, subs. (1)(f), (1)(g), and (1)(i) to (k) are renumbered (1)(c), (1)(d), and (1)(e) to (g). As renumbered, sub. (1)(d) is revised, to reflect the new number of the Department of Transportation form for aircraft sales, Form DT 1556.

Subsection (2) is repealed and recreated, to provide updated filing procedures, including filing by electronic means and delivering as prescribed per the creation of sec. 77.51(3r), Wis. Stats., by 1997 Wis. Act 27; to provide authority for the department to require that certain sales and use tax returns be filed by electronic means and provide exceptions to the requirement; and to move an address to a note, per Clearinghouse standards.

Both notes at the end of Tax 11.01 are revised, to provide the department office location and update the mailing address, and to include an additional statutory reference.

The text of Tax 11.01(1)(title), and (2), and the notes at the end of Tax 11.01, is as follows:

Tax 11.01(1)(title) FORMS.

(2) FILING RETURNS. (a) Forms required to be filed shall be submitted by one of the following means:

1. Mailing them to the address specified by the department on the forms or in the instructions.
2. Delivering them to the department or to the destination that the department prescribes.

3. Filing them electronically via the department's sales internet process, or "SIP," or some other electronic means prescribed by the department.

Note: Information about SIP is found in Wisconsin Publication 227, "E-File Sales Tax Returns With S.I.P.," which is available from any Wisconsin Department of Revenue office or online at www.dor.state.wi.us/html/taxpubs.html.

(b) The department may require a person registered or required to be registered for Wisconsin sales and use tax purposes to file its sales and use tax return by electronic means. The department shall notify the person at least 90 days prior to the due date of the first sales and use tax return required to be filed by electronic means of the requirement to file by electronic means. In its notice, the department shall indicate the period covered for the first return to be filed by electronic means.

(c) The secretary of revenue may waive the requirement for a person to file by electronic means when the secretary determines that the requirement causes an undue hardship, if the person does all of the following:

1. Requests the waiver in writing.

Note: Written requests should be addressed to Wisconsin Department of Revenue, Secretary's Office, Mail Stop 3-258, PO Box 8903, Madison WI 53708-8903.

2. Clearly indicates why the requirement causes an undue hardship.

(d) In determining whether the electronic means requirement causes an undue hardship, the secretary of revenue may consider the following factors:

1. Unusual circumstances that may prevent the person from using electronic means.

Example: The person does not have access to a computer that is connected to the internet.

2. Any other factor that the secretary determines is pertinent.

Note: Department of Revenue forms may be delivered in person to the Department of Revenue at 2135 Rimrock Road, Madison, Wisconsin. Blank Department of Revenue forms may be obtained at the same location; by calling (608) 266-2776; by writing to Wisconsin Department of Revenue, Mail Stop 5-77, PO Box 8902, Madison WI 53708-8902; or by accessing the department's internet web site at www.dor.state.wi.us.

Note: Section Tax 11.01 interprets ss. 77.51(3r), 77.58 and 77.75, Stats. [☞](#)