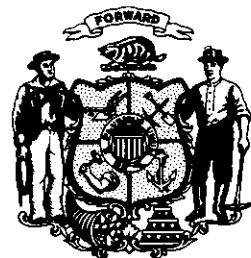


WISCONSIN TAX BULLETIN

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Wisconsin Department of Revenue
Income, Sales, Inheritance and
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FILING DEADLINES FOR 1979 RETURNS

Income Tax

April 15, 1980 is the deadline for filing a 1979 calendar year Wisconsin individual income tax return. Taxpayers waiting until the deadline to file should be sure that their returns bear an April 15 postmark. Returns postmarked after April 15 will be subject to late filing penalties.

Homestead Credit

The Wisconsin Homestead Credit Claim (Schedule H) for 1979 is not due until December 31, 1980. However, if an individual is filing a 1979 income tax return and also claims homestead credit, the department prefers that the Schedule H accompany the 1979 income tax return.

Farmland Preservation Credit

December 31, 1980 is also the filing deadline for a 1979 Wisconsin Farmland Preservation Credit Claim (Schedule FC) filed by a calendar year taxpayer; however, claimants are encouraged to attach Schedule FC to their 1979 Wisconsin income tax returns which are required to be filed earlier.

Alternative Energy System Tax Benefit Claims

Individuals who install qualified solar, wind or waste conversion systems in 1979 and wish to claim an alternative energy system benefit must file claims for benefit with the Wisconsin Department of Industry, Labor and Human Relations (DILHR), rather than the Department of Revenue. An income tax credit on a Wisconsin income tax return is no longer available.

IN THIS ISSUE

	<u>Page</u>
Filing Deadline For 1979 Returns	1
Extensions of Time To File Tax Returns For Individuals	1
First 1980 Estimated Tax Payment Is Due April 15	1
Do You Have Suggestions For 1980 Tax Forms	2
Tax Releases	2
Report On Litigation	3

EXTENSIONS OF TIME TO FILE TAX RETURNS FOR INDIVIDUALS

A. Forms 1 and 1A

Any extension of time granted by the Internal Revenue Service for filing federal returns also extends the time for filing the corresponding Wisconsin individual income tax returns, provided that a copy of the federal extension (Form 4868 for a 60-day extension, or Form 2688 for an additional extension) is filed with the Wisconsin return. If the Internal Revenue Service for any reason refuses to grant an extension or terminates one previously granted, the Wisconsin income tax return is due on the same date as the federal return.

Instead of an extension allowed by the Internal Revenue Service, extensions may also be granted by the Wisconsin Department of Revenue for 30 days. A request for such a 30-day extension must be filed with the Department prior to the due date of your return.

U.S. citizens who are not in the United States or Puerto Rico on April 15, 1980 are allowed an automatic extension until June 16 to file their re-

turns. These persons do not have to request an extension, but should attach a statement to their returns indicating that they were out of the United States and Puerto Rico on April 15.

If an individual who has been granted an extension files a return and has a tax due, the amount due is subject to interest at the rate of 9% per year for the extension period (s. 71.10 (5) (b)). To avoid the payment of interest, individuals may pay the tax due on or before the original due date of the return.

Applications for extensions and related correspondence should be sent to:

Wisconsin Department of
Revenue
P.O. Box 8903
Madison, WI 53708

B. Schedules H (Homestead) and FC (Farmland Preservation Credit)

No extensions of time are available for filing claims for the above credits.

1979 Homestead claims must be filed no later than December 31, 1980. Farmland Preservation Credit claims for 1979 must be filed no later than 12 months after the farmland owner's 1979 taxable year ends (e.g., December 31, 1980 for calendar year taxpayers).

FIRST 1980 ESTIMATED TAX PAYMENT IS DUE APRIL 15

Every individual, whether or not a resident of Wisconsin, is required to file a 1980 declaration of Wisconsin estimated tax (Form 1-ES) if the individual expects his or her Wisconsin income tax liability to exceed withholding upon wages, if any, by \$60 or more.

A trust or estate is not required to file a declaration.

Individuals required to file a 1980 declaration during the first quarter of 1980 must do so on or before April 15, 1980. Installment payments are

also due on June 16, 1980, September 15, 1980, and January 15, 1981.

DO YOU HAVE SUGGESTIONS FOR 1980 TAX FORMS?

Each year the Department receives helpful suggestions from the public regarding changes or improvements which can be made to the various Wisconsin income tax reporting forms. We are already taking steps to simplify next year's forms. Because many of the suggestions submitted in the past have been useful in evaluating and updating these forms and instructions, the Department is seeking your comments as we prepare the 1980 forms.

You may wish to communicate your suggestions as to how the Department might improve Forms 1 (individual long form) and 1A (individual short form), Forms 4 and 5 (corporation franchise/income tax returns) and Schedule H (Homestead). You may send them to the Wisconsin Department of Revenue, Division of Income, Sales, Inheritance and Excise Taxes, Director of Technical Services, P.O. Box 8910, Madison, Wisconsin 53708. Because of printing deadlines which must be met for the 1980 forms, please submit your suggestions by July 1, 1980.

TAX RELEASES

("Tax Releases" are designed to provide answers to the specific tax questions covered, based on the facts indicated. However, the answers may not apply to all questions of a similar nature. In situations where the facts vary from those given herein, it is recommended that advice be sought from the Department. Unless otherwise indicated, Tax Releases apply for all periods open to adjustment. All references to section numbers are to the Wisconsin Statutes unless otherwise noted.)

INCOME TAXES

Computing Taxable Unemployment Compensation for Wisconsin

In 1978 a federal law was enacted which taxed unemployment compensation in certain situations. As a result of updating the reference to the Internal Revenue Code to December 31, 1978 in the Wisconsin Statutes, Wisconsin follows the federal law regard-

ing the taxation of unemployment compensation for the 1979 taxable year and thereafter.

For federal purposes, if unemployment benefit payments for the year and the recipient's adjusted gross income (including any disability payments excluded under Code sec. 105 (d)) exceed a "base amount", the recipient must include in gross income the lesser of (1) the amount of unemployment compensation payments received, or (2) one-half of the amount of the excess of the sum of the recipient's unemployment benefit payments and other adjusted gross income over the base amount.

The federal "base amount" is (a) \$25,000 if the recipient is married filing a joint federal return, (b) zero if the recipient is married at the close of the tax year and lived with spouse at any time during the year, but is not filing a joint federal return, or (c) \$20,000 for all other taxpayers.

The base amounts are the same for Wisconsin as for federal. For purposes of determining the amount of taxable unemployment compensation to be included in Wisconsin income, married persons may elect to combine their federal adjusted gross incomes and compute the includable amount of unemployment compensation as persons filing a joint federal return, but each spouse must include in Wisconsin income her or his share of the taxable unemployment compensation (s. 71.05 (1) (k), Wis. Stats.).

The Department has received inquiries as to how the taxable portion of unemployment compensation (UC) is computed for Wisconsin when (1) only one spouse receives UC, (2) both spouses receive UC, and (3) Wisconsin income is different than federal income. The following examples show how to compute the taxable UC for Wisconsin in these 3 situations.

1. Computing Taxable UC When Only One Spouse Receives UC

Example: Husband and wife file a joint federal return reporting federal adjusted gross income, excluding taxable unemployment compensation, of \$24,700. Husband received total unemployment compensation of \$3,500. The portion of the \$3,500 that must be reported as gross income for federal purposes is determined as follows:

Federal adjusted gross income excluding unemployment compensation	\$24,700
Unemployment compensation received	<u>3,500</u>
Sum of FAGI plus unemployment compensation	\$28,200
Less: Base amount for "married filing a joint return"	<u>25,000</u>
Excess over base amount	<u>\$ 3,200</u>
One-half of excess over base amount	<u>\$ 1,600</u>

The taxable portion of the unemployment compensation is the lesser of (1) \$3,500 (amount of payments received), or (2) \$1,600 (one-half of excess over base amount). Since one-half of the excess over the base amount (\$1,600) is the lesser amount, their federal adjusted gross income will be \$26,300 (\$24,700 + \$1,600).

For Wisconsin tax purposes, \$1,600 of taxable UC must be included in the husband's Wisconsin adjusted gross income.

2. Computing Taxable UC When Both Spouses Receive UC

Example: Husband and wife file a joint federal return reporting federal adjusted gross income, excluding taxable unemployment compensation, of \$26,800. Husband received UC payments of \$800 and wife received UC payments of \$1,600 for a total of \$2,400 unemployment compensation received during 1979. The portion of the \$2,400 that must be reported as gross income for federal purposes is computed as follows:

Federal adjusted gross income excluding unemployment compensation	\$26,800
Unemployment compensation received	<u>2,400</u>
Sum of FAGI plus unemployment compensation	\$29,200
Less: Base amount for "married filing a joint return"	<u>25,000</u>
Excess over base amount	<u>\$ 4,200</u>
One-half of excess over base amount	<u>\$ 2,100</u>

As in the first example, one-half of the excess over the base amount is less than the unemployment compensation received. The married couple will report federal adjusted gross income of \$28,900 (\$26,800 + \$2,100).

Husband and wife must report their share of the taxable unemploy-