

Corporation Franchise/Income..266-3645  
 Estimated Taxes .....266-9940  
 Fiduciary, Inheritance, Gift .....266-1231  
 Homestead Credit .....266-8641  
 Individual Income .....266-2486  
 Property Tax Deferral Loan .....266-1983  
 Sales, Use, Withholding .....266-2776  
 Audit of Returns: Corporation,  
 Individual, Homestead, Sales .266-2772  
 Appeals.....266-0185  
 Refunds .....266-8100  
 Delinquent Taxes .....266-7879  
 Copies of Returns:  
 Homestead, Individual .....266-2890  
 All Others .....266-0678  
 Forms Request:  
 Taxpayers .....266-1961  
 Practitioners .....267-2025

**District Offices**

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

**DEPARTMENT PUBLICATIONS AVAILABLE**

The department publishes a wide variety of publications that are available to taxpayers upon request. The following is a list of publications regarding taxes administered by the Income, Sales, Inheritance, and Excise Tax Division of the department. To order any of these publications, write or call: Wisconsin Department of Revenue, P.O. Box 8903, Madison, WI 53708 (telephone (608) 266-1961).

Number	Title
102	Wisconsin Tax Treatment of Tax-Option Corporations and Their Shareholders
103	Reporting Capital Gains & Losses for Wisconsin by Individuals, Estates & Trusts
104	Wisconsin Taxation of Military Personnel
108	How Your Retirement Benefits Are Taxed
109	Tax Information for Married Persons Filing Separate Returns and Persons Divorced

111	How to Get a Private Letter Ruling From Wisconsin Department of Revenue
112	Wisconsin's Individual Estimated Tax and Corporation Estimated Tax Programs
113	Federal and Wisconsin Income Tax Reporting Under the Marital Property Act
200	Sales and Use Tax Information for Electrical Contractors
201	Wisconsin State and County Sales and Use Tax Information
202	Sales and Use Tax Information: Motor Vehicle Sales, Leases and Repairs
203	Sales and Use Tax Information for Manufacturers
204	Sales and Use Tax Information for Colleges, Universities & Vocational Schools
206	Sales Tax Exemption for Non-profit Organizations
302	Wisconsin Alcohol Laws for Retailers Including Laws Relating to Underage Persons (This publication is only available from Department of Administration, Document Sales on a subscription basis)
500	Tax Guide for Political Organizations and Candidates
501	Field Audit of Wisconsin Tax Returns
503	Wisconsin Farmland Preservation Credit
504	Directory for Wisconsin Department of Revenue
505	A Taxpayer's Appeal Rights of an Office Audit Adjustment
506	Taxpayer's Appeal Rights of Field Audit Adjustments
507	How to Appeal to the Wisconsin Tax Appeals Commission
508	Wisconsin Tax Requirements Relating to Nonresident Entertainers
W-166	Withholding Tax Guide

**WE ARE FREQUENTLY ASKED...**

Question: If I have no sales during a reporting period, must I file a sales tax return?

Answer: Yes. You must file a sales and use tax return for each reporting period even though you had no sales during that period.

Question: What happens if I do not file my sales and use tax return by the due date?

Answer: If you do not file your sales tax return by the due date, you are not eligible for the retailer's discount and will be sent either a request to file or a notice of estimated tax due. A notice of estimated tax due is sent to those taxpayers with a past history of not filing timely returns. The estimated taxes are subject to collection by the department.

Question: How do organizations report and pay sales tax on bingo receipts?

Answer: Generally, organizations holding bingo games are required to hold a seller's permit and report sales tax on the bingo receipts on their Wisconsin sales and use tax return. For more information, call (608) 266-2190.

Question: What must I do for sales tax purposes if I sell or discontinue my business?

Answer: Notify the department in writing of the date you sold or discontinued your business and include a current address where you can be contacted. Include your seller's permit with your letter.

**THREE YEAR PRISON TERM FOR HOMESTEAD FRAUD**

**Homestead Credit**

A Green Bay man has been ordered to serve 3 years in prison for violations of the Wisconsin homestead credit tax law. Michael G. Baker, who formerly resided at 414 Fifth Street, Green Bay, was sentenced in Brown County Circuit Court, Branch 5, Green Bay, after he was convicted on 4 counts of filing false Wisconsin homestead credit claims during 1985. Judge Peter J. Naze sentenced Baker to 3 years in prison on each count to be served concurrently.

## Withholding Taxes

A former Kenosha businessman has been ordered to serve 3 years probation for violations of Wisconsin state withholding tax laws. Larry A. Christopherson, former president and treasurer of Nardi Electric Company, Inc., Kenosha, was sentenced in Kenosha County Circuit Court, Branch 5, after he pled guilty to 5 counts of failing to deposit taxes withheld from wages of employes. Judge Robert V. Baker sentenced Christopherson to 6 months in jail on each count, to be served consecutively, stayed execution of the sentence, and placed Christopherson on probation for 3 years. Under the conditions of probation Christopherson must make restitution of state taxes in excess of \$36,000.

## Excise Taxes

River City Distributing Company, Inc., 29 West Sherman Avenue, Watertown, entered a "no contest" plea on October 16, 1989, to charges of illegally furnishing various items to tavern licensees. The wholesaler was found guilty and fined a total of \$350. Beer wholesalers are restricted in what they may provide to beer retailers under Wisconsin law, which addresses commercial bribery.

Papagaio, Inc., d/b/a "Sonny's" on Broadway, 515 North Broadway, Milwaukee, was fined \$500 plus costs on October 9, 1989, for possessing refilled liquor bottles. The corporation pleaded guilty to the charge. Sixty-three bottles of liquor held as evidence were destroyed.

## NEW ISI&E DIVISION RULES AND RULE AMENDMENTS IN PROCESS

Listed below, under Parts A, B, and C, are proposed new administrative rules and amendments to existing rules that are currently in the rule adoption process. The rules are shown at their state in the process as of December 15, 1989. Part D lists new rules and amendments which were adopted in 1989. Part E lists rules adopted but not

yet effective. Part F lists emergency rules. ("A" means amendment, "NR" means new rule, "R" means repealed and "R&R" means repealed and recreated.)

### A. Rules at Legislative Council Rules Clearinghouse

- 2.41 Separate accounting method-A
- 2.46 Apportionment of business income of interstate air carriers-R&R
- 2.47 Apportionment of net business income of interstate motor carriers of property-A
- 2.49 Apportionment of net business incomes of interstate finance companies-R&R
- 4.54 Security requirements-NR
- 4.55 Ownership and name changes-NR
- 7.01 Purchases and invoices-A
- 7.23 Activities of brewers, bottlers and wholesalers-A
- 8.01 Tax liability-NR
- 8.02 Revenue stamps—occupational tax-R&R
- 8.03 Affixing stamps-R
- 8.04 Refunds-R&R
- 8.05 Special tax on intoxicating liquor-R
- 8.06 Mixture of specially taxed and regularly taxed intoxicating liquors-R
- 8.11 Reports-A
- 8.12 Samples-NR
- 8.21 Purchases by the retailer-A
- 8.22 Purchases made outside of state-A
- 8.23 Sales to non-licensees-NR
- 8.31 Sales out of Wisconsin-A
- 8.51 Labels-R
- 8.61 Advertising-A
- 8.66 Merchandise on collateral-A
- 8.71 Bitters-R
- 8.76 Salesperson-R&R
- 8.81 Transfer of retail liquor stocks-A
- 8.87 Intoxicating liquor tied-house prohibitions-A
- 9.67 Cigarette tax credit-R&R
- 9.68 Ownership and name changes-NR
- 14.03 Household income-A
- 14.06 Marriage, separation, or divorce during claim year-A

### B. Rules at Revisor of Statutes Office for Publication of Hearing Notice

- 1.06 Application of federal income tax regulations for persons other than corporations-A

- 1.10 Depository bank requirements for withholding, motor fuel, general aviation fuel and special fuel tax deposit reports-A
- 2.03 Corporation returns-A
- 2.04 Information returns and wage statements-R&R
- 2.06 Information returns required of partnerships and persons other than corporations-R
- 2.08 Returns of persons other than corporations-A
- 2.10 Copies of federal returns, statements, schedules, documents, etc., to be filed with Wisconsin returns-A
- 2.30 Property located outside Wisconsin - depreciation and sale-A
- 2.69 Income from Wisconsin business-R
- 2.89 Penalty for underpayment of estimated tax-R
- 2.955 Credit for income taxes paid to other states-A
- 3.03 Dividends received, deductibility of-R&R
- 3.08 Retirement and profit-sharing payments by corporations-A
- 3.085 Retirement plan distributions-A
- 3.096 Interest paid on money borrowed to purchase exempt government securities-A
- 3.10 Salesmen's and officers' commissions, travel and entertainment expense of corporations-R
- 3.12 Losses on account of wash sales by corporations-R&R
- 3.37 Depletion of timber by corporations-A
- 3.38 Depletion allowance to incorporated mines and mills producing or finishing ores of lead, zinc, copper, or other metals except iron-A
- 3.47 Legal expenses and fines-corporations-R
- 3.54 Miscellaneous expenses not deductible-corporations-R&R
- 3.81 Offset of occupational taxes paid against normal franchise or income taxes-A
- 3.91 Petition for redetermination-A
- 3.92 Informal conference-A
- 3.93 Closing stipulations-A
- 3.94 Claims for refund-A
- 11.05 Government units-A
- 11.09 Medicines-A

11.12 Farming, agriculture, horticulture and floriculture-A	2.45 Apportionment in special cases-A (8/1/89)	dividends from municipal, state and federal obligations received by individuals and fiduciaries-A (9/28/89)	
11.19 Printed material exemptions-A	2.50 Apportionment of net business income of interstate public utilities-A (8/1/89)	3.098 Railroad retirement supplemental annuities-A (8/1/89)	
11.40 Exemption of machines and processing equipment-A	2.505 Apportionment of net business income of interstate professional sport clubs-A (8/1/89)	3.14 Losses from bad debts by corporations-A (8/1/89)	
11.51 Grocers' guidelist-A	2.53 Stock dividends and stock rights received by corporations-A (8/1/89)	3.17 Corporation losses, miscellaneous-A (8/1/89)	
11.535 Operators of a swap meet, flea market, craft fair or similar event -NR	2.56 Insurance proceeds received by corporations-A (8/1/89)	3.35 Depletion, basis for allowance to corporations-A (8/1/89)	
11.57 Public utilities-A	2.57 Annuity payments received by corporations-A (8/1/89)	3.36 Depletion of timber by corporations-A (8/1/89)	
11.61 Veterinarians and their suppliers-A	2.60 Dividends on stock sold "short" by corporations-A (8/1/89)	3.43 Amortization of trademark or trade name expenditures-A (8/1/89)	
11.66 Communications and CATV services-A	2.61 Building and loan dividends on installment shares received by corporations -R (8/1/89)	3.44 Organization and financing expenses-corporations-A (8/1/89)	
<b>C. Rules at Legislative Standing Committee</b>			
11.10 Occasional sales-A	2.63 Dividends accrued on stock-A (8/1/89)	3.45 Bond premium, discount and expense-corporations-A (8/1/89)	
11.16 Common or contract carriers-A	2.65 Interest received by corporations-A (8/1/89)	3.48 Research or experimental expenditures-A (8/1/89)	
11.18 Dentists and their suppliers-A	2.70 Gain or loss on capital assets of corporations; basis of determination-A (8/1/89)	3.52 Automobile expenses-corporations-R&R (8/1/89)	
11.26 Other taxes in taxable gross receipts and sales price-A	2.72 Exchanges of property by corporations generally-A (8/1/89)	3.82 Evasion of tax through affiliated interests-A (8/1/89)	
11.32 "Gross receipts" and "sales price"-A	2.721 Exchanges of property held for productive use or investment by corporations-A (8/1/89)	3.83 Domestic international sales corporations (DISCs)-A (8/1/89)	
11.41 Exemption of property consumed or destroyed in manufacturing-A	2.83 Requirements for written elections as to recognition of gain in certain corporation liquidations-A (8/1/89)	11.10 Occasional sales-A (5/1/89)	
11.57 Public utilities-A	2.88 Interest rates-A (8/1/89)	<b>E. Rules Adopted But Not Yet Effective</b>	
11.67 Service enterprises-A	2.90 Withholding; wages-A (8/1/89)	1.13 Power of attorney-A	
11.68 Construction contractors-A	2.91 Withholding; fiscal year taxpayers-A (8/1/89)	2.01 Residence-A	
11.84 Aircraft-A	2.92 Withholding tax exemptions-A (8/1/89)	2.05 Information returns, forms 8 for corporations-R&R	
11.85 Boats, vessels and barges-A	2.93 Withholding from wages of a deceased employe and from death benefit payments-A (8/1/89)	2.07 Income tax returns of liquidated or dissolved corporations-R	
<b>D. Rules Adopted in 1989 (effective date is given in parentheses)</b>			
1.001 Definition-A (8/1/89)	2.956 Historic structure and rehabilitation of nondepreciable historic property credits-NR (8/1/89)	2.081 Indexed income tax rate schedule-R	
2.14 Aggregate of personal exemptions-A (8/1/89)	3.01 Rents paid by corporations-A (8/1/89)	2.085 Claim for refund on behalf of a deceased taxpayer-A	
2.16 Change in method of accounting for corporations-A (8/1/89)	3.05 Profit-sharing distributions by corporations-A (8/1/89)	2.105 Notice by taxpayer of federal audit adjustments and amended returns-A	
2.19 Installment method of accounting for corporations-A (8/1/89)	3.07 Bonuses and retroactive wage adjustments paid by corporation-A (8/1/89)	2.11 Credit for sales and use tax paid on fuel and electricity-A	
2.20 Accounting for acceptance corporations, dealers in commercial paper, mortgage discount companies and small loan companies-A (8/1/89)	3.09 Exempt compensation of military personnel-A (8/1/89)	2.12 Amended income and franchise tax returns-A	
2.21 Accounting for incorporated contractors-A (8/1/89)	3.095 Income tax status of interest and	2.13 Moving expenses-A	
2.22 Accounting for incorporated dealers in securities-R&R (8/1/89)		2.15 Methods of accounting for corporations-A	
2.24 Accounting for incorporated retail merchants-A (8/1/89)		2.17 Cash method of accounting for corporations-R	
2.25 Corporation accounting generally-A (8/1/89)		2.18 Accrual method of accounting for corporations-R	
2.26 "Last in, first out" method of inventorying for corporations-A (8/1/89)			

- 2.31 Taxation of personal service income of nonresident professional athletes-A
- 2.50 Apportionment of net business income of interstate public utilities-A
- 2.51 Rent received by corporations from Wisconsin real estate-A
- 2.73 Involuntary conversion by corporations-A
- 2.74 Gain or loss on disposition of property by corporations; adjustment to basis-R
- 2.75 Recoveries by corporations-A
- 2.76 Refunds of taxes to corporations-A
- 2.80 Improvements of leased real estate, income to corporate lessor-A
- 2.81 Damages received by corporations-A
- 2.86 Income to corporations from cancellation of government contracts-A
- 2.945 Spousal individual retirement contributions-R
- 2.96 Extension of time to file corporation franchise or income tax returns-A
- 2.98 Disaster area losses-A
- 3.24 Corporation taxes, miscellaneous-R
- 3.55 Donations and contributions - corporations-R
- 14.01 Administrative provisions-R&R
- 14.02 Qualification for credit-R&R
- 14.03 Household income-R&R
- 14.04 Property taxes accrued-R&R
- 14.05 Rent constituting property taxes accrued-R&R
- 14.06 Marriage, separation, or divorce during claim year-NR

#### F. Emergency Rules

- 11.66 Telecommunication and CATV services (effective 10/1/89; expires 2/26/90)

## 1989 TAX TREATMENT FOR VARIOUS INDIVIDUAL INCOME TAX PROVISIONS

Provision	Federal Tax Treatment	Wisconsin Tax Treatment
Active duty military pay	Taxable	Same as federal
Capital gains and losses:		
Net long-term capital gains	Taxable	40% taxable
Net capital losses	Up to \$3,000 may be used to offset ordinary income (\$1,500 if MFS)	Up to \$500 may be used to offset ordinary income
Child and dependent care expense	Tax credit	None
Child under age 14	Tax may be computed at parent's tax rate	Tax computed at single rate
Disability income	Credit may be allowed	Exclusion up to \$5,200
Farm losses	Deductible unless passive loss limitations apply	Federal passive loss limits apply. Also Wisconsin limit based on nonfarm income with carryover of unused losses
Farmland preservation credit received	Treated as a recovery of property tax	100% taxable
Foreign taxes paid on interest/dividends	Credit	None
Interest from federal obligations	Taxable	Exempt
Itemized deductions:		
Casualty and theft loss	\$100 floor and loss must exceed 10% AGI	Nondeductible; no credit allowed
Consumer interest	20% deductible	Credit may be allowed
Investment interest	Limited itemized deduction	Credit may be allowed
Medical deduction	Reduced by 7.5% of AGI	Credit may be allowed
Miscellaneous itemized deductions	Most are reduced by 2% of AGI	Credit may be allowed
Moving expenses	Itemized deduction	Credit may be allowed
Property taxes on home	Itemized deduction	Credit may be allowed
Taxes paid to other states	Itemized deduction	Credit may be allowed
Unreimbursed employe business expenses (away from home/outside salesperson)	Limited miscellaneous itemized deduction	Credit may be allowed
Wisconsin income tax	Itemized deduction	Credit may be allowed
Lump-sum distribution from qualified retirement plan	Generally 5-year averaging available	Nondeductible; no credit allowed No averaging available; capital gain exclusion allowed on 75% of capital gain portion; balance fully taxable
Net operating loss	Deductible computed pursuant to IRC	Deductible federal NOL added back; NOL computed pursuant to state statutes
Pension and annuities starting after July 1, 1986	3-year recovery rule eliminated	3-year recovery rule eliminated for pensions and annuities starting after December 31, 1986
Personal exemptions	\$2,000 for taxpayer, spouse, and each dependent	Credit may be allowed for dependents
Persons age 65 or over	Increased standard deduction	Credit may be allowed
Prizes and awards:		
Including charitable, scientific, etc.	Generally taxable	Same as federal
Railroad retirement board benefits	May be taxable	Nontaxable
Rent paid for home	None	Credit may be allowed
Retirement income from:		
Wisconsin state and local retirement systems	May be taxable	Generally same as federal; exempt for persons who were members of Wisconsin State Teachers or certain Milwaukee retirement systems as of December 31, 1963, with limited exceptions.
Federal Retirement Systems	May be taxable	Generally same as federal; exempt for persons who were members of the retirement system as of December 31, 1963, with limited exceptions.
Scholarships and grants:		
Degree candidates	Exclusion limited to tuition and related expenses	Same as federal
Nondegree candidates	No exclusion	Same as federal
Social security benefits	May be taxable	Same as federal
State and municipal bond interest income	Exempt	Generally taxable; limited exceptions
State income tax refunds	May be taxable	Nontaxable
Unemployment compensation (insurance)	100% taxable	All, a portion, or none may be taxable

## ISI&E DIVISION OFFERS TAXPAYER ASSISTANCE

During the filing season of January through April 16, 1990, 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 is an exception for Janesville as noted below.

### Offices Providing Daily Assistance

Location	Address	Telephone No.	Hours
*Appleton	265 W. Northland	(414) 832-2727	7:45-4:30
*Eau Claire	718 W. Clairemont	(715) 836-2811	7:45-4:30
*Green Bay	200 N. Jefferson St.	(414) 436-4230	7:45-4:30
*Kenosha	5500 8th Ave.	(414) 656-7100	7:45-4:30
*La Crosse	620 Main	(608) 785-9720	7:45-4:30
*Madison	4638 University Ave.	(608) 266-2772	7:45-4:30
Madison	212 E. Washington Ave.	NONE	8:00-4:15
*Milwaukee	819 N. Sixth St.	(414) 227-4000	7:45-4:30
*Racine	616 Lake Ave.	(414) 636-3711	7:45-4:30
*Waukesha	141 N.W. Barstow St.	(414) 521-5310 (414) 524-3970 (after 2/3/90)	7:45-4:30

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

Baraboo	1007 Washington	(608)356-8973	7:45-4:30
Beaver Dam	211 S. Spring St.	(414)887-8108	7:45-4:30
Elkhorn	300 S. Lincoln St.	(414)723-4098	7:45-4:30
Fond du Lac	160 S. Macy St.	(414)929-3985	7:45-4:30
Grafton	220 Oak St.	(414)377-6700	7:45-4:30
Hayward	221 Kansas Ave.	(715)634-8478	7:45-11:45
Hudson	1810 Crestview Dr.	(715)386-8224	7:45-4:30
Janesville	101 E. Milwaukee	(608)755-2750	7:45-4:30(a)
Lancaster	130 W. Elm St.	(608)723-2641	7:45-4:30
Manitowoc	1314 Memorial Dr.	(414)683-4152	7:45-4:30
Marinette	1926 Hall Ave.	(715)735-5498	9:00-12:00
Marshfield	630 S. Central Ave.	(715)387-6346	7:45-4:30
Monroe	1220 16th Ave.	(608)325-3013	7:45-4:30
Oshkosh	404 N. Main St.	(414)424-2100	7:45-4:30
Rhineland	203 Schiek Plaza	(715)362-6749	7:45-4:30
Rice Lake	101 N. Wilson Ave.	(715)234-7889	7:45-4:30
Shawano	420 E. Green Bay St.	(715)526-5647	7:45-4:30
Sheboygan	504 S. 14th St.	(414)459-3101	7:45-4:30
Superior	1418 Tower Ave.	(715)392-7985	8:00-4:30
Tomah	819 Superior Ave.	(608)372-3256	8:00-12:00
Watertown	600 E. Main St.	(414)261-7700	7:45-4:30
Waupaca	201 1/2 S. Main St.	(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)338-4730	7:45-4:30
Wisconsin Rapids	1681 2nd Ave., S.	(715)421-0500	7:45-4:30

(a) Monday through Wednesday

\* Open during noon hour

## REPORT ON LITIGATION

*This portion of the WTB summarizes recent significant Tax Appeals Commission and Wisconsin court decisions. The last paragraph of each decision indicates whether the case has been appealed to a higher court.*

*The last paragraph of each WTAC decision in which the department's determination has been reversed will indicate one of the following: (1) "the department appealed," (2) "the department has not appealed but has filed a notice of nonacquiescence" or (3) "the department has not appealed" (in this case the department has acquiesced to the Commission's decision).*

The following decisions are included:

### Individual Income Taxes

Keith Breyer (p. 12)

Corporate liquidations—section 333

Stephen Kalish (p. 12)

Farm loss limitations

### Homestead Credit

Andrew Tomaszewski (p. 12)

Property taxes accrued—joint ownership

### Corporation Franchise or Income Taxes

Consolidated Freightways

Corporation (p. 13)

Apportionment—motor carriers

Freedom Savings & Loan

Association (p. 13)

Filing requirements—franchise or income tax return

L & W Construction Company, Inc. (p. 14)

Manufacturer's sales tax credit

### Sales/Use Taxes

Arndt Enterprises, Inc. (p. 14)

Farming—ginseng raising

Dairyland Harvestore, Inc. and Badgerland

Harvestore Systems, Inc. (p. 15)

Refunds and remedies of taxpayers—claims for refunds