

## Focus on Forms: Reporting County Tax on Form ST-12

If county sales or use tax is reported on line 13 or 22 of the Wisconsin State and County Sales and Use Tax Return (Form ST-12), Schedule CT on the back of the return must be completed.

Schedule CT must be completed so that the department can accurately determine the amount of county tax that must be distributed to each county that has adopted the county tax. Failure to complete Schedule CT when required can result in a delay in processing the return.

For more information about the county tax, refer to the December 1992 *Sales and Use Tax Report in Wisconsin Tax Bulletin 80* (January 1993), pages 45 to 48.

## Wisconsin State and County Sales and Use Tax Return

SALES TAX DUE	13 1/2 % county sales tax (from line B, Schedule CT, on reverse side)..... 13	
USE TAX DUE	22 1/2 % county use tax (from line C, Sch. CT, on reverse side)..... 22	

### SCHEDULE CT

**RECEIPTS AND PURCHASES SUBJECT TO COUNTY SALES & USE TAX**  
(See instructions for completing this schedule. Do not enter zero (0) if there is no tax due)

EFFECTIVE the first day of month and year shown following the county name

County	Column 1 Receipts Subject to County Sales Tax	Column 2 Purchases Subject to County Use Tax
Name                      Code		

A. TOTAL . . . . . ▷ A		
B. 1/2% county sales tax (Multiply line A, col. 1 by .005. Enter this amount on line 13 on the front of this return.) . . . . . ▷ B		
C. 1/2% county use tax (Multiply line A, col. 2 by .005. Enter this amount on line 22 on the front of this return.) . . . . . ▷ C		

## Reporting for Craft Sales and Flea Markets

Operators of temporary sales events such as swap meets, flea markets, and craft fairs, are required to furnish to the Department of Revenue a listing providing information about vendors selling merchandise at the event.

The listing should contain the following information: the name of the event; the date or dates and location of the event; and the real name, business name, address, social security number and, if available, the seller's permit number of each vendor at the event.

The listing is due within 10 days after the close of the event.

Reporting forms and information about the reporting requirements may

be obtained at any department office, by writing to Wisconsin Department of Revenue, P.O. Box 8902, Madison, WI 53708, or by calling (608) 266-2776.

## Retailers Cannot 'Absorb' Sales Tax for Customers

Occasionally, retailers advertise that they will 'absorb' sales tax for their customers. *This practice violates state law.*

It is illegal for any retailer to advertise, hold out, or state to the public or to any customer, that sales tax will be assumed or absorbed by the retailer or that it will not be added to the selling price.

Retailers may, however, advertise that their price 'includes' sales tax.

## Extension of Time to File for Individuals

A new condition that individuals must meet in order to be allowed an extension of time to file their 1992 Wisconsin income tax return, is that they estimate their Wisconsin tax and pay the amount they expect to owe with their 1992 return, by the unextended due date (e.g., April 15, 1993, for a calendar year filer). This new payment requirement applies to all extensions for individuals, except extensions available because an individual is outside the United States and Puerto Rico on April 15, or in a combat zone.

Extensions of time provided by federal law or granted by the Internal Revenue Service (IRS) for filing a federal income tax return continue to be available to extend the time for filing a Wisconsin income tax return.

Extensions available under federal law may be used for Wisconsin purposes, even though an individual does not need an extension to file his or her federal return with IRS. The 30-day "Wisconsin only" extension available in previous years has been repealed.

For further information on extensions of time for filing a Wisconsin income tax return, see the tax release titled "Extension of Time to File Franchise and Income Tax Returns" in *Wisconsin Tax Bulletin 80* (January 1993), page 28. □

## 1993 Estimated Tax Requirements for Individuals, Estates, and Trusts

Estimated income tax payments are tax deposits made during the year to prepay the income tax and minimum tax that will be due when an income tax return is filed. Every individual, married couple filing jointly, estate, or trust (except certain estates and grantor trusts, as explained below), is required to pay 1993 Wisconsin estimated tax if they expect to owe \$200 or more on a 1993 Wisconsin income tax return. Form 1-ES, "1993 Wisconsin Estimated Tax Voucher," is filed with each estimated tax payment.

For calendar year taxpayers, the first estimated tax payment is due on April 15, 1993. Installment payments are also due on June 15, 1993, September 15, 1993, and January 18, 1994. For fiscal year taxpayers, installment payments are due on the 15th day of the 4th, 6th, and 9th months of the fiscal year and the 1st month of the following fiscal year.

Estates and grantor trusts which are funded on account of a decedent's death are only required to make estimated tax payments for taxable

years which end two or more years after the decedent's death. For example, an individual died on March 25, 1993. A grantor trust which was funded on account of the individual's death is not required to make estimated tax payments for any taxable year ending before March 25, 1995.

A trust which is subject to tax on unrelated business income is generally required to pay 1993 Wisconsin estimated tax if it expects to owe \$500 or more on a 1993 Wisconsin franchise or income tax return (Form 4T). A 1993 Form 4-ES, "Wisconsin Corporation Estimated Tax Voucher," is filed with each estimated tax payment. Installment payments for such trusts are due on the 15th day of the 3rd, 6th, 9th, and 12th months of the taxable year.

If an individual, married couple filing jointly, estate, or trust does not make the estimated tax payments when required or underpays any installment, interest may be assessed. □

## Filing Wisconsin Fiduciary and Estate Tax Returns

### Wisconsin Fiduciary Returns

#### *Who Must File*

Every personal representative or special administrator of the estate of a Wisconsin decedent and every trustee of a Wisconsin trust must file a Wisconsin fiduciary income tax return (Form 2) if the gross income of the estate or trust exceeds \$600. Nonresident estates and trusts must file Wisconsin fiduciary returns if they have gross income in excess of \$600 from Wisconsin sources.

Trusts must file on a calendar-year basis, and the due date is the following April 15. (Exception: a limited number of charitable trusts may still

file on a fiscal basis.) Estates can choose any fiscal year, but the first return may not cover more than a 12-month period and the taxable year must end the last day of a month. The due date for fiduciary returns for estates is 3½ months after the close of the fiscal year.

### *Closing Certificates*

Every executor, administrator, personal representative, or trustee applying to a court in Wisconsin having jurisdiction for discharge must obtain a Closing Certificate for Fiduciaries from the department. Before the certificate will be issued, all required income, gift, sales, use, and withholding tax returns and reports, with the exception of the final income tax return of the estate or trust, must be filed.

With the next-to-final fiduciary return, estates must submit a copy of the probate inventory and a copy of the decedent's will. Trustees must submit a statement as to why the trust is closing, a schedule of assets held by the trust, and a copy of the trust agreement (or will creating such trust) if not submitted with a prior return.

If an estate or trust has less than \$600 of income and needs a Closing Certificate for Fiduciaries, the top one-third of the Form 2 should be completed. At line 1, "No 1041 Required" should be inserted. Any required documents must be attached to the Form 2 filed.

The department shall determine that all income, withholding, sales, use, gift, and delinquent taxes are paid. A Closing Certificate for Fiduciaries will then be issued. This does not relieve the executor, administrator, personal representative, or trustee from filing the final fiduciary income tax return. If a probate final account is filed with the court, a copy must be attached to the final return.

For the fiscal year ending June 30, 1992, the department issued nearly 17,000 Closing Certificates for Fiduciaries.

## Wisconsin Estate Tax Returns

### *Filing Requirement*

An estate is required to file a Wisconsin estate tax return (Form W706) if it is required to file a federal estate tax return. An estate is required to file a federal estate tax return (Form 706) if the gross estate at date of death plus gifts in excess of \$10,000 made to each donee per calendar year since December 31, 1976, exceeds \$600,000.

The Wisconsin estate tax is equal to the credit for state death taxes allowed on the federal estate tax return (line 15 of federal Form 706). This credit is computed under section 2011 of the Internal Revenue Code. Estates owning property within and without Wisconsin owe a percentage of the credit to Wisconsin based on gross Wisconsin property divided by gross total property.

### *Due Date*

The personal representative, special administrator, trustee, or distributee must file the Wisconsin estate tax return by the due date, which is 9 months after the date of death or the extended due date allowed by the Internal Revenue Service.

If the return is filed after the due date, there is a penalty equal to 5% of the tax with a minimum of \$25 and a maximum of \$500.

### *Payment of Tax*

The tax is due 9 months after the decedent's date of death, even if an extension has been obtained to file the return.

If the tax is not paid within 9 months of the decedent's death, interest is imposed at 1% per month from the date of death.

Examples:

1. Decedent Able died February 15, 1992. An extension of time to file the federal estate tax return was obtained from the Internal Revenue Service. The Wisconsin estate tax return and payment of the tax were submitted on November 30, 1992, which was within the extension period. Tax of \$1,200.00 was due. The total amount due is \$1,314.00, computed as follows:

Tax	\$1,200.00
Interest (9½ months @ 1% per month)	<u>114.00</u>
Total amount due	<u>\$1,314.00</u>

2. Decedent Body died February 15, 1992 and did not obtain an extension to file from the Internal Revenue Service. The Wisconsin estate tax return was filed November 30, 1992, and showed no tax due. This estate would owe the minimum penalty of \$25.00.

### *Certificate Determining Estate Tax*

Upon receipt of the Wisconsin estate tax return and review for correctness, the department will issue a Certificate Determining Estate Tax. If the Internal Revenue Service increases or decreases the federal estate tax, the person entitled to the refund or liable for the additional tax is required to notify the department within 30 days. □

## Programs Help Farmers and Protect Farmland

Nearly \$45 million in direct benefits were distributed to Wisconsin farmers in 1992 through two state programs,

the farmland preservation credit program and the farmland tax relief credit program. About 25,000 Wisconsin farmers claimed farmland preservation credits amounting to \$29.7 million in the fiscal year ending June 30, 1992, and more than 63,000 individual farmers received farmland tax relief credits totalling \$15.2 million for 1991.

### *Farmland Preservation Credit*

In addition to providing benefits averaging \$1,188 per claimant, the farmland preservation credit program is helping to protect 8.1 million acres of farmland through local land use planning and soil conservation practices.

To qualify for a benefit under this program, farmland must be zoned for exclusive agricultural use or be subject to a farmland preservation agreement between the farmer and the state. About 78% of the claims for the fiscal year ending June 30, 1992, were for land under zoning and 22% were for land covered by agreements.

### *Farmland Tax Relief Credit*

Farmland tax relief credits averaging \$236 were paid to individual farmers statewide for 1991 income tax returns. These credits equal 10% of the first \$10,000 of property taxes on qualifying farmland, exclusive of improvements. This program, which is in addition to the farmland preservation credit, provides direct benefits to virtually all farmers in the state.

The farmland tax relief credit is available to both individuals and corporations. In addition to the farmland tax relief credits claimed by farmers on their individual income tax returns, corporate farms claimed about \$452,000 in credits statewide for 1991. □

## Error in 1991-92 Statutes

The amendment to sec. 71.83(3), Wis. Stats., regarding late filing fees, by 1991 Wisconsin Act 190, was omitted from the official certified volumes of the 1991-92 Wisconsin Statutes. Wisconsin law provides that any error in the publication of the statutes does not preclude the legislation from being law. Therefore, sec. 71.83(3) as affected by Act 190 is the law of Wisconsin. The correct version of sec. 71.83(3), Wis. Stats. (1991-92), is reproduced below.

**Section 71.83(3) LATE FILING FEES.** If any person required under this chapter to file an income or franchise tax return fails to file a return within the time prescribed by law, or as extended under s. 71.03(7), 71.24(7) or 71.44(3), unless the return is filed under such an extension but the person fails to file a copy of the extension that is granted by or requested of the internal revenue service, the department shall add to the tax of the person \$30 in the case of corporations and in the case of persons other than corporations \$2 when the total normal income tax of the person is less than \$10, \$3 when the tax is \$10 or more but less than \$20, \$5 when the tax is \$20 or more, except that \$30 shall be added to the tax if the return is 60 or more days late. If no tax is assessed against any such person the amount of this fee shall be collected as income or franchise taxes are collected. □

## Administrative Rules in Process

Listed below are proposed new administrative rules and amendments to existing rules that are currently in the rule adoption process. The rules are shown at their stage in the process as of April 1, 1993, or at the stage in which action occurred during the period from January 2, 1993, to April 1, 1993.

Each affected rule lists the rule number and name, and whether it is amended (A), repealed (R), repealed and recreated (R&R), or a new rule (NR).

### Rules at or Reviewed by Legislative Council Rules Clearinghouse

- 11.27 Warranties-R&R
- 11.66 Telecommunication and CATV services-R&R
- 11.82 Mailing lists and mailing services-A

### Rules Sent to Revisor of Statutes for Publication of Notice or Hearing Date

- 11.04 Constructing buildings for exempt entities-A
- 11.15 Containers and other packaging and shipping materials-A
- 11.67 Service enterprises-A
- 11.675 Janitorial services-NR
- 11.68 Construction contractors-A

## Rules Sent to Legislative Committees

- 2.31 Taxation of personal service income of nonresident professional athletes-R
- 11.38 Fabricating and processing-R&R
- 14.03 Household income and income-A

## Rules Adopted But Not Yet Effective

- 2.02 Reciprocity-A
- 2.955 Credit for taxes paid to other states-A
- 11.03 Elementary and secondary schools and related organizations-A
- 11.05 Governmental units-A
- 11.08 Medical appliances, prosthetic devices and aids-A
- 11.12 Farming, agriculture, horticulture and floriculture-A
- 11.17 Hospitals, clinics and medical professions-A
- 11.18 Dentists and their suppliers-A
- 11.33 Occasional sales-A
- 11.45 Sales by pharmacies and drug stores-A
- 11.49 Service stations and fuel oil dealers-A
- 11.57 Public utilities-A
- 11.70 Advertising agencies-R&R
- 11.71 Computer industry-A
- 11.83 Motor vehicles-A
- 11.84 Aircraft-A
- 11.85 Boats, vessels and barges-A
- 11.88 Mobile homes-A
- 11.95 Retailer's discount-A □