

income attributed to Wisconsin using the regular 3-factor apportionment formula led to a grossly distorted result. Thus, the income from foreign subsidiaries was includable in apportionable income and NCR was not entitled to "factor relief."

### Current Status of Litigation

In September 1996, the Department of Justice (DOJ) and NCR Corporation agreed to a resolution of the case, which was submitted to the Wisconsin Supreme Court. (Note: DOJ provides legal counsel for DOR in tax cases at the Circuit Court, Court of Appeals, and Supreme Court.)

In an order dated September 24, 1996, the Wisconsin Supreme Court stated the following:

"The parties to this certified appeal and cross appeal having filed a Stipulation and Motion for Suspension of Briefing Schedule and the court having treated the stipulation as a notice of voluntary dismissal pursuant to sec. (Rule) 809.18 and 809.63 which does not require the approval of this court;

"IT IS ORDERED that the notice of voluntary dismissal is duly noted and the appeal and cross-appeal are accordingly dismissed.

"IT IS FURTHER ORDERED that the motion to suspend is dismissed as moot."

As a result of the resolution of the NCR case, the DOR will determine at a later date how it will proceed with over 3,000 claims for refund filed by taxpayers relating to the NCR issues.



## Wanted: Your Comments About the Wisconsin Tax Bulletin

The *Wisconsin Tax Bulletin* (WTB) is published to provide tax information to YOU, the readers. To make the WTB more useful, the department is seeking suggestions for items that may be of interest to you, and ways to make the WTB more valuable to you.

How could the department improve on the information it publishes? What topics do you want covered or expanded? Do you have particular likes or dislikes about the WTB? Do you have ideas, comments, or suggestions you'd like to share?

Please take a few moments to give us your comments or ideas, and be a part of improving *your* WTB. Send your comments or ideas to Mark Wipperfurth, Wisconsin Department of Revenue, Administration Technical Services, P.O. Box 8933, Madison, WI 53708-8933. If you prefer, you may fax your comments to him at (608) 261-6240, or you may call him at (608) 266-8253. We'd like to hear from you!

### IRS 1996 Mileage Rates Apply for Wisconsin

The 1996 optional standard mileage rates specified by the Internal Revenue Service (IRS) for computing automobile expenses for business, charitable, medical, and moving expense purposes also apply for Wisconsin.

For 1996 the IRS increased the business standard mileage rate from 30¢ per mile to 31¢ per mile for all business miles driven. The 31¢ per mile rate is allowed without regard to

whether the automobile was previously considered fully depreciated.

If the standard mileage rate of 31¢ per mile is used, depreciation is considered to be allowed at 12¢ per mile for 1996, the same rate as for 1995. However, no portion of the 31¢ per mile rate is considered to be depreciation after the adjusted basis of the automobile reaches zero.

For 1996 the mileage rate allowed for calculating automobile expenses for charitable deduction purposes remains at 12¢ per mile, and the rate for medical expense and moving expense deductions is increased from 9¢ per mile to 10¢ per mile.

### Wisconsin Electronic Filing

The Wisconsin Electronic Filing (ELF) Program is expanding each tax season. In 1995 Wisconsin was number one in the nation in increased volume, and in 1996 ELF returns increased by another 55%! Wisconsin also had:

- one of the fastest electronic refunds in the nation, with an average of 3 business days from receipt of the return until the refund was direct-deposited in the taxpayer's bank account,
- filing of balance due returns, allowing early return filing with tax payments not due until April 15, and
- electronic filing allowed through October 15, for returns with extensions.

The adjustment rate on electronically filed 1995 returns was less than 1%. Electronic returns are more accurate because the software checks the returns for common errors. Other

benefits of electronic filing include acknowledgment of all ELF returns, increased efficiency, and reduced cost of doing business.

To join the Wisconsin ELF Program, all you need to do is:

- **Sole Proprietors** — If you are authorized by the IRS to file electronically in Wisconsin, you will automatically be included in the Wisconsin ELF Program. No further action is necessary.
- **All Others** — Provide the Wisconsin Electronic Filing Unit with your firm's name, the Electronic Filing Identification Number (EFIN) assigned to you by the IRS, and a listing of your officers'/partners' names, addresses, and social security numbers. This information may be faxed to (608) 264-6884 or mailed to:

Wisconsin Electronic Filing  
P.O. Box 8977  
Madison, WI 53708-8977.

If you have any questions about the Wisconsin ELF Program, call the Electronic Help Line at (608) 264-9959. The ELF Program staff members are looking forward to working with you in filing 1996 returns.

### Focus on Publications: Grocers

What items sold by a grocery store are subject to Wisconsin sales tax? When does a grocery store owe Wisconsin use tax?

Answers to these questions and more can be found in the Department of Revenue's new Publication 220, *Grocers — How Do Wisconsin Sales*

and Use Taxes Affect Your Operations?. This publication is available to the public at any Department of Revenue office, or by calling the department's Fax-A-Form number, (608) 261-6229, from a fax machine and entering retrieval number 10220.

### 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.

Madison — Main Office	
Area Code (608)	
Appeals . . . . .	266-0185
Audit of Returns: Corporation, Individual, Homestead . . . . .	266-2772
Beverage . . . . .	266-6701
Cigarette, Tobacco Products . . . . .	266-8970
Copies of Returns . . . . .	267-1266
Corporation Franchise and Income . . . . .	266-1143
Delinquent Taxes . . . . .	266-7879
Electronic Filing . . . . .	264-9959
Estimated Taxes . . . . .	266-9940
Fiduciary, Estate . . . . .	266-2772
Forms Request:	
Taxpayers . . . . .	266-1961
Practitioners . . . . .	267-2025
Fax-A-Form . . . . .	261-6229
Homestead Credit . . . . .	266-8641
Individual Income . . . . .	266-2486
Motor Vehicle Fuel . . . . .	266-3223
Refunds . . . . .	266-8100
Sales, Use, Withholding . . . . .	266-2776
TDD . . . . .	267-1049

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



### Postcards to Be Mailed

Continuing a practice started in 1993, the department will again mail some taxpayers postcards instead of tax booklets.

When the 1996 Wisconsin income tax booklets are mailed in December 1996, more than 800,000 individuals will receive a postcard instead of a booklet. These will be individuals who used a paid preparer to file their 1995 Wisconsin income tax return.

The postcards will contain a removable name and address label, which taxpayers are to take to their preparers so the preparer can place that label on the return filed. Postcard recipients who need a tax booklet can use the detachable order blank included, to request that a booklet be mailed to them.

### Magnetic Media Filing Required for Some Forms

Employers and payors may be required to file wage statements and information returns on magnetic media with the Wisconsin Department of Revenue. Wisconsin magnetic media filing is required if all of the following apply:

- Comparable wage statements or information returns are required to be filed on magnetic media with the Internal Revenue Service or Social Security Administration.
- The income on the form is required to be reported to Wisconsin.
- The number of any one type of form required to be filed with Wisconsin is 250 or more.

- The Combined Federal/State Filing Program is not being used.
- No waiver has been granted by the department.

Wisconsin Publication 509, "Filing Wage Statements and Information Returns on Magnetic Media," provides more information about magnetic media filing. You can order Publication 509 by: writing to Wisconsin Department of Revenue, Forms Request Office, P.O. Box 8903, Madison, WI 53708-8903; phoning (608) 266-1961; or using the department's "Fax-A-Form" system by phoning (608) 261-6229 from a fax telephone. □

## Guidelines for Substitute Tax Forms

Tax returns may generally be filed on forms that have been reproduced or on substitute forms that have been approved by the department. However, certain guidelines must be followed to ensure that the reproduced or substitute forms are compatible with the department's processing system and present information in a uniform manner.

A copy of the "Guidelines for Reproduced and Substitute Tax Forms" appears on pages 53 and 54 of this Bulletin. □

## Forms Available by Fax

The Wisconsin Department of Revenue offers a Fax-A-Form document retrieval system. This retrieval system enables taxpayers and tax practitioners to obtain tax forms and publications via their facsimile machine or fax modem.

### *What is Available Via Fax-A-Form?*

Wisconsin individual income, homestead credit, partnership,

corporation, estate, fiduciary income, withholding tax, and sales and use tax forms are available, along with the instructions for the forms. Beginning in January 1997, both 1995 and 1996 forms and instructions will be available.

Publications published by the department are also available. See the article titled "Tax Publications Available" on page 10 of this Bulletin for a list of the publications.

The catalog of retrieval codes for the forms and publications is updated throughout the year as forms and publications are added and revised. For updated information, order the current catalog using Fax-A-Form.

### *How Does it Work?*

- From the handset on your fax machine or the touch-tone keypad of your fax modem call the Fax-A-Form telephone number (608)261-6229 (at this point do not enter "start" on your fax machine).
- If you have a newer model fax machine without a handset, you may use the keypad if tones are transmitted; if tones are not transmitted you must connect a touch-tone telephone to your fax machine to retrieve a document.
- Follow the voice prompts, then use the touch-tone keypad on your fax machine or telephone to enter the proper retrieval codes for the items desired.
- Receive the items you select, via your fax, by pushing the start, send, or copy button of your fax machine (**on most fax machines use the start button**). Fax modem users will need to click on manual receive.

### *When Can Fax-A-Form Be Used?*

The Fax-A-Form retrieval system is available 24 hours a day, 7 days a week.

### *How Much Does it Cost?*

The Department of Revenue does not charge a fee for using the Fax-A-Form service. Your only costs are the normal telephone charges, plus fax machine operating costs, if applicable.

### *Questions?*

If you have questions about Fax-A-Form, you may call Mary Diaz, the department's Fax-A-Form coordinator, at (608)267-2025. □

## 1996 Package WI-X Available in January

The 1996 edition of Wisconsin's Package WI-X will be available by January 31, 1997. Package WI-X will contain actual size copies of most 1996 Wisconsin individual and fiduciary income tax, corporation franchise and income tax, partnership, estate tax, motor vehicle fuel tax, sales and use tax, and withholding tax forms.

The cost of the 1996 Package WI-X is \$7.00 plus sales tax, for each copy. It may be ordered on the bulk order blank (Form P-744). The bulk order blank is being mailed in October. See the following article titled "Tax Form Order Blanks Mailed," for more information on bulk orders.

If you do not receive an order blank and you wish to purchase copies of 1996 Package WI-X, mail your request indicating the number of copies, along with the amount due, to Wisconsin Department of Revenue, Forms Request Office, P.O. Box 8903, Madison, WI 53708-8903. □

## Tax Form Order Blanks Mailed

During October, the department is mailing order blanks (Form P-744) to 9,000 tax preparers. Use these original order blanks (not copies) to request bulk orders of 1996 Wisconsin tax forms that require payment. Forms that do not require payment are not listed on the order blank.

Some of the forms you order will be accompanied by additional information. For example, your order will include instructions for the forms you request; Schedules 2K-1 and WD for Form 2 will be included with fiduciary Form 2 orders; and Schedules 3K-1 will be included with partnership Form 3 orders.

The department is also mailing order blanks (Forms P-744b and P-744L) to banks, post offices, and libraries for their use in requesting bulk orders of 1996 Wisconsin income tax forms. No charge is made for forms used for distribution to the general public (for example, in a bank, library, or post office).

If you do not receive an order blank by October 31, 1996, you may request one by: contacting any department office; writing to Wisconsin Department of Revenue, Forms Request Office, P.O. Box 8903, Madison, WI 53708-8903; or calling (608) 267-2025.

You should place your order as early as possible after receiving the order blank. Orders are expected to be filled in late December and early January.

Package WI-X will be mailed separately in late January. Most forms in Package WI-X may be reproduced. □

## Question and Answer

**Q** We sell gift certificates. Do we report sales tax when we sell a gift certificate or when it is used to purchase merchandise?

**A** Sales tax applies when a gift certificate is used to purchase tangible personal property or a taxable service. Sales tax does not apply to the original sale of the gift certificate.

For example, you operate a restaurant and sell a gift certificate for \$50 in May 1996. In June 1996, the recipient of the gift certificate uses it to pay for meals at your restaurant. Your taxable receipts from the gift certificate are as follows:

- May 1996, \$0
- June 1996, \$50

**Q** We hired our neighbor to remove snow from the sidewalks at our business. Is any sales tax due on his services?

**A** No. Snow removal is not a taxable service.

**Q** I received unemployment compensation during the year. Is this taxable for Wisconsin?

**A** Unemployment compensation may be taxable to Wisconsin when received by a

Wisconsin resident. The amount of unemployment compensation that is taxable is determined based on your filing status and income. For example, if you are single and your income (including the unemployment compensation) is \$12,000 or less, none of the unemployment compensation is taxable to Wisconsin. If your income is over \$12,000, all or a portion of the unemployment compensation is taxable to Wisconsin. See the instructions for Form 1A or Form 1 for worksheets to be used to compute taxable unemployment compensation.

**Q** May I file Wisconsin Form WI-Z if I received unemployment compensation during the year?

**A** No, individuals who have unemployment compensation may not file their Wisconsin income tax return on Form WI-Z. You must use either Form 1A (short form) or Form 1 (long form). Form WI-Z does not provide for any adjustment for the difference between the amount of unemployment compensation that is taxable for federal and Wisconsin tax purposes. Thus use of Form WI-Z by individuals who receive unemployment compensation could result in too much income being reported for Wisconsin.



## Do You Need a Speaker?

Are you planning a meeting or training program? The Department of Revenue's Speakers Bureau provides speakers to business, community, and educational organizations.

Department representatives are available to speak on a variety of topics that can be targeted toward your group's particular areas of interest, including:

- New sales/use, income, and corporate tax laws.
- How sales tax affects contractors, landscapers, manufacturers, non-profit organizations, or businesses in general.
- What to expect in an audit.
- Common errors discovered in audits.
- Homestead credit.
- Farmland preservation credit.
- Manufacturing property assessment.
- Voluntary disclosure.

To arrange for a speaker, please write to Wisconsin Department of Revenue, Speakers Bureau, P.O. Box 8933, Madison, WI 53708-8933, or call (608) 266-1911.

## 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 latest index available appears in *Wisconsin Tax Bulletin 96* (April 1996), pages 31 to 58, and includes information for issues 1 (October 1976) to 95 (January 1996).

## Joint IRS/State Audit Targets Taverns

The Wisconsin Department of Revenue and the Internal Revenue Service (IRS) have merged audit efforts. An agreement between the agencies allows selected Department of Revenue and IRS auditors to conduct joint, cooperative audits. Under the IRS "Market Segment Specialization Program," the tavern industry has been selected, to determine compliance for this predominantly cash industry.

The audit team conducts the audit using one or more income reconstruction methods and reviews records that the taxpayer has available. The audit team discusses their findings with the taxpayer, expands the scope and depth of the audit as necessary, and attempts to reach a final agreement.

This audit method eliminates duplication of work for both agencies and results in less inconvenience to the taxpayer; the taxpayer receives both the state and federal adjustments at the conclusion of the audit.

In addition to auditing small taverns to improve compliance, both agencies are working to educate small tavern owners about the records they need to keep.

## Tax Publications Available

The Department of Revenue publishes over 45 publications that are available, free of charge, to taxpayers or practitioners. To order any of the publications, write or call Wisconsin Department of Revenue, Forms Request Office, P.O. Box 8903, Madison, WI 53708-8903 (telephone (608) 266-1961).

Publications can also be ordered by fax, using the department's "Fax-A-Form" system by calling (608) 261-6229 from a fax telephone.

Number	Title of Publication (and last revision date)
102	Wisconsin Tax Treatment of Tax-Option (S) Corporations and Their Shareholders (12/95)
103	Reporting Capital Gains and Losses for Wisconsin by Individuals, Estates, Trusts (10/96)
104	Wisconsin Taxation of Military Personnel (8/96)
106	Wisconsin Tax Information for Retirees (8/96)
109	Tax Information for Married Persons Filing Separate Returns and Persons Divorced in 1996 (10/96)
111	How to Get a Private Letter Ruling From the Wisconsin Department of Revenue (3/96)
112	Wisconsin Estimated Tax and Estimated Surcharge for Individual, Estates, Trusts, Corporations, Partnerships (8/94)
113	Federal and Wisconsin Income Tax Reporting Under the Marital Property Act (10/96)
114	Wisconsin Taxpayer Bill of Rights (3/96)
115	Wisconsin Federal/State Electronic Filing Handbook (9/95)
116	Income Tax Payments Are Due Throughout the Year (12/95)
117	Guide to Wisconsin Information Returns (10/96)

118	Electronic Funds Transfer Guide (4/96)	214	Do You Owe Wisconsin Use Tax? (Businesses) (9/93)	509	Filing Wage Statements and Information Returns on Magnetic Media (3/94)
119	Limited Liability Companies (LLCs) (10/95)	216	Filing Claims for Refund of Sales or Use Tax (9/95)	600	Wisconsin Taxation of Lottery Winnings (11/93)
120	Net Operating Losses for Individuals, Estates, and Trusts (11/95)	217	Auctioneers — How Do Wisconsin Sales and Use Taxes Affect Your Operations? (3/96)	601	Wisconsin Taxation of Pari-Mutuel Wager Winnings (3/94)
121	Reciprocity (10/95)			700	Speakers Bureau presenting ... (2/93)
122	Tax Information for Part-Year Residents and Non-residents of Wisconsin (10/96)	219	Hotels, Motels, and Other Lodging Providers — How Do Wisconsin Sales and Use Taxes Affect Your Operations? (6/96)	W-166	Wisconsin Employer's Withholding Tax Guide (9/90) <input type="checkbox"/>
123	Business Tax Credits for 1996 (9/96)	220	Grocers — How Do Wisconsin Sales and Use Taxes Affect Your Operations? (8/96)		
200	Sales and Use Tax Information for Electrical Contractors (10/95)				
201	Wisconsin State and County Sales and Use Tax Information (8/96)	400	Wisconsin's Temporary Recycling Surcharge (12/95)		
202	Sales and Use Tax Information for Motor Vehicle Sales, Leases, and Repairs (6/96)	410	Local Exposition Taxes (11/94)		
203	Sales and Use Tax Information for Manufacturers (12/94)	500	Tax Guide for Wisconsin Political Organizations and Candidates (9/95)		
205	Do You Owe Wisconsin Use Tax? (Individuals) (9/95)	501	Field Audit of Wisconsin Tax Returns (2/96)		
206	Sales Tax Exemption for Nonprofit Organizations (9/90)	502	Do You Have Wisconsin Tax Questions? (10/95)		
207	Sales and Use Tax Information for Contractors (2/96)	503	Wisconsin Farmland Preservation Credit (12/95)		
210	Sales and Use Tax Treatment of Landscaping (5/94)	504	Directory for Wisconsin Department of Revenue (10/95)		
211	Sales and Use Tax Information for Cemetery Monument Dealers (10/91)	505	Taxpayers' Appeal Rights of Office Audit Adjustments (6/96)		
212	Businesses: Don't Forget About Use Tax (7/94)	506	Taxpayers' Appeal Rights of Field Audit Adjustments (2/96)		
213	Travelers: Don't Forget About Use Tax (3/93)	507	How to Appeal to the Tax Appeals Commission (4/96)		
		508	Wisconsin Tax Requirements Relating to Nonresident Entertainers (8/94)		

## Manufacturing Property Assessment

(Note: This article was prepared by the Bureau of Manufacturing Assessment, Division of State and Local Finance of the Wisconsin Department of Revenue.)

**Cost Approach Upgrade** The Bureau of Manufacturing Assessment has acquired a new cost approach system. The Bureau now subscribes to the Marshall and Swift cost system. This new personal computer system will replace the Bureau's in-house mainframe system. This will provide more accurate appraisals using more up-to-date costs. It will make us uniform with other assessing agencies and appraisers, and save Wisconsin taxpayers money.

**M-P Form on Diskette** Last year over 150 manufacturers and accountants used the M-P diskette to complete the Manufacturing Personal Property Return (M-P). The diskette is available in a Lotus for Windows format. It eliminates the need to reenter the same data every year. A signed copy of the printed output from this program is considered an acceptable facsimile of the M-P form. A diskette is not acceptable for filing purposes. The diskette costs \$6.00 plus tax. To request an

order form, contact the following address or telephone number.

Bureau of Manufacturing Assessment  
Wisconsin Department of Revenue  
P.O. Box 8933  
Madison, WI 53708  
Phone (608) 266-8662  
FAX (608) 264-6897

### Telephone Company Assessment

A law change provides a three-year phase-in period to change the state tax on telephone companies from a gross receipts basis to a property tax basis. Beginning in 1998, the Manufacturing Assessment Bureau will provide telephone company assessments to the Bureau of Utility and Special Taxes.

For additional information on manufacturing or telephone company assessment, please contact the Manufacturing Assessment Office serving your area.

## How to Obtain Copies of Your Tax Returns

### What is Available

Upon request, the Department of Revenue will provide taxpayers with copies of their previously filed tax returns. Copies of returns are generally mailed within 10 days after a request is received.

The chart at the end of this article lists which returns are available, and the number of prior years for which the returns are available.

When a copy is requested, a copy of the federal return will also be provided if it is a part of the Wisconsin return. Wage statement copies are not always available with Forms 1A and WI-Z.

Copies of tax returns are generally available within four months after the returns are filed.

### Who May Request Copies

Taxpayers, partners in a partnership, or corporation officers may request copies of their own tax returns. Other persons may also request copies, if they provide a power of attorney form or other written authorization, signed by the taxpayer, partner, or corporation officer, and specifying the type of tax return and periods requested. A photocopy or fax copy of an authorization is not acceptable unless the authorization specifically states that copies have the same force as the original.

Requests for copies of a deceased taxpayer's tax returns must include a certified domiciliary letter and be signed by the personal representative of the estate. If there is no estate, a certified copy of the death certificate and a statement of the reason for the request is required.

### Fees

Effective January 1, 1997, the fee is \$5.00 for each return requested. There is an additional fee of \$1.00 per return for a certified copy. **Payment must be sent with the request.**

### How to Request

All requests for copies of returns must be made in writing or in person. Requests by telephone or fax machine will not be accepted.

Requests must include the following:

1. Name on the requested tax return.
2. Social security number (including spouse's social security number, if applicable), or other identification number of the taxpayer.

3. Type of return and year(s) or period(s) of the tax return being requested.
4. Name and address to which the copies are to be mailed.
5. Signature of the taxpayer, partner, or corporation officer.
6. Payment of appropriate fees for requested information.

### Where to Direct Requests

*Written Requests:* Mail your request to Wisconsin Department of Revenue, Central Files Section, P.O. Box 8903, Madison, WI 53708-8903.

*In-Person Requests:* Make your request at the Department of Revenue, Audit Bureau, 4638 University Avenue, Room 132, Madison, Wisconsin. Office hours are 7:45 a.m. to 4:30 p.m. Proper identification (for example, a driver's license) is required.

### Questions

If you have questions, you may call the Department of Revenue in Madison, at (608) 267-1266.

Type of Returns Available	# of Years
corporation or insurance tax returns	6
gift tax reports	5
homestead credit claims	4
(microfilmed homestead credit claims)	10
individual income tax returns	4
(electronically filed individual returns)	10
(microfilmed individual returns)	10
partnership tax returns	4
sales/use tax returns	10
trust fiduciary returns	4
withholding statements	5
(microfilmed withholding tax returns)	10