



Wisconsin TAX BULLETIN

Tax Amnesty Program Created

The Wisconsin Legislature created a tax amnesty program in its extraordinary session which ended May 13, 1998. The amnesty program will be in effect from June 15, 1998, through August 14, 1998, and will apply to all taxes administered by the Department of Revenue under Chapters 71, 72, 78, and 139, and subchapter III of Chapter 77 of the Wisconsin Statutes.

The Tax Amnesty Frequently Asked Questions (FAQ's) appearing below contain detailed information concerning who qualifies for tax amnesty and the incentives available under the program. These FAQ's as well as other information relating to tax amnesty can also be found on the Department of Revenue's Internet website at www.taxamnesty.org.

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Tax Amnesty Frequently Asked Questions (FAQ's)

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1. What is tax amnesty?

Wisconsin's tax amnesty is a limited-time program offering certain taxpayers an incentive to pay outstanding obligations owed to the Department of Revenue. During the program, the department is authorized to forgive a portion of outstanding obligations, or forgive penalties and reduce delinquent interest charges, in exchange for full and prompt payment of the remaining balance due.

2. When will tax amnesty be available?

Application for tax amnesty must be made during the nine-week period beginning June 15, 1998 and ending August 14, 1998. Filing as early as possible during that period will avoid delays in processing.

3. Who qualifies for tax amnesty?

All taxpayers who have an outstanding Wisconsin tax obligation, including individuals, partnerships and corporations, except:

- taxpayers who receive notification that they are a party to a criminal investigation or criminal litigation relating to any tax administered by the Wisconsin Department of Revenue.
- taxpayers notified during the amnesty period of an adverse determination of an appeal to the Wisconsin Tax Appeals Commission or any Wisconsin court.

- taxpayers who have filed for relief under any chapter of the U. S. Bankruptcy Code, unless the bankruptcy proceeding is dismissed. (See Question 20 for more information.)

4. What incentives are available under tax amnesty?

The available incentive depends on the type of the tax obligation.

- for obligations recorded as delinquent on the department's records as of October 1, 1997, an amount equal to 20% of the delinquent account balance as of June 15, 1998 will be forgiven. The forgiveness may not exceed \$10,000.
- for obligations recorded as delinquent on the department's records after October 1, 1997, penalties and late filing fees will be waived, and interest will be reduced from 1-1/2% per month to 1% per month.
- for all other obligations known or unknown to the department (including unfiled returns), penalties, late filing fees, and the right of the department to seek criminal prosecution will be waived, and delinquent interest will be reduced from 1-1/2% to 1% per month.

5. What will happen if I do not take advantage of tax amnesty?

If your outstanding obligation was recorded as delinquent on the department's records as of October 1, 1997, an additional 5% delinquent tax collection fee will be imposed on your account.

6. What types of tax qualify for tax amnesty?

Except as indicated in question 7, all taxes administered by the Wisconsin Department of Revenue under Chapters 71, 72, 78, 139, and subchapter III of chapter 77 of the Wisconsin Statutes are eligible for tax amnesty. This includes income, franchise, estate, motor vehicle and general aviation fuel, beverage, cigarette, tobacco, and controlled substances taxes, and state sales and use taxes.

7. What tax obligations do not qualify for tax amnesty?

The following obligations do not qualify for tax amnesty:

- Obligations subject to a civil collection action (for example, garnishment) by the Wisconsin Department of Revenue prior to the time an amnesty application is received by the department.
- Nonresident accounts assigned to a collection agency and the subject of a civil collection proceeding before any court.
- Assessments under appeal with the department, the Wisconsin Tax Appeals Commission, or any Wisconsin court, unless the taxpayer withdraws the appeal.
- Assessments which represent an estimate of the amount of tax actually owed, unless all tax returns covered by the assessment are filed.
- Assessments issued as a result of a field audit of income, franchise, withholding, sales, or use tax and not recorded as delinquent on the department's records as of October 1, 1997.
- Local option taxes including, but not limited to, county and stadium sales/use and exposition taxes.
- Temporary recycling surcharge.
- Real estate transfer fees.
- Late filing penalties relating to manufacturing property annual property tax reports.
- Utility tax.

8. How do I apply for tax amnesty?

You must file an application for tax amnesty with the Wisconsin Department of Revenue, using one of the following methods:

- You may apply over the internet (www.taxamnesty.org) from your home or office computer. Also, many public libraries throughout the state offer internet access to their patrons.
- You may apply by phone by calling 261-7760 in the Madison area, or toll free 1-888-701-8818 outside of Madison, between the hours of 7:45 A.M. and 4:30 P.M.
- You may apply using a paper application. (See question 37 for information on how to obtain a paper application.)

Your application must be filed not later than August 14, 1998, and must be accompanied by the required down payment (see next question for amount of required down payment).

If you apply by the Internet or telephone, you will be instructed how to make the required down payment.

9. How much is the down payment I must make when I apply for tax amnesty?

In most instances the required down payment will be \$200. However, in some cases the required down payment will be less than \$200, or even zero.

A down payment of \$200 must accompany your application for tax amnesty, unless you meet one of the following exceptions:

- The amount of your outstanding obligation after amnesty forgiveness will be less than \$200. In this instance the required down payment is equal to the amount you will owe under tax amnesty. (If assistance is needed to determine this amount, call 1-888-317-8808.)
- Your outstanding obligation consists only of amounts that will be completely forgiven through amnesty (for example, your outstanding obligation consists entirely of late filing fees that will be waived under tax amnesty). In this instance, no down payment is required to be submitted with your application.
- You are in bankruptcy and applying for tax amnesty to preserve your right to participate in amnesty in the event your bankruptcy is dismissed at a later date. In this situation no down payment is required to be submitted with your application.

10. What is required to obtain tax amnesty?

In order to obtain tax amnesty, you must do all of the following:

- file a completed application, including the required down payment, with the department during the nine-week amnesty period of June 15, 1998 through August 14, 1998.
- file any required returns.
- pay the balance due under amnesty in guaranteed funds within 45 days after being notified by the department of the balance due.

11. What happens if I apply for, but do not qualify for, tax amnesty?

If you submit an application but do not qualify for tax amnesty, you will receive a denial letter explaining the reasons you did not qualify.

12. Am I eligible for tax amnesty if the Department of Revenue is currently having delinquent taxes withheld from my wages or has levied my bank account?

Yes. The collection action will not cease but any funds applied to your account after June 14, 1998 will be considered an amnesty payment.

13. I currently have an installment agreement with the Department of Revenue. Am I eligible for tax amnesty?

Yes. You may apply for amnesty. You should continue to make your installment payments during the tax amnesty period. Payments received after June 14, 1998 will be applied to the amount due under tax amnesty.

14. I am currently appealing an assessment made by the department. May I file for tax amnesty?

If you wish to take advantage of the amnesty provisions on the assessment you have appealed, you must withdraw the appeal. This applies to assessments appealed to the department, the Wisconsin Tax Appeals Commission or any Wisconsin court.

15. I operate a business. Will all the business taxes owed be included in tax amnesty?

No. Temporary recycling surcharge and local option taxes (for example, county sales and use, premier resort, and local exposition district taxes) will not be eligible.

16. May I file for tax amnesty on estimated assessments?

Yes, you may file for tax amnesty. However, all tax returns required to be filed, whether an estimated assessment has been issued or not, must be filed.

17. My delinquent account has been assigned to a collection agency. May I apply for tax amnesty?

Yes. Accounts assigned to collection agencies may qualify for tax amnesty unless the department has authorized a legal proceeding to collect the amount due.

18. If I cannot pay the entire amount due under amnesty, is partial tax amnesty available?

No. Partial tax amnesty is not available.

19. If I do not apply for amnesty, will the department suspend collection action until the tax amnesty period is over?

No. The department will continue to pursue collection of delinquent accounts of persons who do not apply for tax amnesty during the amnesty period just as if there were no tax amnesty.

20. Will I qualify for amnesty if I am currently in bankruptcy?

If you are in a Chapter 11 bankruptcy, your post confirmation debts qualify for tax amnesty. If you are in some other type of bankruptcy (for example, Chapter 7 bankruptcy), you do not qualify for tax amnesty at this time. However, even though you do not currently qualify, you may file an application for amnesty. Doing so will preserve your right to participate in amnesty in the event your bankruptcy is dismissed at a later date. Also see the answers to questions 9 and 29.

21. My delinquent tax account has been adjusted to only delinquent collection fees. May I file for tax amnesty on this amount?

No. The delinquent collection fees are excluded from the tax amnesty program.

22. A tax lien is filed against me because of my back taxes. Will this lien be satisfied under amnesty?

Yes. Your tax lien will be satisfied with the county clerk of courts once the full amount due under amnesty has been received.

23. Will the department contact the credit bureaus to remove liens from their records?

No. The department does not contact credit bureaus directly. Tax liens are a public record. Credit bureaus obtain information regarding tax liens directly from the county clerk of courts office, not from the department.

24. What if I haven't registered my business for business taxes with the Department of Revenue?

You should file the applicable registration form, any unfiled tax return(s), and pay the Business Tax Registration Fee, along with your Application for Amnesty and down payment.

25. Will returns filed under tax amnesty be audited?

Yes. Returns filed under amnesty will be subject to audit like any other return.

26. Will my tax information be disclosed to the Federal Internal Revenue Service?

Information received in the tax amnesty program will be shared with the IRS, if it relates to a comparable Federal tax.

27. How will I know if my request for tax amnesty has been accepted?

You will receive a statement of the reduced amount due under tax amnesty. Full payment of this amount must be made within 45 days of receiving this statement.

28. Can tax amnesty be denied?

Yes. Amnesty will be denied if your outstanding obligation does not qualify, if all tax returns are not filed, or if payment (including the mandatory down payment) is not received timely.

29. What if I disagree with a denial or determination of ineligibility for tax amnesty?

Denial of amnesty is not appealable. If you disagree with a denial because you believe the department has erred in its application of the law, you may send a letter specifying the points you disagree with and your file will be reviewed for accuracy. If you are determined to be ineligible because of a bankruptcy and the bankruptcy is subsequently dismissed, you may become eligible at that time by notifying the department of the dismissal.

30. If amnesty is denied, will the payment I sent with the application be refunded?

No. The payment will be retained and credited to your account.

31. If I file the proper forms during the tax amnesty period, may I pay after the due date of the amnesty billing I receive?

Full payment is due within 45 days of the notice date of your amnesty billing. The due date will be shown on this billing. If payment is not made by that date, you will receive no benefit from the amnesty provisions.

32. Are any payment arrangements available?

You may make partial payments before the due date of your amnesty bill. However, full payment must be within the 45 days allowed.

33. What forms of payment will be accepted?

Payment must be in the form of guaranteed funds. This includes cash, a certified check, a cashier's check or a money order. All payments should be made payable to the "Wisconsin Department of Revenue". Payroll checks, credit card checks or personal checks will not be accepted.

34. Will any refunds be granted for penalties and interest paid prior to the tax amnesty period?

No. There will be no refund of amounts paid prior to June 15, 1998.

35. How will payments included with returns filed after June 14, 1998 be treated?

Payments included with late or amended returns filed as a part of tax amnesty will be considered as payments received under tax amnesty. When the final amount due under tax amnesty is determined, any overpayments will be refunded.

36. What will happen if I pay too much?

If you pay more than you owe under tax amnesty, the overpayment will be refunded to you.

37. How do I obtain an Application for Amnesty and any tax forms needed?

There are several ways to obtain an application and forms you need to file for amnesty:

- Call toll-free 1-888-317-8808 or 261-7760 within the Madison area. The applicable items will be mailed to you.
- Call 608-261-6229 from the telephone connected to your fax machine to receive tax forms by fax.
- Access Internet Address: www.taxamnesty.org. Download the items you need to file for tax amnesty.
- Visit any Wisconsin Department of Revenue office.
- Write to: Wisconsin Department of Revenue, AMNESTY FORMS REQUEST, P.O. Box 7887, Madison, WI 53708-7887.

38. Where do I send my tax amnesty application?

Amnesty
Wisconsin Department of Revenue
P.O. Box 8927
Madison, WI 53708-8927

39. Where can I obtain more information about tax amnesty?

- You may visit the department's website at www.taxamnesty.org.
- You may call the tax amnesty toll-free information number 1-888-317-8808, or within the Madison area, 261-7760.
- Tax amnesty brochures are available at many of the public libraries throughout the state.
- You may visit or call any Wisconsin Department of Revenue office.