


Wisconsin TAX BULLETIN

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FOCUS ON . . . Paying taxes with plastic

see article on page 4

Streamlined Sales Tax System Gains Momentum

As reported in the July 2000 issue of the *Wisconsin Tax Bulletin* (#121), Wisconsin and 28 other states are involved in a project to simplify the nation's sales and use taxes. On December 22, 2000, these states voted to move model legislation to state legislatures, the National Conference of State Legislatures, and the National Governors' Association for their consideration.

The Model Act and Interstate Agreement can be found at the Streamlined Sales Tax Project's Internet web site at www.streamlinedsalestax.org. Also, there is a link on the Department of Revenue's Internet web site at www.dor.state.wi.us.

The Model Act and Interstate Agreement provide for improved sales and use tax administration systems for all sellers and for all types of commerce through the following features in the system:

- State level administration of sales and use tax collections
- Uniformity in state and local tax bases
- Central, electronic registration for all member states who enact the legislation
- Simplification of state and local tax rates
- Uniform sourcing rules for all transactions
- Uniform definitions within tax bases
- Simplified administration of exemptions
- Simplified tax returns

(continued on page 2)

Federal Treasury Offset Program Begins

Failure to pay your Wisconsin individual income tax may result in certification of your unpaid liability to the federal government's Treasury Offset Program (TOP), beginning this month. Federal law authorizes the Financial Management Service, a branch of the U.S. Department of Treasury, to reduce or offset federal income tax refunds payable by the Internal Revenue Service, to satisfy unpaid state income tax debts that have been certified to TOP.

Prior to certifying unpaid Wisconsin income taxes to TOP, the Department of Revenue will notify delinquent taxpayers, via certified mail, that their liabilities are eligible for federal refund offset. To avoid being placed in this program, taxpayers will have 60 days from the notification to pay their debt in full.

Only income tax debts of \$25 or more, that are not more than 10 years old, may be certified to TOP. Debts for other types of tax (for example, sales tax) and debts owed to other Wisconsin state agencies, counties, or municipalities are not eligible for TOP. [☞](#)

Did You Know the Department of Revenue...

- ◆ provides free taxpayer assistance all around Wisconsin (see article on page 8)
- ◆ has a free Speakers Bureau available for speaking engagements (see article on page 11)
- ◆ has free publications on a wide variety of tax subjects (see article on page 16)
- ◆ has an index to make your research easier (see article on page 18)
- ◆ provides old and new tax forms via the Internet (web site is www.dor.state.wi.us) and via Fax-A-Form (phone 608-261-6229 from a fax telephone)
- ◆ offers recorded refund information 24 hours a day, seven days a week (phone 608-266-8100, Madison, or 414-227-4907, Milwaukee) [☞](#)

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Streamlined Sales Tax System Gains Momentum (continued from page 1)

- Uniform rules for deductions for bad debts
- Simplification of tax remittances
- Protection of consumer privacy

The model legislation and agreement provide for uniform definitions of (1) clothing and related items, and (2) food and food ingredients. They also provide for uniform definitions of delivery charges, purchase price, retail sale, and sales price. State legislatures are expected to determine what is taxable and exempt in each state, but they will use the uniform definitions to achieve the simplification. The Project will continue to work on additional definitions throughout calendar 2001.

While the Project will continue its work into 2001, it is expected that at least six to eight states will enact the model legislation and agreement in 2001. State revenue departments and national and state business organizations will begin the education process immediately. A number of states, including Wisconsin, are now drafting the specific state legislation needed to implement the model.

There has been much discussion and debate on issues surrounding sales tax administration in recent months. Forrester Research, Inc., has followed this issue and reported in the November 2000 issue of *The Forrester Report* that the Streamlined Sales Tax Project “is the only viable effort with the ability to preserve the state sales taxes.” Also, “the Streamlined Sales Tax Project has momentum, wide buy-in, and timing on its side.”



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Lafayette County Adopts County Tax

Effective April 1, 2001, the county sales and use tax will be in effect in Lafayette County. This brings to 54 the number of counties that have adopted the ½% county tax.

Retailers were notified about Lafayette County's adoption of the county tax in the December 2000 *Sales and Use Tax Report* (number 4/00). The Report was sent in late December and early January to all persons registered for Wisconsin sales and use tax purposes. A copy of the Report appears on pages 39 and 40 of this Bulletin.

For additional information about the county tax, see Publication 201, *Wisconsin Sales and Use Tax Informa-*

tion, Part XVIII, on pages 34 to 39. Publication 201 is available from any Department of Revenue office. See the article titled “Tax Publications Available” on page 16 of this Bulletin for information about how to obtain copies of Publication 201 by mail, e-mail, fax, or the Internet. [☞](#)

Federal Laws Enacted in 2000 Do Not Apply for Wisconsin

Generally, Wisconsin law provides that the computation of taxable income on the 2000 Wisconsin income tax return is to be based on the provisions of the Internal Revenue Code (IRC) enacted as of December 31, 1999. Changes to the IRC enacted after December 31, 1999, do not apply for Wisconsin income tax purposes. Individuals must complete Wisconsin Schedule I to adjust for any differences that result in the amounts of income and expense items reportable for federal and Wisconsin purposes.

At the time the 2000 Schedule I was sent to the printer (November 30, 2000), no new federal laws affecting the IRC had been enacted during 2000.

However, the Community Renewal Tax Relief Act of 2000 (Public Law 106-554) was enacted on December 21, 2000. The changes made by P.L. 106-554 to the IRC do not apply for Wisconsin purposes for 2000.

Following are brief explanations of differences between federal and Wisconsin law that result from the enactment of P.L. 106-554. The “Federal” explanation indicates how an item is to be treated for federal income tax purposes for 2000. The “Wisconsin” explanation indicates how the item is to be treated for Wisconsin purposes under the IRC enacted as of December 31, 1999.

If you are affected by any of these differences, you must complete 2000 Schedule I. Schedule I is available from any Department of Revenue office or from the department’s Internet web site (www.dor.state.wi.us).

1. Expensing of Environmental Remediation Costs

- (a) Federal – Effective for expenditures paid or incurred after December 21, 2000, the expensing of environmental remediation costs is no longer limited to targeted areas.(CRTRA, sec. 162)

- (b) Wisconsin – The expensing of environmental remediation costs is limited to qualified expenses at a qualified contaminated site within a targeted area.

2. Loss Through Liability Assumption

- (a) Federal – The basis of stock received in a tax-free incorporation must be reduced (but not below the stock’s fair market value) by the amount of any liability that (1) is assumed in the exchange for such stock and (2) did not otherwise reduce the transferor’s basis of the stock by reason of the assumption.(CRTRA, sec. 309)
- (b) Wisconsin – The basis of stock received in a tax-free incorporation is determined under the provisions of the Internal Revenue Code as amended to December 31, 1999.

3. Treatment of Securities Futures Contracts

- (a) Federal – Effective December 21, 2000, gain or loss from a securities futures contract (except dealer securities futures contracts) is generally treated the same as gain or loss from transactions in the underlying security, and such gain or loss takes on the same character as the property to which the contract relates has, or would have, in the hands of the taxpayer. Any capital gain or loss resulting from the sale or exchange of a securities futures contract to sell property generally will be short-term capital gain or loss. A securities futures contract will not be treated as a commodities futures contract. Gain or loss from a “dealer securities futures contract” is considered a “section 1256 contract” which requires it to be marked to market on the last day of the year. (CRTRA, section 401)
- (b) Wisconsin – The treatment of securities futures contracts is determined under the provisions of the Internal Revenue Code as amended to December 31, 1999. [☞](#)

Agencies Join Forces to Help Low-Income Families

Six public and private sector agencies have joined together to help low-income working families use state and federal tax programs to put more money in their pockets. Joining forces in this community outreach effort are the Wisconsin Departments of Revenue, Health &

Family Services, and Workforce Development, the Wisconsin Community Action Program Association, the Wisconsin Institute of Certified Public Accountants, and the Wisconsin Accountants Association.


Their message: A qualifying low-income household can collect as much as \$7,000 from three state and federal tax programs; earned income tax credit (EITC), homestead credit, and the working families tax credit. Last year, those three programs provided an average benefit of \$3,616 to families earning \$20,000 or less.

The six agencies are tapping into existing church, neighborhood, civic, and advocacy organizations, to train hundreds of citizen volunteers in communities throughout the state, on how to help deserving families apply for those funds. Six regional training sessions are being held during January, in Madison, Green Bay, Milwaukee, Eau Claire, Superior, and Wisconsin Rapids.

The programs –

Earned Income Tax Credits Families can qualify for EITC with income up to \$31,152. Although 185,442 families claimed EITC in 1999, many more may be eligible. EITC is a “refundable” credit. In fact, families who owe no tax whatsoever can receive checks for up to \$3,888 from the federal government and up to \$1,672 in state EITC benefits.

Homestead Credit Homestead credit claimants can qualify for this credit with household income up to \$24,500 (this includes both taxable income and many types of nontaxable income, such as gross pensions, social security, and child support). A benefit of up to \$1,160 is available from the program. As with the EITC program, potential homestead credit claimants also may not be aware that they are eligible for this program. Last year, 173,000 claimants received homestead credits averaging \$460 each. Persons receiving public assistance, however, including subsidized housing, may not be eligible for homestead credit, if they received the assistance during the entire year.

Working Families Tax Credit The third program, the working families tax credit, eliminates Wisconsin tax liability for joint income tax filers earning \$18,000 or less, and for single filers earning \$9,000 or less. Despite the program’s name, single persons, as well as persons retired or otherwise not working, may also qualify. This tax credit works to increase refund amounts by reducing net taxes to zero. 



Credit Card Tax Payments Will Be Allowed

(Note: Information for this article was provided by Official Payments Corporation.)

Beginning in the 2001 filing season (at press time the date had not been determined), the Wisconsin Department of Revenue will accept credit cards for paying individual income balance due, estimated, and extension taxes.

There is a growing trend at the federal level and in other states toward taxpayers choosing to pay their taxes with a credit card. Tax professionals should be aware of the procedures, benefits, and cost associated with this payment option.

The IRS and Wisconsin Department of Administration have contracted with Official Payments Corp., an independent credit card service provider, to provide the credit card payment option to Wisconsin taxpayers. The payment option is available to both electronic and paper filers, either by telephone by calling **1-800-2PAY-TAX**, or on the Internet at the Official Payments Corp. web site, www.officialpayments.com.

American Express, Discover Card, and MasterCard are accepted for tax payments. Taxpayers are charged a convenience fee of 2.5% over and above the taxes due for the cost of the credit card processing. The Department of Revenue does not charge this fee; it is charged by Official Payments Corp. and appears as a separate charge on the taxpayer’s credit card statement. You can find more information about Official Payments Corp. on their web site, or by calling 1-877-754-4420. Materials designed exclusively for tax professionals and their clients are available on the Official Payments Corp. web site at www.officialpayments.com/taxpreparers.

Flexibility, Convenience, and Rewards – Three Reasons for Paying Taxes by Credit Card

1) Payment Flexibility

Paying taxes by credit card can offer significant benefits to personal taxpayers. For example, a taxpayer starts a new job and miscalculates his W-4 exemptions. After completing his tax forms, he realizes that he didn’t withhold enough and faces a tax payment of nearly \$4,000. He decides to put his balance on his credit card. By paying a \$100 convenience fee (2.5% of \$4,000), he

gains the flexibility to pay his taxes over several months. He also gains 4,100 reward points (see reason 3), a 30-day grace period, and the option to pay off the entire balance due at any point.

2) Convenience

Many customers use the system purely for the convenience benefits. For example, a taxpayer waits until April 14 to complete his tax return and decides to use the system to save time. He finds he owes the government \$175. Faced with long lines at the post office, he pays by credit card. For use of the service, he pays a \$4.37 convenience fee ...cheaper than cab fare to the post office.

3) Credit Card Rewards

A customer using a credit card with a bonus rewards program may be able (depending on the rules of the card's program) to earn rewards, points, and cash-back or frequent flyer miles for paying his or her taxes. For example, a customer used his credit card to pay his income taxes, plus a convenience fee of 2.5%. He deferred the payment for 30 days, so he received use of the funds during that time. In addition, he also gained frequent flyer miles from his rewards program. The value of the frequent flyer miles far exceeded the 2.5% convenience fee. [↗](#)

Wisconsin Tax Bulletin Annual Index Included



This issue of the *Wisconsin Tax Bulletin* includes (on pages 49 to 79) the annual index of articles, tax releases, court case summaries, private letter rulings, and other materials that have appeared in past Bulletins. The index includes information for issues 1 to 122 (through October 2000). [↗](#)

Preparers - Don't Forget About Use Tax!

When preparing individual income tax returns this tax season, don't forget to ask your clients if they made any out-of-state purchases subject to Wisconsin use tax. A line is included on the individual income tax returns (Forms 1, 1A, WI-Z, and 1NPR) to make the reporting of use tax easier for individuals. This line, "Sales and use tax due on out-of-state purchases" should be mentioned to each of your clients.

The Department of Revenue has contacted thousands of individuals regarding use tax. A common complaint the department receives is "Why didn't my preparer tell me about use tax? My preparer is supposed to know about taxes, not me!"

Help your clients by informing them about taxes that apply to them, **including use tax**. [↗](#)



Wisconsin Electronic Filing - Popularity Continues

In the 2000 tax season, over 617,000 income tax returns were electronically filed with the Wisconsin Department of Revenue (DOR), through one of the three accepted e-file methods. The overall number of e-filed returns increased by 33% over the previous season. During the same time period, the number of returns prepared and electronically filed by tax practitioners increased by 24%.

Once again, the success of the Wisconsin e-file program is due in large part to the participation and cooperation of tax practitioners. It is anticipated that the use of electronic filing will continue to grow in the practitioner community. In November, the IRS Ogden Service Center reported a record number of tax practitioners applying to become Electronic Return Originators.

What is e-file?

Wisconsin promotes three electronic filing options:

- 1) Federal/State Professional Prepared,
- 2) TeleFile, and
- 3) Online.

- 1) The Federal/State program includes returns that are prepared and transmitted by Electronic Return Originators (EROs). EROs are tax professionals that are approved by the IRS and DOR to file returns electronically.

New for the 2000 Filing Season!

If you file your returns electronically using the Federal/State Professional Prepared option –

- **DO NOT MAIL** Wisconsin Form **8453W**
 - Retain the **SIGNED** Form 8453W and attached wage statements for **FOUR YEARS**
- 2) TeleFile is a method of filing simple tax returns using a touch-tone phone. In order to use the TeleFile option, a taxpayer must be selected by DOR's computer system and must receive a Personal Identification Number (PIN).
 - 3) Online filing actually includes two methods:
 - a) software stored on your hard drive; and b) web-based filing.
 - a) Off-the-shelf software or software downloaded from a web site is installed on an individual's computer, and all information entered by that individual is stored on his/her computer.
 - b) Web-based filing is accessed over the Internet. The tax preparation software and the information entered by the taxpayer are stored on the web site.

The BENEFITS of e-file include:

- Data on e-filed returns are more accurate, because the software performs mathematical calculations
- Direct deposit is available only for e-filed returns
- Refunds will be issued within one week
- Taxpayers receive acknowledgements from DOR and IRS, of their returns being filed
- Adjustment rates on electronic returns are lower than paper returns

- Balance due returns can be filed early in the season, but can be paid on April 16th
- Electronic filing reduces processing costs for DOR, which benefits all taxpayers
- Wisconsin allows electronic filing through October 15th for returns with extensions.

How do tax practitioners become EROs with DOR?

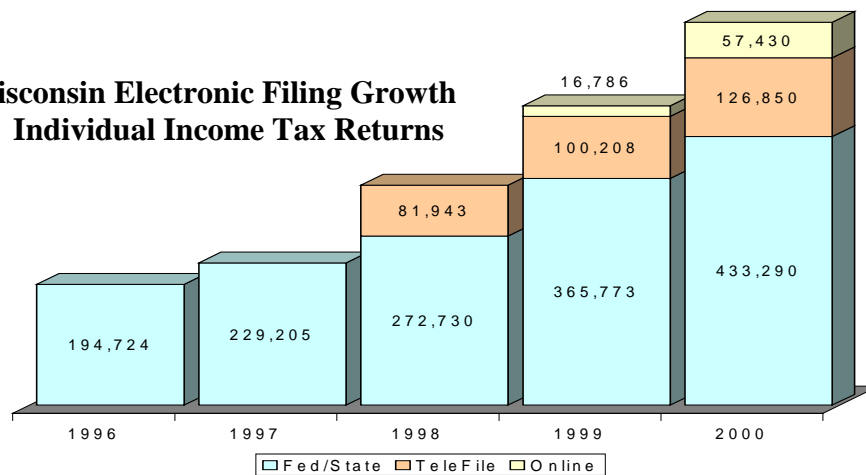
- 1) Complete an Electronic Return Originator application (Federal Form 8633), and submit it to the IRS.
- 2) Send DOR a copy of the federal application, (Form 8633), and a copy of the IRS acceptance letter with your EFIN (Electronic Filing Identification Number) on it. Participants who are not sole proprietors must also provide a list of the full names, addresses, and social security numbers of all partners or officers.
- 3) IRS-approved EROs will automatically be accepted into the Wisconsin e-file program, but applicants will be reviewed for delinquent tax liabilities and non-filing status.

These documents can be faxed to (608) 264-6884 or mailed to

Wisconsin Department of Revenue
Electronic Filing Office
PO Box 8977
Madison WI 53708-8977

For more information on electronic filing, visit the department's Internet web site at www.dor.state.wi.us, send an e-mail message to the Electronic Filing Office at efiling@dor.state.wi.us, or call (608) 264-6886.

**Wisconsin Electronic Filing Growth
Individual Income Tax Returns**





Tips to Speed Refund Processing

If you have a refund coming on your 2000 Wisconsin income tax return, you want your return processed quickly. You can help by following the tips listed below.



File Early

The time it takes to issue a refund varies greatly, depending on when the return is received. Refunds for returns that are not adjusted are issued in an average of 2 weeks for returns received by mid-February, 4 weeks for returns received from mid-February to mid-March, 6 weeks for returns received from mid-March to mid-April, and 8 weeks for returns received mid-April and after.



File Electronically

There are many good reasons to file your Wisconsin return electronically. It's fast, safe, documented, easy, and accurate. For more information, see the article titled "Wisconsin Electronic Filing – Popularity Continues" on page 5 of this Bulletin.



Use the Quick Refund Program

Under the Quick Refund Program, refunds are issued in as little as two weeks. Returns are checked for accuracy later, and an adjustment notice is mailed at that time, if necessary. To qualify for a quick refund, you must:

- File a signed and complete 2000 Form WI-Z, 1A, or 1, by April 1, 2001.
- Use the department-printed mailing label with no changes – be sure your name and address are correct.
- Have a Wisconsin address on the label.
- Enter the refund amount (including cents) in the quick refund box at the top of the return.
- Not claim homestead credit.
- Owe no delinquent taxes or debts to other state agencies.
- Mail the return to Quick Refund, PO Box 38, Madison WI 53787-0001.



Use Your Label

Apply the department-printed name and address label to the tax return you file. Here are some more tips about your label:

- Use the label even if you are filing a computerized return or a return completed by a preparer.
- Fill in your social security number (and your spouse's, if applicable) on the tax return, since it is not on the label.
- Draw a line through incorrect information and make corrections on the label.
- If you received a postcard with a label instead of forms, transfer that label to the return.
- Use the Wisconsin label, not the federal IRS label.
- Be sure the label is yours, not another taxpayer's.



File an Accurate and Complete Return

Avoid errors and delays in processing your tax return by following these tips:

- Make entries legible and on the correct lines.
- Attach the correct withholding statements.
- Claim only Wisconsin tax withheld, not federal tax, social security, or tax withheld for another state.
- Attach **all** necessary supporting schedules.
- Attach a **complete** copy of your federal return and schedules if you file on Form 1 or 1NPR.
- Attach a completed rent certificate or a copy of your 2000 property tax bill if you are claiming homestead credit.
- Assemble your return in the proper order (see page 27 of the Form 1 instruction booklet or page 28 of the Form 1NPR booklet).



More Tips

For more tips, see "Individual income tax returns" in the attachment "Avoid Errors on Tax Returns and Credit Claims," on page 43 of this Bulletin. [↗](#)



Department Offers Taxpayer Assistance

Department personnel will be available through April 16, 2001, to provide taxpayer telephone and walk-in assistance. Assistance is provided Monday through Friday in the larger offices, and Mondays only in other offices (except as noted in the chart below).

In addition, assistance hours will be extended in five offices during March and April, 2001. Offices will be open from 9:00 a.m. to 3:00 p.m. on Saturdays, from March 10 through April 14, in Madison (Rimrock Rd. only), Milwaukee, Appleton, Green Bay, and Eau Claire. The Madison office will be open evenings on Monday through Thursday, until 7:00 p.m. from March 5 through April 12. The five offices will be open until 7:00 p.m. on Monday, April 16, and all other offices will be open that day until 4:30 p.m.

Offices Providing Daily Assistance

Location	Address	Telephone No.	Hours
* Appleton	265 W. Northland Ave.	(920) 832-2727	7:45-4:30
* Eau Claire	718 W. Clairemont Ave.	(715) 836-2811	7:45-4:30
* Green Bay	200 N. Jefferson St., Rm. 526	(920) 448-5179	7:45-4:30
* Kenosha	4003 80th St., Ste. 102	(262) 697-5860	7:45-4:30
* Madison	2135 Rimrock Rd..	(608) 266-2772	7:45-4:30
* Madison	5005 University Ave., Ste 110	NONE	7:45-4:30
* Milwaukee	819 N. Sixth St., Rm. 408	(414) 227-4000	7:45-4:30
* Racine	616 Lake Ave.	(262) 638-7500	7:45-4:30
* Waukesha	141 N.W. Barstow St.	(262) 521-5310	7:45-4:30

Offices Providing Assistance on Mondays Only (unless otherwise noted)

Location	Address	Telephone No.	Hours
Baraboo	1000 Log Lodge Ct.	(608) 356-8973	7:45-4:30
Beaver Dam	220 Seippel Blvd.	(920) 356-6090	7:45-4:30
Elkhorn	715 W. Walworth St.	(414) 723-4098	7:45-4:30
Fond du Lac	845 S. Main, Ste. 150	(920) 929-3985	7:45-4:30
Grafton	1930 Wisconsin Ave.	(262) 375-7948	7:45-4:30
Hayward	100 Ranch Rd.	(715) 634-8478	7:45-1:00
Hudson	1810 Crestview Dr., Ste. 1B	(715) 381-5060	7:45-4:30
Janesville	101 E. Milwaukee, Rm. 525	(608) 758-6190	7:45-4:30 †
* La Crosse	620 Main St., Rm. 213	(608) 785-9720	7:45-4:30 †
Lancaster	130 W. Elm St.	(608) 723-2641	7:45-4:30
Manitowoc	914 Quay St.	(920) 683-4152	7:45-4:30
Marinette	Courthouse, 1926 Hall Ave.	(715) 732-7565	9:00-1:00
Marshfield	300 S. Peach Ave., Ste. 4	(715) 387-6346	7:45-4:30
Monroe	1015 18th Ave., Ste. B111	(608) 325-3013	7:45-1:00
Oshkosh	515 S. Washburn, Ste. 105	(920) 424-2100	7:45-4:30
Rhineland	203 Schiek Plaza	(715) 365-2666	7:45-4:30
Rice Lake	11 E. Eau Claire St., Ste. 4	(715) 234-7889	7:45-4:30
Shawano	1340 E. Green Bay St., Ste. 2	(715) 526-5647	7:45-4:30
Sheboygan	807 Center Ave.	(920) 459-3101	7:45-4:30
Superior	1225 Tower Ave., Ste. 315	(715) 392-7985	7:45-4:30
Tomah	203 E. Clifton	(608) 372-3256	7:45-1:00
Watertown	600 E. Main St.	(920) 262-2700	7:45-1:00
Waupaca	644 Hillcrest Dr., Ste. 2	(715) 258-9564	7:45-1:00
Wausau	710 Third St.	(715) 842-8665	7:45-4:30
West Bend	120 N. Main St., Ste. 170	(262) 335-5380	7:45-4:30
Wisconsin Rapids	830 Airport Ave.	(715) 421-0500	9:00-4:30

* Open During noon hour

† Open Monday, Tuesday, and Wednesday



How to Obtain Wisconsin Tax Forms

Tax preparers and others requiring more than 6 of any one Wisconsin tax form or more than 29 total Wisconsin forms must use a forms order blank, Form P-744. The original of the completed order blank must be sent to the department. You can obtain a Form P-744 by writing, calling, or faxing your request to the department at the address or phone number listed below under “To Receive Forms in the Mail.”

You can obtain up to 6 of any one Wisconsin tax form or a total of 29 Wisconsin forms by visiting any Department of Revenue office or by contacting the department by mail, by phone, or by fax. These limits are imposed in order to maintain a supply of forms for others. You can also receive forms via your fax machine or the Internet.

Some libraries, banks, and post offices have forms during the filing season. Most libraries have a copy of Wisconsin Package WI-X, from which most Wisconsin tax forms can be photocopied.



To Pick Up Forms at a Department of Revenue Office

If you want to pick up forms at a department office, you may visit any of the department’s 35 offices (including two locations in Madison). The office locations and hours of service are listed in the article titled “Department Offers Taxpayer Assistance” on page 8 of this Bulletin (assistance is also available at these offices).



To Receive Forms in the Mail

You can request that forms be mailed to you (indicate which forms you want, the year, and how many) by:

- Writing to Wisconsin Department of Revenue, Forms Request Office, PO Box 8951, Madison WI 53708-8951;
- Calling the department in Madison at (608) 266-1961; or
- Faxing your request to the department at (608) 261-6913.



To Receive Forms Via Your Fax Machine

You can receive forms via your fax machine by using the department’s Fax-A-Form system. Individual income tax, homestead credit, farmland preservation credit, corporation franchise and income tax, estate tax, fiduciary income tax, and partnership forms and instructions for 1996 through 2000 are available via Fax-A-Form. For sales/use, withholding, and alcohol beverage taxes, only 2000 forms and instructions are available. In addition, 1996 through 2000 amended individual income tax forms and instructions are available, as well as publications published by the department (see the article titled “Tax Publications Available” on page 16 of this Bulletin).

To use Fax-A-Form, call (608) 261-6229 from the handset of your fax machine or the touch-tone telephone of your fax modem (don’t press “start” yet). If your fax machine does not have a handset, use the keypad if tones are transmitted, or connect a touch-tone telephone if tones aren’t transmitted. Follow the voice prompts and enter the retrieval codes for the items you want, using the keypad. Press “start,” “send,” or “copy” (fax modem users click on “manual receive”). You must leave the handset of your telephone or fax machine off the hook the entire time the forms are being faxed to you.

Fax-A-Form is available 24 hours a day, 7 days a week. The department does not charge a fee for this service (though you will have to pay your normal telephone charges and fax machine operating costs). If you have questions, you may write to Cindy Breneman Fax-A-Form Coordinator, Wisconsin Department of Revenue, PO Box 8951, Madison WI 53708-8951, or call (608) 267-2025.



To Receive Forms Via the Internet

Most forms and instructions are available on the Internet. If you have Internet access, you can download and print the forms 24 hours a day, throughout the year.

To download forms, access the department’s Internet web site at www.dor.state.wi.us, and click on “Forms.”



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 (or information regarding them). Copies of returns or information are generally mailed within 10 days after a request is received.

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

Fees

The fee is \$5.00 for each return or information request. There is an additional fee of \$1.00 per return for a certified copy. **Payment must be sent with the request.** Checks or money orders should be made payable to "Wisconsin Department of Revenue."

How to Request

All requests for copies of returns or information 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, corporation officer, or authorized representative.
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, PO Box 8903, Madison WI 53708-8903.

In-Person Requests: Make your request at the Department of Revenue, Customer Service, 2135 Rimrock Road, 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.

Returns/Information Available	# of Years
corporation tax returns	6
gift tax reports	5
homestead credit claims	10
individual income tax returns	4
insurance tax returns	6
partnership tax returns	4
sales/use tax returns	10
trust fiduciary returns	4
withholding statements	5





**Wisconsin/Minnesota
Sales Tax Seminars**

The Wisconsin and Minnesota Departments of Revenue will again present a series of joint sales and use tax seminars in February and April. The seminars will include information on differences between the two states' laws. The February seminars apply to contractors, and the seminars in April are for general businesses.

You are invited to attend any of the following seminars, free of charge. All seminars are from 9:00 a.m. to 12:30 p.m. To register or for more information, call the Minnesota Department of Revenue at 1-800-888-6231.

February 6, 2001 – Duluth, MN
Minnesota Department of Revenue Office
2711 West Superior Street

February 13, 2001 – Hudson, WI
Hudson House
1616 Crestview Drive

February 20, 2001 – LaCrosse, WI
Western Wisconsin Technical College
Kumm Center – Room 102
400 6th Street North

April 2, 2001 – Duluth, MN
Minnesota Department of Revenue Office
2711 West Superior Street

April 10, 2001 – Hudson, WI
Hudson House
1616 Crestview Drive


April 17, 2001 – Onalaska, WI
Onalaska OmniCenter
225 Rider Club Street



provide information to business, community, and educational organizations.

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

- New sales/use, income, and corporate tax laws.
- How sales tax affects contractors, manufacturers, nonprofit organizations, or businesses in general.
- Homestead credit.
- Audit and appeal procedures.
- Common errors discovered in audits.
- Recordkeeping requirements.
- Tax delinquencies and petitions for compromise.
- Manufacturing property assessment.
- Electronic filing of individual income tax returns.

To arrange for a speaker, you may write to Wisconsin Department of Revenue, Speakers Bureau, PO Box 8933, Madison WI 53708-8933; fax your request to (608) 261-6240; call (608) 266-1911; or fill out the online request form by accessing the department's Internet web site at www.dor.state.wi.us, and clicking on "Events/Training." 

Power of Attorney Form Required

If your tax representative assists you in complying with Wisconsin tax laws and the tax representative performs various functions on your behalf, you are required to have a power of attorney on file with the Wisconsin Department of Revenue. These functions include:

- Receiving tax forms, notices, billings, refunds, determinations, redeterminations, communications, and correspondence relating to your tax account.
- Inspecting confidential information (e.g., tax returns and audit reports).
- Representing you at conferences.
- Executing a waiver to extend the statutory period for assessment or collection of tax.
- Executing any other waivers or agreements.

The department will accept an original, photocopy, or facsimile (fax) transmission of a power of attorney.



**Take Advantage of the
Speakers Bureau**

Are you planning a meeting, workshop, conference, or training program? The Department of Revenue's Speakers Bureau provides speakers, free of charge, who can

Form A-222, the Department of Revenue’s Power of Attorney form, may be used but is not required. A substitute power of attorney must reflect the information that would be provided on the Form A-222.

A copy of Form A-222 appears on pages 41 and 42 of this Bulletin. Copies are also available from any Department of Revenue office, or via the department’s Internet web site, www.dor.state.wi.us.



**Focus on Publications:
Non-Statistical Sampling**

What is “sampling”? Why is it used? Answers to these and many other questions are provided in a new Department of Revenue publication, Publication 515, *Non-Statistical Sampling*. The publication provides information about non-statistical sampling used in field audits by the department. It explains when and why sampling is used, the factors considered in determining if sampling will be used, how sampling results are calculated, and special situations that can affect sampling results.

Copies of Publication 515, as well as copies of any of the other department publications, can be obtained at any Department of Revenue office, or by mail, e-mail, fax, or the Internet. See the article titled “Tax Publications Available” on page 16 of this Bulletin for details.

**IRS Mileage Rates for 2001
Apply for Wisconsin**



The optional standard mileage rates provided by the Internal Revenue Service (IRS) for 2001, for computing automobile expenses for business, charitable, medical, and moving expense purposes, also apply for Wisconsin.

For 2001 the IRS has increased the business standard mileage rate from 32.5¢ per mile to 34.5¢ per mile for all business miles driven. The 34.5¢ per mile rate is allowed without regard to whether the automobile was previously considered fully depreciated.

If the standard mileage rate of 34.5¢ per mile is used, depreciation is considered to be allowed at 15¢ per mile for 2001, an increase from 14¢ per mile for 2000. However, no portion is considered to be depreciation after the adjusted basis of the automobile reaches zero.

For 2001 the allowable standard mileage rate for charitable deduction purposes remains at 14¢ per mile. The

rate for medical expense and moving expense deductions has increased from 10¢ per mile to 12¢ per mile.

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. A comprehensive listing of telephone numbers and addresses appears in *Wisconsin Tax Bulletin* 119 (April 2000), pages 33 to 36.

Madison — Main Office
Area Code (608)

Appeals	266-0185
Audit of Returns: Corporation, Individual, Homestead	266-2772
Beverage Tax	266-6702
Cigarette, Tobacco Products Taxes	266-8970
Copies of Returns	267-1266
Corporation Franchise and Income Taxes.....	266-1143
Delinquent Taxes.....	266-7879
Electronic Filing:	
Individual Income Tax.....	264-9959
Sales Tax.....	261-6261
Electronic Funds Transfer.....	264-9918
Estimated Taxes.....	266-9940
Fiduciary, Estate Taxes.....	266-2772
Forms Request:	
Taxpayers.....	266-1961
Practitioners.....	267-2025
Fax-A-Form	261-6229
Homestead Credit	266-8641
Individual Income Tax.....	266-2486
Motor Vehicle Fuel Tax	266-3223
Refunds.....	266-8100
Sales, Use, Withholding Taxes.....	266-2776
TTY	267-1049

District Offices

Appleton	(920) 832-2727
Eau Claire	(715) 836-2811
Milwaukee:	
General.....	(414) 227-4000
Refunds.....	(414) 227-4907
TTY	(414) 227-4147





Don't Forget Due Dates for Information Returns

Various information returns must be filed with the Wisconsin Department of Revenue by January 31. Others are due February 28 or March 15.

Information returns due January 31, 2001, include Form W-2 to report wages, tips, and other compensation, and Form W-2G to report gambling winnings.

Information returns due February 28, 2001, include Wisconsin Form 9b (or federal Form 1099-R or 1099-MISC) to report retirement plan distributions and other nonwage compensation, and for payers other than corporations to report rents or royalties.

Information returns due March 15, 2001, by **corporations** include Form 9b or federal Form 1099-MISC to report rents or royalties, and Form 8 to report capital stock transfers.

Regardless of the due date for filing the information returns with the department, copies of the information returns (except Form 8) must be given to the recipients of the payments by January 31, 2001. Copies of Form 8 are not required to be given to individuals who transfer capital stock.

Additional information is available in Wisconsin Publication 117, *Guide to Wisconsin Information Returns*. See the article titled "Tax Publications Available" on page 16 of this Bulletin for information about how to obtain a copy of the publication. [☞](#)



Avoid Errors on Tax Returns and Credit Claims

Are your tax returns and credit claims filed without errors, and do they include all the schedules and information necessary for the department to accurately process them? Many errors are discovered each year, either in processing or in subsequent audits by the department.

In the 2000 processing season (1999 returns and claims), the department sent back over 35,000 tax returns and credit claims. Processing was delayed on another 79,000 forms, to obtain additional information from taxpayers or claimants. Nearly half a million tax returns and credit claims were adjusted during the processing of those forms.

Errors discovered in auditing tax returns and homestead credit claims resulted in the collection of nearly \$131 million in the fiscal year ending June 30, 2000. This includes taxes, excess credits, penalties, and interest. (Note: Included in this total is approximately \$52.5 million of sales and use taxes.)

Listed in an attachment on pages 43 to 45 of this Bulletin are dozens of tips for preparing error-free tax returns and credit claims. Following these tips will help avoid annoying processing delays, as well as letters from the department's auditors. [☞](#)

Schedule 3K-1s — File on Magnetic/Electronic Media

Partnerships with 50 or more partners are encouraged to file their Wisconsin Schedule 3K-1s, "*Partner's Share of Income, Deductions, etc.*," on magnetic/electronic media. The types of magnetic/electronic media allowed include magnetic tape, cartridge, CD, and diskette.

If your Schedule 3K-1s are prepared by software, ask your software company if they can provide these documents on magnetic/electronic media rather than on paper. Filing on magnetic/electronic media will save both preparers and the department valuable resources, such as paper, shipping costs, and processing time. It's another way the department is streamlining your process of filing tax returns.

To get information and specifications for filing your Form 3K-1s magnetically/electronically, contact:

Carol Albright
Wisconsin Department of Revenue
Tax Processing Bureau
PO Box 8908
Madison WI 53708-8908

Phone: (608) 266-2179

E-mail: calbrigh@dor.state.wi.us [☞](#)

Form 1099-Gs and 1099-INTs Mailed to Taxpayers

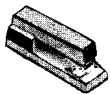
The Department of Revenue is mailing approximately 640,000 federal Form 1099-Gs and 500 Form 1099-INTs in January 2001. Federal law requires that the department provide 2000 Form 1099-Gs to persons who received a Wisconsin income tax refund in 2000 and claimed state income tax payments as an itemized deduction on the federal tax return for the year to which the refund applies. Form 1099-INTs must be provided to persons who received \$600 or more of interest on refunds issued by the Department of Revenue.

Regardless of whether a Form 1099-INT is sent to a taxpayer, the taxpayer must report all interest received from

the department in 2000 as income on his or her 2000 federal and Wisconsin tax returns.

All or a portion of a state income tax refund from Form 1099-G may be included in federal taxable income. However, **the refund should not be included in Wisconsin taxable income.**

Form 1099-G explains how the refund reported to the Internal Revenue Service (IRS) was determined. The first line shows the amount of the refund. Subsequent lines show adjustments for: amounts applied to next year's estimated taxes; endangered resources donations; late filing penalties and interest; homestead, farmland preservation, farmland tax relief, and earned income credits; retirement plan penalties; and other adjustments. The last line shows the refund reported to the IRS. [☞](#)



Attaching Copy of Federal Return

Individuals who file their Wisconsin income tax return on Form 1 or 1NPR are required to attach a copy of their federal income tax return to their Wisconsin return. Generally this will be a copy of federal Form 1040, 1040A, or 1040EZ. However, some Wisconsin filers are not required to file a federal return with the Internal Revenue Service (IRS), or they may use TeleFile to report to the IRS.

Federal TeleFile Filers

Some taxpayers who file their Wisconsin return on Form 1 or 1NPR file their federal return by phone, using the federal TeleFile system. These taxpayers, who are not required to submit a paper tax return to the IRS, may attach a copy of their federal TeleFile Tax Record to their Wisconsin Form 1 or 1NPR in lieu of federal Form 1040, 1040A, or 1040EZ.

Taxpayers Not Required to File With the IRS

Some taxpayers who are required to file a Wisconsin income tax return are not required to file a federal income tax return with the IRS. For example, a person filing as head of household who is age 65 or over, with gross income of at least \$10,100 but less than \$10,350 for 2000, must file a 2000 Wisconsin return but is not required to file a 2000 federal return.

In this situation, since the person would not have a copy of a federal return to attach to the Wisconsin return, a statement listing the sources and amounts of income must be attached to the Wisconsin Form 1 or 1NPR in lieu of a federal return.

Note: Because the Wisconsin tax forms refer to various lines on the federal return, a person may find it helpful to complete a federal income tax form to use as a reference when completing the Wisconsin return. This federal form, even though it will not be filed for federal tax purposes, may be attached to the Wisconsin return instead of the required statement of income. [☞](#)



New Web Pages for Tax Professionals

Visit the new **Tax Professionals** pages on the Department of Revenue's web site for the latest news and links to items that are helpful to tax return preparers and software developers. The address is www.dor.state.wi.us/taxpro/taxpro.html.

In addition, the department's web site contains the following types of information:

Contact Us: Agency information, organizational charts, office locations, hours, and telephone and FAX numbers. Also, e-mail addresses for questions about specific tax types.

E-Services: E-filing options for either personal or professional preparers, TeleFile, Electronic Funds Transfer (EFT), Sales Internet Process (SIP) for direct filing of sales and use tax returns, and the Tax Refund Intercept Program (TRIP).

Employment: Available positions, exam schedules, seasonal jobs, internship opportunities, and applications.

Events/Training: Information about contacting the Speakers Bureau for a speaker, plus information on assessor training and other training opportunities.

FAQS: Answers to a wide variety of tax questions with e-mail links available for additional questions. You can also check on the status of a refund.

Forms: Income tax, sales and use tax, withholding, and other tax forms, draft copies of tax forms, and local government forms. Links to the IRS and other state revenue departments.

Links: Links for other state agencies, federal agencies, and tax-related organizations.

Newsroom: The latest news occurring in the department.

Publications: Wisconsin Tax Bulletins (WTBs), Sales and Use Tax Reports, Withholding Tax Update, Tax Publications, Local Government Publications, and Real Estate Transfer information.

Reports/Data: A variety of reports on sales and use tax collections, economic forecasts, state and federal spending of income tax, tax exemptions, equalized values, shared revenues, use-value guidelines, and more.

Search: Search the department's entire web site with keywords of your choice.

Survey: Gives visitors an opportunity to voice their opinion on the web site, and to suggest ideas for improving it.

If you would like additional information about the department's web site, contact the Department of Revenue Webmaster, Mary Lou Clayton, at (608) 261-2272. [☞](#)

Withholding Tax Update Sent to Employers

The annual Withholding Tax Update was sent in December 2000, along with Forms WT-7, *Employer's Annual Reconciliation of Wisconsin Income Tax Withheld from Wages*, to employers registered to withhold Wisconsin taxes.

A copy of the Withholding Tax Update appears on pages 47 and 48 of this Bulletin. [☞](#)

Congress Preempts State Taxation of Nonresident Interstate Waterway Workers

Effective November 9, 2000, federal Public Law 106-489 preempts state taxation of certain wages earned by interstate waterway workers.

This law provides that wages paid to a licensed pilot or other worker on a vessel operating on the navigable waters of more than one State are subject to the income tax laws only of the State in which the individual resides.

Therefore, wages paid to a licensed pilot or other worker on a vessel operating on the navigable waters of more than one State are subject to Wisconsin income tax as follows:

1. *Employees who are legal residents of Wisconsin for the entire taxable year* – all such wages are subject to Wisconsin income tax.
2. *Employees who are not legal residents of Wisconsin for any portion of the taxable year (that is, nonresidents for the entire year)* – such wages are not subject to Wisconsin income tax.
3. *Employees who are legal residents of Wisconsin for a portion of the taxable year (that is, part-year residents of Wisconsin)* –
 - (a) During the period in which the employee is a legal resident of Wisconsin, all such wages are subject to Wisconsin income tax.
 - (b) During the period in which the employee is a nonresident of Wisconsin, the wages are not subject to Wisconsin income tax. [☞](#)

Tax Publications Available

Listed below are more than 60 publications that are available, free of charge, from the Department of Revenue. Copies are available at any department office, or by mail, e-mail, fax, or the Internet.

By Mail

Write to Wisconsin Department of Revenue, Forms Request Office, PO Box 8951, Madison WI 53708-8951; call (608) 266-1961; or fax a request to (608) 261-6239.

By E-Mail

You may e-mail your request to forms@dor.state.wi.us.

Via Your Fax Machine

Use the department's Fax-A-Form system by calling (608) 261-6229 from a fax telephone and entering the retrieval code "10" plus the publication number.

Via the Internet

Access the department's Internet web site at www.dor.state.wi.us, and click on "Publications."

Note: The numbers of some publications are followed by an asterisk. These are publications that are new or have been revised since the last issue of the *Wisconsin Tax Bulletin*.

Income and Franchise Taxes

- 102* Wisconsin Tax Treatment of Tax-Option (S) Corporations and Their Shareholders (12/00)
- 103* Reporting Capital Gains and Losses for Wisconsin by Individuals, Estates, Trusts (11/00)
- 104 Wisconsin Taxation of Military Personnel (9/00)
- 106* Wisconsin Tax Information for Retirees (1/01)
- 109* Tax Information for Married Persons Filing Separate Returns and Persons Divorced in 2000 (11/00)
- 112 Wisconsin Estimated Tax and Estimated Surcharge for Individual, Estates, Trusts, Corporations, Partnerships (1/99)
- 113 Federal and Wisconsin Income Tax Reporting Under the Marital Property Act (2/00)
- 116 Income Tax Payments Are Due Throughout the Year (12/95)
- 119* Limited Liability Companies (LLCs) (11/00)

- 120* Net Operating Losses for Individuals, Estates, and Trusts (11/00)
- 121 Reciprocity (5/99)
- 122* Tax Information for Part-Year Residents and Nonresidents of Wisconsin for 2000 (11/00)
- 123* Business Tax Credits for 2000 (11/00)
- 125* Credit for Tax Paid to Another State (11/00)
- 126* How Your Retirement Benefits Are Taxed (10/00)
- 600* Wisconsin Taxation of Lottery Winnings (1/01)
- 601* Wisconsin Taxation of Pari-Mutuel Wager Winnings (1-01)

Sales and Use Taxes

- 200 Electrical Contractors - How Do Wisconsin Sales and Use Taxes Affect Your Business? (3/98)
- 201 Wisconsin Sales and Use Tax Information (12/99)
- 202* Sales and Use Tax Information for Motor Vehicle Sales, Leases, and Repairs (11/00)
- 203 Sales and Use Tax Information for Manufacturers (7/00)
- 205 Use Tax Information for Individuals (1/99)
- 206 Sales Tax Exemption for Nonprofit Organizations (6/00)
- 207* Sales and Use Tax Information for Contractors (10/00)
- 210 Sales and Use Tax Treatment of Landscaping (12/99)
- 211 Cemetery Monument Dealers - How Do Wisconsin Sales and Use Taxes Affect You? (6/00)
- 212 Businesses: Do You Owe Use Tax on Imported Goods? (1/99)
- 213 Travelers: Don't Forget About Use Tax (4/99)
- 214 Businesses: Do You Owe Use Tax? (4/99)
- 216* Filing Claims for Refund of Sales or Use Tax (11/00)
- 217 Auctioneers - How Do Wisconsin Sales and Use Taxes Affect Your Operations? (1/00)
- 219 Hotels, Motels, and Other Lodging Providers - How Do Wisconsin Sales and Use Taxes Affect Your Operations? (4/99)

- 220 Grocers - How Do Wisconsin Sales and Use Taxes Affect Your Operations? (10/98)
- 221 Farm Suppliers and Farmers - How Do Wisconsin Sales and Use Taxes Affect Sales to Farmers? (4/97)
- 222 Motor Vehicle Fuel Users: Do You Owe Use Tax? (3/00)
- 223 Bakeries – How Do Wisconsin Sales and Use Taxes Affect Your Business? (2/98)
- 224 Veterinarians - How Do Wisconsin Sales and Use Taxes Affect Your Business? (6/99)
- 225 Barber and Beauty Shops – How Do Wisconsin Sales and Use Taxes Affect Your Operations? (12/99)
- 226 Golf Courses - How Do Wisconsin Sales and Use Taxes Affect Your Operations? (3/00)

Other Taxes and Credits

- 127* Wisconsin Homestead Credit Situations and Solutions (11/00)
- 128* Wisconsin Farmland Preservation Credit Situations and Solutions (11/00)
- 400* Wisconsin's Recycling Surcharge (10/00)
- 403 Premier Resort Area Tax (2/98)
- 410 Local Exposition Taxes (2/99)
- 503* Wisconsin Farmland Preservation Credit (1/01)
- 508 Wisconsin Tax Requirements Relating to Nonresident Entertainers (6/00)
- W-166 Wisconsin Employer's Withholding Tax Guide (4/00)

Audits and Appeals

- 501 Field Audit of Wisconsin Tax Returns (9/99)
- 505 Taxpayers' Appeal Rights of Office Audit Adjustments (12/99)
- 506 Taxpayers' Appeal Rights of Field Audit Adjustments (9/99)
- 507 How to Appeal to the Tax Appeals Commission (7/98)
- 515* Non-Statistical Sampling (1/01)

Other Topics

- 111 How to Get a Private Letter Ruling From the Wisconsin Department of Revenue (2/00)
- 114 Your Wisconsin Taxpayer Bill of Rights (2/00)
- 115* Handbook for Federal/State Electronic Filing (12/00)
- 117 Guide to Wisconsin Information Returns (10/99)
- 124 Petition for Compromise of Delinquent Taxes (5/00)
- 130 Fax A Form (9/99)
- 140 A Tax Practitioner's Guide to Electronic Filing (6/00)
- 401 Extensions of Time to File (1/99)
- 500 Tax Guide for Wisconsin Political Organizations and Candidates (2/00)
- 502 Directory of Wisconsin Tax Publications (4/00)
- 504 Directory for Wisconsin Department of Revenue (2/00)
- 509 Filing Wage Statements and Information Returns on Magnetic Media (3/00)
- 700 Speakers Bureau presenting . . . (6/00) [🔗](#)

Question and Answer ?

Q Are hearing aid batteries subject to Wisconsin sales and use tax?

A No. Wisconsin sales and use tax law provides an exemption for "...hearing aids and other equipment worn as a correction or substitute for any functioning portion of the body." This exemption includes parts and accessories, such as hearing aid batteries.

Q If I am unable to pay my income taxes in full when my tax return is due can I make arrangements to pay them in installments?

A In most cases you can. File your completed Wisconsin income tax return on time and pay as much as you can. By filing on time, you will avoid penalties.

When you receive a bill for the balance of taxes due, you may contact the Department of Revenue office closest to you or call (608) 266-7879 in Madison, to request an installment agreement. If an installment payment plan is approved by the department, you will be charged a \$20 installment agreement fee, and interest charged at 18% per year will apply to the unpaid balance.

Q I am single and my dependent daughter lives with me. It appears I can file my income tax return using either the “single” or “head of household” filing status. Which filing status should I use?

A When more than one filing status applies, choose the one that will give you the lowest tax. Usually the “head of household” filing status will result in a lower tax than the “single” filing status.

Q Does Wisconsin allow a deduction on the income tax return for the cost of long-term care insurance?

A Yes. You may be able to deduct all or a portion of the amount paid during the year for long-term

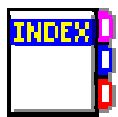
care insurance. You must file your Wisconsin income tax return on Form 1 (long form) to claim the deduction.

Q I rented an apartment for five months and on June 1 I purchased a new home and moved into it. May I claim both the property taxes from the property tax bill and the rent when I fill out my homestead credit claim?

A You may claim the rent for the apartment for the first five months, but you may claim only 7/12ths of the net property taxes shown on your property tax bill. The property taxes must be prorated for the time you owned and lived in your new homestead.

Q Must child support and foster care payments be included in income on the homestead credit claim, Schedule H?

A Court ordered child support payments and taxable foster care payments must be included. Voluntary support payments and nontaxable foster care payments do not have to be included. [☞](#)



Index of Reference Material Available

Are you looking for an easy way to locate reference material to research a Wisconsin tax question? The *Wisconsin Topical and Court Case Index* may be just what you need.

This two-part index will help you find reference material relating to income, franchise, withholding, sales/use, estate, and excise taxes.

The “Topical Index” portion lists by tax type, alphabetically by subject, references to Wisconsin statutes, administrative rules, tax releases, private letter rulings,

Wisconsin tax publications, *Sales and Use Tax Reports*, Attorney General opinions, and *Wisconsin Tax Bulletin* articles.

The “Court Case Index” lists by tax type, alphabetically by subject, decisions of the Wisconsin Tax Appeals Commission, Circuit Court, Court of Appeals, and Wisconsin Supreme Court.

The *Wisconsin Topical and Court Case Index* is available by subscription for \$18 per year, plus sales tax. This includes a volume published in January and an addendum published in June. To order your copy, complete the order blank on page 81 of this Bulletin. [☞](#)

Former UW Researcher Jailed

Rhonda Lagoni, 50, of Madison, was sentenced in October 2000, for embezzlement of \$604,000 from UW-Madison, and tax fraud. Dane County Circuit Judge Moria Krueger sentenced Lagoni to five years in prison, and in addition she was placed on probation for 19 years and ordered to pay restitution.

Lagoni was charged in October 1999 with 53 counts of theft and four counts of tax fraud. In June 2000 she pled no contest to 12 counts of theft and faced up to 120 years in prison.

Lagoni had managed the Office of Clinical Trials at the UW-Madison since it was established in 1989, to coordinate research funded by private companies and to pay patients participating in experiments. On 180 occasions

between 1992 and 1998, she took money that drug companies had given to the university and spent it mainly on high-priced women's fashions. She did not report any of the \$604,000 of embezzled funds on her tax returns.

In September 2000, Paula L. Wernick, 29, of Oregon, a former Wisconsin Department of Revenue worker, was charged in Dane County Circuit Court, with unlawfully examining tax returns. She was charged under a statute called prohibited browsing, which restricts Department of Revenue workers from making computer searches into tax returns unless they have a job-related basis for doing so.

The criminal complaint against Wernick states that she examined the tax returns of her ex-fiance because he owed her money for child support, which should have been deducted from any tax refunds due him. A computer check showed she examined his tax returns 38 times, and she also examined the returns of his current girlfriend.

If convicted, Wernick faces a minimum penalty of one month in jail and a \$100 fine, and a maximum of six months in jail and a \$500 fine.

In January 2001, Thomas Swanson Sr., 56, and his son Thomas Swanson Jr., 34, were each charged with criminal offenses relating to fraudulent homestead credit claims. The charges were initiated by the Wisconsin Department of Justice after an investigation by the Department of Revenue's Fraud Unit.

Swanson Sr., of Salem, was charged in Kenosha County Court, with one count of filing a fraudulent 1997 homestead credit claim. The complaint states that in addition he filed a 1997 Wisconsin income tax return in which he claimed a false dependent, fraudulent earned income credit, and a false IRA deduction, and he underreported his income by \$10,000.

Swanson Jr., currently incarcerated in Racine, was charged in Racine County Court, with two counts of

filing fraudulent homestead credit claims and one count of assisting another person in filing a fraudulent homestead credit claim. The complaint further states that he prepared a 1996 Wisconsin income tax return for his father in which earned income credit and homestead credit were falsely claimed.

Although charged with only three counts, Swanson Jr. filed false Wisconsin income tax returns, including false earned income credit and homestead credit claims, for 1995 through 1998. While incarcerated, he filed three false 1998 returns and claims, claiming false income, dependents, and rent and included false rent certificates. He also prepared and filed false returns and claims for other inmates.

Filing a false homestead credit claim is a penalty punishable by up to five years imprisonment and up to \$10,000 in fines. In addition, Wisconsin law provides for substantial civil penalties, and assessment and collection of the taxes, penalties, and interest due follows a criminal conviction.

Also in January, Michael J. Quinn, 37, of Altoona, and the former general manager of Grizzly's Grill N Saloon in Eau Claire, was sentenced to five years in prison for embezzling more than \$143,000 from Grizzly's over a five-year period. Quinn had pled guilty to the embezzlement charge, as well as one charge of filing false income tax returns and three related felony charges. Eau Claire County Circuit Judge Paul Lenz also sentenced Quinn to eight years of probation following the prison term and ordered him to pay \$58,000 in restitution to the saloon's owner and \$8,150 to the Wisconsin Department of Revenue.

According to the criminal complaint, Quinn embezzled the money between January 1997 and January 2000. He was charged in June 2000, with 31 felony charges, including three counts of filing false income tax returns for 1997, 1998, and 1999. He could have been sentenced to up to 165 years in prison. [☞](#)

Administrative Rules in Process

Listed below are proposed new administrative rules and changes to existing rules that are currently in the rule adoption process. The rules are shown at their stage in the process as of January 1, 2001, or at the stage in

which action occurred during the period from October 2, 2000, to January 1, 2001.

The listing includes rule numbers and names, and whether a rule is amended (A), repealed and recreated (R&R), or a new rule (NR).

To receive up-to-date administrative rules of the Department of Revenue, you can use the order blank on page 81 of this Bulletin to order the Tax section of the Wisconsin Administrative Code.

Rules Being Reviewed Following Publication of Various Notices

- 1.13 Power of attorney–A
- 2.03 Corporation returns–A
- 2.04 Information returns and wage statements–A
- 2.08 Returns of persons other than corporations–A
- 2.12 Amended returns–A
- 2.82 Nexus–A
- 3.91 Petition for redetermination–A

- 11.20 Waste reduction and recycling–NR
- 11.34 Occasional sales exemption for sale of a business or business assets–A
- 11.35 Occasional sales by nonprofit organizations–A
- 11.39 Manufacturing–A
- 11.535 Operators of a swap meet, flea market, craft fair or similar event–A
- 11.64 Background music–R&R
- 11.66 Telecommunications and CATV services–A
- 11.79 Leases of highway vehicles and equipment–A

Rules Adopted and in Effect (effective 1/1/01)

- 9.69 Master settlement agreement with tobacco product manufacturers–NR. [✎](#)

Recently Adopted Rules Summarized

Summarized below is information regarding a recently created rule, Tax 9.69, effective January 1, 2001. The rule relates to the Master Settlement Agreement between Wisconsin and tobacco product manufacturers.

Under the terms of the Master Settlement Agreement of November 23, 1998, between Wisconsin and other states and participating U.S. tobacco product manufacturers, each state, in order to receive funds under the agreement, was required to enact a “qualifying statute” that would prevent the participating manufacturers from losing market share. The Wisconsin Legislature enacted 1999 Wisconsin Act 122, a “qualifying statute,” effective May 23, 2000. Every tobacco product manufacturer that sells cigarettes in Wisconsin is required to either become a participating manufacturer under the terms of the Master Settlement Agreement or place funds into a qualified escrow fund.

An emergency rule was created effective August 17, 2000, but was applicable to sales of cigarettes on or after May 23, 2000. The permanent rule effective January 1, 2001, replaces the emergency rule.

The text of the permanent rule is as follows:

Tax 9.69 Master settlement agreement with tobacco product manufacturers. (1) **PURPOSE.** This section describes requirements and methods relating to collecting, maintaining and reporting data regarding the number of Wisconsin state cigarette excise tax stamps affixed to packages of

cigarettes, and the amount of “roll-your-own” cigarette tobacco, sold in Wisconsin each year.

Note: The data collected, maintained and reported under this section shall be used to ascertain the amount of Wisconsin excise tax paid on the cigarettes of each tobacco product manufacturer that elects to place funds in a qualified escrow fund under s. 895.10, Stats., for each year, or, if the department deems it appropriate, is a participating manufacturer under the master settlement agreement between the state and tobacco product manufacturers, pursuant to 1999 Wis. Act 122.

(2) **DEFINITIONS.** In this section:

(a) “Cigarette” has the same meaning as in s. 895.10(1)(d), Stats., and includes “roll-your-own” cigarette tobacco.

(b) “Master settlement agreement” has the same meaning as in s. 895.10(1)(e), Stats.

(c) “Qualified escrow fund” has the same meaning as in s. 895.10(1)(f), Stats.

(d) “Sell” or “sale” has the same meaning as in s. 139.30(12), Stats.

(e) “Tobacco product manufacturer” has the same meaning as in s. 895.10(1)(i), Stats., and includes both a cigarette manufacturer under subch. II of ch. 139, Stats., and a tobacco products manufacturer under subch. III of ch. 139, Stats., that sells “roll-your-own” cigarette tobacco.

(f) “Wisconsin consumer” means a consumer within this state, including a direct consumer, distributor, retailer or intermediary similar to a distributor or a retailer.

(3) **REPORTING REQUIREMENT.** (a) Every tobacco product manufacturer that elects to sell cigarettes to Wisconsin consumers shall, by the 15th day of each month, file a schedule with the department that reconciles the number of Wisconsin state cigarette excise tax stamps affixed to packages of cigarettes sold to Wisconsin consumers and the amount of “roll-your-own” cigarette tobacco sold to Wisconsin consumers in the previous

calendar month.

(b) The schedule required under par. (a) shall contain all of the following information that is applicable:

1. A listing of each sale of cigarettes other than “roll-your-own” cigarette tobacco manufactured, or the name of the manufacturer of the cigarettes that were delivered to Wisconsin consumers, onto which state cigarette excise tax stamps were affixed.

2. A listing of each sale of “roll-your-own” cigarette tobacco manufactured, or the name of the manufacturer of the “roll-your-own” cigarette tobacco, that was delivered to Wisconsin consumers.

3. For each manufacturer listed pursuant to subd. 1., a listing of all brands of cigarettes sold and the number of Wisconsin state cigarette excise tax stamps affixed to cigarette packages with respect to each brand.

4. For each brand of cigarettes listed for each manufacturer pursuant to subd. 3., the following additional information, if known:

a. The name of the manufacturer of the cigarettes.

b. The name of the person or entity first responsible for the cigarettes being designated or identified for sale in the United States.

5. For each sale of “roll-your-own” cigarette tobacco listed for each manufacturer pursuant to subd. 2., the following additional information, if known:

a. The name of the manufacturer of the “roll-your-own” cigarette tobacco.

b. The name of the person or entity first responsible for the “roll-your-own” cigarette tobacco being designated or identified for sale in the United States, by brand.

6. Any other information the department may deem necessary to administer the provisions of this section.

(4) ESCROW FUND CERTIFICATION REQUIREMENTS. (a) Every tobacco product manufacturer that is not a participating manufacturer under the master settlement agreement shall by April 15 of each year certify to the department and to the attorney general that the amounts required under s. 895.10(2)(b), Stats., have been placed into a qualified escrow fund that is designated for Wisconsin judgments or release payments.

(b) The certification required under par. (a) shall include all of the following:

1. The name of the qualified financial institution where the escrow fund is maintained.

2. The amount of funds placed into the escrow fund since the last reporting period, based on Wisconsin sales.

3. The amounts, if any, paid out of the escrow fund in judgments or release payments and the purpose of the disbursements.

4. The balance in the escrow fund as of March 31 of each year.

5. A copy of the escrow fund balance statement as of March 31 of each year.

(5) RECORDKEEPING REQUIREMENTS. Every tobacco product manufacturer required to file a schedule under sub. (3) shall maintain complete and accurate records to support the information reported on the required schedule. These records shall be maintained for a period of 4 years from the date of sale into Wisconsin and shall include all of the following:

(a) Purchase records indicating the tobacco product manufacturer of the cigarettes, the date of purchase and the number of cigarettes by brand or amount of “roll-your-own” cigarette tobacco purchased, by brand.

(b) Sales records indicating to whom the sale was made, the tobacco product manufacturer of the cigarettes, the date of sale and the number of cigarettes by brand or amount of “roll-your-own” cigarette tobacco sold.

(c) The number of Wisconsin cigarette tax stamps placed on packages of cigarettes for sale in the state of Wisconsin.

(d) Any additional records deemed necessary by the secretary.

(6) REMEDIES FOR NONCOMPLIANCE. The failure of a tobacco product manufacturer to either become a participating manufacturer under the terms of the master settlement agreement or place funds into a qualified escrow fund, as provided in s. 895.10(2)(b)1., Stats., shall be subject to civil action and penalties under s. 895.10(2)(b)3., Stats.

Note: Section Tax 9.69 interprets subchs. II and III of ch. 139, Stats., and s. 895.10, Stats. [§](#)