



Wisconsin TAX BULLETIN

www.dor.state.wi.us

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FOCUS ON . . . Electronic filing

(see articles on this page and on pages 3 and 4)

FREE Electronic Filing Workshops Scheduled

At various locations around the state, the Internal Revenue Service (IRS) and the Wisconsin Department of Revenue will present workshops that cover “how-to” electronically file (“e-file”), program updates, and changes. Participants can also apply to become a registered Electronic Return Originator (ERO) at these workshops. Tax preparers and practitioners interested in becoming an ERO and in learning more about e-file are encouraged to attend. The workshops are FREE, but participants are requested to pre-register. To register, contact the IRS by e-mail at michael.c.young@irs.gov, phone at (414) 297-3574, or fax at (414) 297-1600. Seating is limited.

The schedule is as follows:

Brookfield	October 30, 2001	12:30 p.m.-4:30 p.m.
Eau Claire	October 31, 2001	9:30 a.m.-1:30 p.m.
La Crosse	November 1, 2001	9:30 a.m.-1:30 p.m.
Madison	November 2, 2001	9:30 a.m.-1:30 p.m.
Brookfield	November 5, 2001	12:30 p.m.-4:30 p.m.
Madison	November 6, 2001	12:30 p.m.-4:30 p.m.
Green Bay	November 7, 2001	12:30 p.m.-4:30 p.m.

Agenda:

First Hour	For the new ERO: Introduction to e-file and the application process.
Second Hour	For ALL participants: updates, payment options, shared secrets/PIN, statistics, e-file technical issues.
Third Hour	ERO panel discussion: current practices and past experiences.
Fourth Hour	Wrap-up. ☞

Electronic Filing for Homestead Credit

Electronic filing for Wisconsin homestead credit claims is about to become a reality. For tax year 2001, claimants will be able to electronically file (“e-file”) homestead credit claims, either via the Internet or through a tax professional. To e-file for homestead credit, however, a federal and Wisconsin income tax return must also be filed electronically.


Individuals will be able to purchase software or go to the department’s Internet web site, www.dor.state.wi.us, to directly link to a vendor’s software that will allow e-filing. Otherwise, an individual can have a registered tax preparer or tax practitioner file the homestead credit claim and tax returns electronically.

Tax practitioners must be approved by the Internal Revenue Service (IRS) to file tax returns electronically. See the article titled “Electronic Filing Popularity Bolstered by Preparers” on page 3 of this Bulletin for additional information. [☞](#)

Tax Return Volunteers Needed

Would you like to become a Volunteer Income Tax Assistant (VITA), Tax Counseling for the Elderly (TCE) or American Association of Retired Persons (AARP) volunteer? VITA, TCE, and AARP volunteers help persons

(Continued on page 3)



**2001
Tax
Filing**

Season at a Glance

Number of returns
2,913,814 - up 0.3%

Number of refunds
2.3 million - up 21.4%

Electronic filing

Preparer	543,816 - up 26.0%
TeleFile	117,863 - down 7.1%
Internet	91,549 - up 59.6%
Total*	753,228 - up 22.3%

* 26% of all returns filed [☞](#)


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Form Changes for 2001

Listed below are brief descriptions of the major changes to the Wisconsin individual income tax and homestead credit forms for 2001. There are no major changes to Schedule FC, the farmland preservation credit claim form.

Preliminary copies of the 2001 Forms 1, 1A, WI-Z, and 1NPR, Schedules H and FC, and the Rent Certificate (for homestead credit) are reproduced on pages 33 to 50 of this Bulletin. The copies are subject to further revision. Draft copies of these and other Wisconsin income tax forms are also available on the department's Internet web site at www.dor.state.wi.us.

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- A line is added to Forms 1, 1A, WI-Z, and 1NPR, for designating a donation to the Packers football stadium.
- The Quick Refund box is removed from Forms 1, 1A, and WI-Z. This program has been discontinued for 2001. See related article on page 4 of this Bulletin.
- The rate used to compute the married couple credit on all of the income tax forms has changed. A maximum credit of \$480 is available for 2001.
- The percentage rate for computing the farmland tax relief credit on Forms 1 and 1NPR is changed from 11% to 13%. The maximum allowable credit is \$1,300.
- The tax computation schedule on Form 1NPR is revised to reflect lower tax rates and the indexing of tax brackets.
- The schedule for reporting cash public assistance and county relief payments is removed from the back of Schedule H.
- The Rent Certificate (for renters claiming homestead credit) is increased in size from a half page to a full page. Additional instructions are provided for claimants. Several sets of checkboxes are added, for landlords to provide additional information. A new schedule is added at the bottom, for claimants to compute allowable rent when joint occupants do not pay equal shares of the rent. 

Tax Return Volunteers Needed

(Continued from page 1)

with low to moderate income prepare federal and state income tax returns and Wisconsin homestead credit claims. Volunteers can choose to work during the day, at night, or on weekends.

Last year VITA, TCE, and AARP volunteers, operating 416 Wisconsin sites, helped prepare over 45,000 federal and Wisconsin returns for low and moderate-income persons.

Both the Internal Revenue Service (IRS) and Wisconsin Department of Revenue (DOR) provide training to VITA volunteers and TCE instructors. As a volunteer, you will be trained to prepare federal Forms 1040-EZ, 1040A, and 1040 (1040 training limited to Schedules A, *Itemized Deductions*; B, *Interest and Dividend Income*; and D, *Capital Gains and Losses*) and Wisconsin

Forms WI-Z, 1A, 1, and Schedule H, *Homestead Credit*. TCE volunteers will also be trained to help persons prepare federal and Wisconsin estimated tax vouchers.

Enrolled agents participating in these programs may earn up to half of their required **CPE credits**. Other income tax practitioners may also earn CPE credits. These practitioners should check with their professional associations. **Note:** If you are a CPA, you may be eligible for CPE credits if you conduct classes for volunteers.

With the tax season fast approaching, VITA, TCE, and AARP programs are in need of volunteers. If you would you like to volunteer, please call or e-mail either:

Roy Block 1-414-297-3027 Roy.L.Block@IRS.gov

or

Rick Dilley 1-608-266-2606 Rdilley@dor.state.wi.us




Motor Vehicle Dealers' Measure of Use Tax Increased to \$114

Wisconsin licensed motor vehicle dealers are permitted to report use tax on a certain dollar amount per plate per month for the use of motor vehicles assigned to certain employees and dealership owners.

Effective January 1, 2002, the amount subject to use tax is increased from \$110 to \$114 per plate per month. (Note: The use tax per plate per month is not \$114. Rather, \$114 is multiplied by the use tax rate (5%,


5.1%, 5.5%, or 5.6%) to arrive at the use tax due per plate per month.)

The reason for the increase to \$114 per plate is that sec. 77.53(1m)(a), Wis. Stats. (1999-00), requires that the Department of Revenue annually adjust the amount subject to use tax to reflect the annual percentage change in the U.S. Consumer Price Index for All Urban Consumers, U.S. City Average, as determined by the U.S. Department of Labor for the 12 month period ending June 30. The percentage change for the period July 2000 to June 2001 was 3.25% ($\$110 \times 1.0325 = \114 rounded to the nearest whole dollar). 

Sales and Use Tax Return Revised

The Department of Revenue has revised the Wisconsin Sales and Use Tax Return, Form ST-12, to make it easier to complete and to enable the department to process it more efficiently. The new 8 1/2" x 11" return, which replaces the 8 1/2" x 14" return, features a separate schedule (Schedule CT) for persons reporting county tax

in four or more counties. The instructions for the return have also been revised, to be more easily understood.

The new return will first be used for reporting periods beginning on or after October 1, 2001. Copies of the new Form ST-12 and Schedule CT appear on pages 51 to 54 of this Bulletin. 

Electronic Filing Popularity Bolstered by Preparers

In the 2001 tax season, more than 750,000 income tax returns were electronically filed with the Wisconsin Department of Revenue (DOR), through one of the three accepted e-file methods. This represents a 22.3%

increase from the 617,000 e-filed returns in the previous season. The success of the Wisconsin e-file program is due in large part to the participation and cooperation of tax practitioners who are approved Electronic Return Originators (EROs).

The BENEFITS of e-file for an ERO's clients are:

- Return less likely to be adjusted, because the data on e-filed returns are more accurate; the software performs mathematical calculations.
- Direct deposit is available only for e-filed Wisconsin returns.
- Refunds will be issued within one week or less.
- Taxpayers receive acknowledgements from DOR and IRS, of their returns being filed.
- Balance due returns can be filed early in the season, but can be paid on April 15th.
- 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 Identifica-

tion 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
Mail Stop 3-258
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. 

Electronic Filing Is Our Future – Quick Refund Program Discontinued

Our individual income taxpaying customers who want the fastest service possible in getting their refunds have increasingly chosen electronic filing. When taxpayers filed their Wisconsin individual income taxes in 2001, over 750,000 chose to file electronically – either through a professional tax preparer, via TeleFile, or on-line from their own personal computer. That's one of every four taxpayers. Electronic filing leaped 23 percent in just the last year. In contrast, Quick Refund usage has dropped by almost one-third since its high-water mark five years ago.


Because of the customer demand for more electronic filing options and also because we need to control operating expenses, the department is discontinuing the labor-intensive and paperbound "Quick Refund" program. The program will not be available for 2001 taxes in the 2002 tax processing season.

- That is why postcards with the taxpayer's mailing label attached will **not** be sent to taxpayers who filed through practitioners. (The Quick Refund pro-

gram required that the mailing label on the tax booklet be affixed to the return.)

- Also, to save tax dollars, tax booklets will **not** be mailed to those who filed their 2000 individual income taxes electronically. Electronic filers are accustomed to using the Internet and can access on-line (at the department's Internet web site, www.dor.state.wi.us.) the tax information found in the printed tax booklets.

The department intends to offer additional electronic filing options in 2002 and beyond. For example, we will offer electronic filing of 2001 homestead credit claims to be filed in 2002. Also, we will offer a web filing option to those who are eligible for TeleFile for 2001 taxes in the 2002 tax processing season.

For taxpayers who choose to file on paper forms, the department strongly encourages that returns be filed by the end of February for faster refunds. After February, the volume of returns and limited resources simply do not permit the department to issue refunds as quickly as when the returns are filed electronically. 

Reminder: County Tax Effective in Marinette County

Effective October 1, 2001, the county sales and use tax is in effect in Marinette County. This brings to 55 the number of counties that have adopted the 1/2% county tax.

A reminder to retailers was included in the September 2001 Sales and Use Tax Report (number 2-01). Also

included in that Sales and Use Tax Report was a summary of sales and use tax law changes recently enacted by the Legislature.

The Report was sent in late September and early October to all persons registered for Wisconsin sales and use tax purposes. A copy of the Report appears on pages 55 and 56 of this Bulletin. [☞](#)



Guidelines for Reproduced and 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.

A copy of the "Guidelines for Reproduced and Substitute Tax Forms" appears on pages 57 and 58 of this Bulletin. The guidelines are also on the department's Internet web site at www.dor.state.wi.us. Click on "Forms" and then see "Tax Return Guidelines." [☞](#)

2001 Package WI-X Available in January

Wisconsin's Package WI-X will be available by January 31, 2002. Package WI-X will contain actual size copies of most 2001 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 2001 Package WI-X is \$7.00, plus sales tax. It may be ordered on the tax form order blank

(Form P-744). This order blank was mailed in September. See the article titled "Tax Form Order Blanks Mailed" on page 6 of this Bulletin, for more information.

If you want to purchase copies of the 2001 Package WI-X and did not receive an order blank, you may mail a request, indicating the number of copies you require, along with your remittance for the amount due. Send it to Wisconsin Department of Revenue, Forms Request Office, Mail Stop 5-77, PO Box 8951, Madison WI 53708-8951. [☞](#)

Magnetic Media Filing Required for Some Forms

Employers and payers 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. For information about how to obtain this publication, see the article titled "Tax Publications Available" on page 10 of this Bulletin. [☞](#)

Tax Form Order Blanks Mailed

During September, the department mailed order blanks (Form P-744) to 9,000 tax preparers. Use these original order blanks (not copies) to request bulk orders of 2001 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 2001

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 have not received an order blank, you may request one by: contacting any department office; writing to Wisconsin Department of Revenue, Forms Request Office, Mail Stop 5-77, PO Box 8951, Madison WI 53708-8951; or calling (608) 267-2025.

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

As an alternative to ordering forms, most forms in Package WI-X may be reproduced. Package WI-X will be mailed separately in January. [☞](#)

Wisconsin legislation approved in Budget Bill Streamlined Sales Tax Model Legislation Adopted by 20 States

The first steps to achieve a radically simplified sales tax system have been taken by 20 states, and another three states will consider the legislation by the end of the calendar year. The Streamlined Sales Tax Project Model Act was approved by Governor Scott McCallum and the Wisconsin Legislature through Senate Bill 55, the Wisconsin Budget Bill (2001 Wisconsin Act 16), effective September 1, 2001.

Other states that have enacted the Model Act include: Arkansas, Florida, Illinois, Indiana, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Nebraska, Nevada, North Carolina, North Dakota, Oklahoma, Rhode Island, Tennessee, Texas, Utah, and Wyoming.

Ohio, Pennsylvania, and Massachusetts are expected to consider the Model Act before the end of 2001.

The National Conference of State Legislatures Executive Committee Task Force on Electronic Commerce held a hearing on the Streamlined Sales Tax Project's (SSTP) work products and progress at its annual meeting in San Antonio, on August 10, 2001. Project Co-Chairs Diane Hardt from Wisconsin and Charles Collins from North Carolina testified about the work of the Project since early 2001. Representatives from business, including JC Penney, Wal-Mart Stores, the Equipment Leasing Association, and the telecommunications industry, spoke favorably about the work and progress,

and they urged legislators to work together to pass the simplifications in all states.

The SSTP has developed issue papers and recommendations for simplifications. These papers have been placed on the SSTP's Internet web site at www.streamlinedsalestax.org. These papers and recommendations will be considered by the states that have enacted the Model Act, later this year. It is anticipated that additional model legislation will be ready for state legislatures to consider, beginning in January 2002.

The key features of the Streamlined Sales Tax System include:

- uniform definitions within tax bases,
- simplified exemption administration for use- and entity-based exemptions,
- state administration of all state and local taxes,
- uniform sourcing rules for property and services, and
- simplified audit procedures for retailers who use a technology model specified by the states.

In a related initiative, government and business organizations are combining forces to study retailer costs to administer the sales taxes, both before and after the SSTP simplifications. The study is intended to truly measure the results of the Project. [☞](#)

To improve sales tax collection **Counties and DOR Team Up**

The Wisconsin Department of Revenue (DOR) hosted the June 2001 meeting of the Wisconsin Counties Association's Taxation and Finance Steering Committee at the DOR headquarters in Madison. The 30 county representatives were anxious to receive the latest information on the Integrated Tax System (ITS), county sales tax processing, Streamlined Sales Tax, and other important tax issues.

By statute, DOR charges counties that have a sales tax an administrative fee of 1.75% to collect, process, and distribute county sales tax funds. The department provides counties with a 45-day turnaround for their taxes, even though state law now allows 75 days. Last year, total collections for the 54 counties with a county sales

tax equaled \$215 million. A portion of the administrative fee is used to partially fund the department's ITS project, which will increase revenue collection, expand Internet tax filing capabilities, and provide faster refunds.

The Taxation and Finance Steering Committee members also learned how DOR is a national leader in the Streamlined Sales Tax Project (see a related article titled "Streamlined Sales Tax Model Legislation Adopted by 20 States" on page 6 of this Bulletin). The mission of the project is to develop sales and use tax requirements that radically simplify compliance for businesses across the nation. Counties lost an estimated \$7.3 - \$8 million in sales tax collections last year, due to Internet and mail order purchases. DOR is working to protect sales tax collections on these types of purchases via the Streamlined Sales Tax Project. [✉](#)

Integrated Tax System Already Paying Off in Early Stages

The new "data warehouse" developed by the Department of Revenue (DOR) for the Integrated Tax System (ITS) project is already paying big dividends. It is a collection of databases that can be compared to one another to help pinpoint audit candidates. DOR promised the Legislature that the creation of the data warehouse along with ITS would increase collections of unpaid taxes by \$4.8 million. By the end of the 2001 fiscal year, unpaid tax collections increased by \$4,939,826 - surpassing expectations.

During the 2001-2003 biennium, the bar is being raised. The system is expected to increase collections by \$32 million. ITS will increase collections by \$37 million annually by 2005, by identifying audit candidates in individual income, sales, use, and corporate taxes.

Success of the Sales Internet Process (SIP) Spurs Expansion

DOR is expanding the highly successful Sales Internet Process (SIP), which was originally created as part of the ITS project. SIP gives sales tax filers the ability to submit the Wisconsin sales and use tax return (Form ST-12) via the Internet. The benefits of using the Internet are:

- A faster, more efficient way to file and pay sales and use tax.

- A choice of payment options (paper check or Electronic Funds Transfer - EFT).
- Reduced paper handling and postage.
- No computation errors, because the system performs calculations.
- No more checks or returns lost in the mail.

About 700 retailers have been using SIP since May 2000. The Department of Revenue has extended an invitation to 20,000 retailers to participate.

For more information, go to the department's Internet web site at www.dor.state.wi.us/eserv/sip.html, e-mail a question to sales10@dor.state.wi.us, or call (608) 261-6261.

ITS Spurs Roll-Out of New Sales and Use Tax Form (ST-12)

As part of the ITS project a new Sales and Use Tax form was designed (see a related article titled "Sales and Use Tax Return Revised" on page 3 of this Bulletin). Sales tax filers will be receiving the newly designed ST-12 in the mail in October. For those who don't file electronically, the new ST-12 is more user friendly than the previous form and is designed to reduce errors and incomplete returns. It incorporates county tax reporting for up to three counties, allowing 94% of taxpayers to avoid filing a supplemental county reporting form. The new ST-12 will also be processed more quickly, as its standard 8 1/2" X 11" size is scanned with fewer problems than the old 8 1/2" X 14" legal size form.

ITS Gearing Up for Release 1

ITS "Release 1" is due to go online in October 2002. This means that business tax registration and taxpayer accounting, forms processing, revenue accounting, refunds, system administration, exception case management, customer service, and correspondence for

sales and use tax will be integrated and administered with new Internet-based programming. Future phases of the seven year, \$78 million project include individual income, estate, withholding, and corporate taxes, other business taxes, and excise, property, utility, and miscellaneous taxes. [↗](#)



Reminder: IRS Mileage Rates for 2001 Apply for Wisconsin

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

For 2001 the business standard mileage rate is 34.5¢ per mile for all business miles driven, 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. However, no portion of the 34.5¢ per mile is considered to be depreciation after the adjusted basis of the automobile reaches zero.

For 2001 the mileage rate allowed for calculating automobile expenses for charitable deduction purposes is 14¢ per mile. The rate for medical expense and moving expense deductions is 12¢ per mile. [↗](#)

Delinquent Tax Compromises

When a taxpayer does not have the ability to pay a delinquent tax liability in full, either immediately or over a period of time, a compromise of delinquent tax may be considered. A taxpayer must complete a Form A-212, *Petition for Compromise of Delinquent Taxes*, to request a compromise.

When reviewing a taxpayer's petition for compromise, the department considers many factors. Among them are:

- age of the petitioners;
- current and future earning potential;
- equity in real estate or other assets; and
- any other factor that would affect a taxpayer's ability to fully satisfy the obligation.

Legislation permitting compromises to be satisfied via installment payments took effect in June 2000. Previously, any compromise of delinquent tax had to be paid within ten days of the department's acceptance of the

compromise. Accepting installment payments to satisfy a compromise of delinquent tax is at the department's discretion; no installment arrangements will be accepted if the department believes the acceptance would jeopardize the state's revenues.

Installment payments are a way for some taxpayers to take advantage of a delinquent tax compromise who would otherwise be unable to do so. However, acceptance of a compromise based on installment payments also carries a condition that no new tax obligations may be incurred during the life of the agreement. Not making all of the agreed upon payments by their due dates, or incurring a new tax obligation while making payments, will automatically void the agreement. Should this occur, the full tax obligation that was the subject of the compromise will become due and owing immediately.

Publication 124, *Petition for Compromise of Delinquent Taxes*, offers more information on this topic. Both the Form A-212 and the publication are available on the department's Internet web site, www.dor.state.wi.us. See the article titled "Tax Publications Available" on page 10 of this Bulletin, for other methods of obtaining Publication 124. [↗](#)

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 124* (April 2001), pages 39 to 42.

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

Delinquent Tax Payment Options Available

Wisconsin law and Department of Revenue policy allow several options for payment of delinquent taxes. Among them are paying by credit card and paying through periodic (installment) payments.

Credit card payments


The department, in cooperation with Official Payments Corporation (OPC), allows the option of making a full or partial payment of a delinquent tax liability by credit card. To pay by credit card, you need the following items:

- An American Express Card, Discover Card, or MasterCard (Visa is not accepted).
- A “Payment Key.” This is a 28-digit number, which is listed on most of the department’s automated notices. If you do not know or have your payment key, you can call the department’s Madison office at (608) 266-7868, between 7:45 a.m. and 4:30 p.m. on weekdays, to obtain the number.

To pay delinquent taxes by credit card, you may call OPC at 1-800-2PAY-TAX (1-800-272-9829), or you may visit their Internet web site at www.officialpayments.com. When contacting OPC, be sure you request that the payment be applied to “Wisconsin – Delinquent Tax.”

Installment payments

To request an installment agreement to pay delinquent taxes, you may contact your nearest department office, call the Madison office at (608) 266-7868, e-mail a request to delnqtax@dor.state.wi.us, or mail an installment agreement request form to the department. The form, Form A-771, is available on the department’s Internet web site at www.dor.state.wi.us. Mail the completed form to Wisconsin Department of Revenue, Delinquent Tax Assistance, Mail Stop 4-206, PO Box 8901, Madison WI 53708-8901.

A revenue agent will negotiate the payment terms with you. To be given an installment agreement, you will be required to indicate the names of your employer and financial institution. If you enter into an agreement with the department to pay your delinquent taxes in installments, a \$20 installment agreement fee will be charged. 

Tax Publications Available

Listed below are more than 65 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, Mail Stop 5-77, PO Box 8951, Madison WI 53708-8951; call (608) 266-1961; or fax a request to (608) 261-6913.

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" and then "Tax 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 (10/01)
- 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 (10/01)
- 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 (2/01)
- 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 (1/01)
- 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 (8/01)
- 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 (4/01)
- 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? (8/01)
- 213* Travelers: Don't Forget About Use Tax (8/01)
- 214* Businesses: Do You Owe Use Tax? (8/01)
- 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? (2/01)

220* Grocers - How Do Wisconsin Sales and Use Taxes Affect Your Operations? (10/01)

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? (4/01)

226 Golf Courses - How Do Wisconsin Sales and Use Taxes Affect Your Operations? (3/00)

227 E-file Sales Tax returns with S.I.P. (3/01)

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 (5/01)

503 Wisconsin Farmland Preservation Credit (1/01)

508 Wisconsin Tax Requirements Relating to Nonresident Entertainers (5/01)

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 (2/01)

114* Your Wisconsin Taxpayer Bill of Rights (10/01)

115* Handbook for Federal/State Electronic Filing (10/01)

117 Guide to Wisconsin Information Returns (2/01)

124 Petition for Compromise of Delinquent Taxes (5/00)

130 Fax A Form (12/00)

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 (3/01)

502 Directory of Wisconsin Tax Publications (3/01)

504 Directory for Wisconsin Department of Revenue (2/00)

509 Filing Wage Statements and Information Returns on Magnetic Media (2/01)

700 Speakers Bureau presenting . . . (6/00)



IRS Sends Letter to Packer Ticket Holders

The Internal Revenue Service (IRS) sent the following letter to Green Bay Packer season ticket holders in August 2001. The letter provides information pertaining to federal tax consequences regarding the User Fee paid by season ticket holders for seats in Lambeau Field. The information in the letter also applies for Wisconsin franchise and income tax purposes.

The text of the letter has not been edited.

Dear Green Bay Packer Season Ticket Holder:

This letter is intended to provide answers to some of the questions that the Internal Revenue Service, the City of Green Bay, and the Green Bay Packers football organization have received concerning the federal income tax consequences of paying the Lambeau Field Redevelopment User Fee.

The User Fee is a payment you make to retain your opportunity to purchase future season tickets for seats in the city-owned stadium. The User Fee will

ultimately be refunded to you when you choose not to renew your season tickets, or it will be refunded to an authorized transferee of your tickets when the transferee chooses not to renew them. The User Fee will not be refunded only in the unlikely event that no one else is willing to purchase your tickets and pay the fee.

In general, a payment must be an expense to be tax deductible. Because of the virtual certainty that the User Fee will be refunded, it should be treated for tax purposes as either a deposit or a loan, rather than as an expense. Accordingly, you should not deduct the User Fee as a tax, charitable contribution, business expense, or other deductible expense. Similarly, the User Fee does not represent the cost of an asset that you may take into account for tax purposes through amortization.

If you have any specific questions relating to the User Fee, please visit your local IRS office or call (866) 583-3251. Please direct any questions regarding your Green Bay Packer season tickets to the Green Bay Packers Ticket Office at (866) 752-1265. [☞](#)

Dry Cleaners Must Be Licensed, Pay Fees and File Returns Timely

License requirements

Dry cleaners operating in Wisconsin must be licensed by the Wisconsin Department of Revenue, to operate a dry cleaning facility. Dry cleaners that are not licensed could be subject to penalties for each day they operate without holding a valid dry cleaning license.

In order to obtain a dry cleaning license for the current year, a facility must have paid in full the dry cleaning facility fee from the previous calendar year, as explained below. When the January 25 quarterly installment is paid, the department mails a dry cleaning license to the dry cleaner, that is valid for the year in which the January 25 installment is due.

Under Wisconsin law, any person who operates a dry cleaning facility without holding a valid dry cleaning license issued by the department is subject to a penalty, unless the person is specifically exempted. The penalty is \$5 per day for each day the person operates without a license.

Fees and dry cleaning returns

The dry cleaning facility fee and dry cleaning return are due to the department in four quarterly installments, on April 25, July 25, October 25, and January 25. The amount of the fee for each installment is 1.8% of the gross receipts received in the quarter ending the last day of the month preceding the payment due date.

Failure to pay the fee by the installment due date results in a penalty of \$5 per day for each day the installment is late. In addition, dry cleaners that file their dry cleaning return after the due date are subject to a late filing fee, as well as delinquent interest on fees due with the return. A dry cleaner that files late may also be assessed negligence penalties.

For corporations, the late filing fee is \$30. For businesses other than corporations, the late filing fee is as follows:

- \$2 when the total fee for the quarter is less than \$10.
- \$3 when the total fee for the quarter is \$10 or more, but less than \$20.
- \$5 when the total fee for the quarter is \$20 or more.

- Exception - \$30 when the return is 60 or more days late.

The total fee due with a late-filed return is subject to interest at 1.5% per month until paid. If the dry cleaning return is filed late due to negligence, the fees due on the return are also subject to a negligence penalty of 5% for each month or fraction of a month the return is late, up to 25%.

If you have questions regarding dry cleaning facility fees or returns, or how to obtain a dry cleaning license, you may contact the department's Inquiry and Technical Assistance unit at (608) 266-2776. Additional information is also available on the department's Internet web site at www.dor.state.wi.us, under "FAQs" (frequently asked questions). [↗](#)

Quick Phone Access to the Department's Bankruptcy Unit

In an effort to provide better assistance to all delinquent taxpayers, the Department of Revenue's Central Collection Section implemented an automated phone system in 2000, with a new phone number, (608) 266-7879. The department's Bankruptcy Unit is part of this phone system. While it provides better service, it can also take a little longer to go through the prompts to reach one of the three bankruptcy agents.

To bypass the prompts and be connected directly to the person you are calling, dial (608) 266-7879. As soon as you hear the voice answer, push #, #, 1, and then enter the extension number of the agent you are calling, from the following list:

<u>Name</u>	<u>Extension</u>
Jim Polkowski	63770
Hiram Cutting	17689
Linda Millard	78998

After you enter the extension you will be connected to the agent if he or she is available. If the agent is on another call or is not able to answer the phone, you will either be transferred to one of the other bankruptcy agents to help you, or you will be given the opportunity to leave a voice mail message.

The department's goal is to give all customers the best possible service. [↗](#)

Underpayment Interest Will Not Be Applied for Certain Corporations

A new law defining when a corporation is considered "doing business" in Wisconsin was recently enacted as part of the Governor's budget bill, 2001 Wisconsin Act 16. For taxable years beginning on or after January 1, 2001, the definition of "doing business" includes owning, directly or indirectly, a general or limited partnership interest in a partnership, or an interest in a limited liability company treated as a partnership, that does business in Wisconsin, regardless of the percentage of ownership. Corporations "doing business" in Wisconsin are required to file franchise or income tax returns.

A corporation's estimated tax on income arising from this newly enacted law would normally be payable in installments throughout the taxable year, beginning in 2001. However, since the law was not enacted until September 1, 2001, the department will not apply underpayment interest on any tax due as a result of income related to this new law for any installment payments that would otherwise be due prior to October 15, 2001.

Example 1: A corporation that is not organized under Wisconsin law and has not been doing business in Wisconsin owns a 50% interest in an LLC that is treated as a partnership. The LLC, which is not necessarily an extension of the corporation's business, is engaged in business in and outside Wisconsin. The corporation's taxable year is a calendar year. The corporation must determine its Wisconsin net income under the apportionment method. Fifty percent of the LLC's business income is included in the corporation's apportionable income. Fifty percent of the LLC's Wisconsin property, payroll, and sales is included in the numerator of the corporation's property, payroll, and sales factors, respectively, and 50% of the LLC's total property, payroll, and sales is included in the denominator of the corporation's property, payroll, and sales factors, respectively. In addition, any Wisconsin destination sales made by the corporation are included in the numerator of its sales factor.

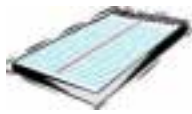
Since the corporation's taxable year begins January 1, 2001, its required Wisconsin estimated tax installment payment is due December 17, 2001. The corporation

must pay all of the estimated tax and surcharge due for the 2001 calendar year.

Example 2: Assume the same facts as above, except that the corporation’s taxable year is a fiscal year beginning on February 1, 2001. The corporation’s required installments would be due October 15, 2001 and Janu-

ary 16, 2002. The corporation must pay 3/4 of the estimated tax and surcharge due on October 15, 2001 and the remaining 1/4 on January 16, 2002.

Affected corporations should add in red ink at the top of Form 4U they file: “New Law - Doing Business as Owner in Partnership or LLC.” [☞](#)



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 59 of this Bulletin. The Index is also on the department’s Internet web site at www.dor.state.wi.us. Just click on “Publications.” [☞](#)



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 index will help you locate reference materials including articles, court case

summaries, tax releases, and private letter rulings, to research questions about Wisconsin taxes.

The latest *Wisconsin Tax Bulletin* index available appears in *Wisconsin Tax Bulletin* 123 (January 2001), pages 49 to 79. It includes information for issues 1 to 122 (through October 2000). [☞](#)



Nearly 2.3 Million Refunds Issued

More than 2,277,000 income tax refunds were issued to taxpayers during the fiscal year ending June 30, 2001 (primarily 2000 returns), for an average refund of \$503. The average refund for 1999 returns was \$337. Nearly 222,000 refunds were directly deposited in taxpayers’ accounts.

Here are some more comparisons:

	<u>2000</u> <u>Returns</u>	<u>1999</u> <u>Returns</u>
Number of individual income tax returns	2,913,814	2,906,336
Itemized deduction credit		
% of taxpayers claiming	26%	33%
Average credit	\$576	\$557

Homestead credit		
# of claimants	202,354	170,935
Average credit	\$508	\$483
Age 65 or older	45%	47%
Renters*	57%	59%
Homeowners*	49%	48%
*some claimants were both		
Farmland preservation credit		
# of claimants	20,143	20,316
Average credit	\$810	\$840
Earned income credit		
# of claimants	195,133	188,868
Average credit	\$319	\$318
Sales/use tax payments		
Amount collected	\$1,601,856	\$1,565,194
# of payers	26,202	25,341

[☞](#)

State Election Campaign Fund Checkoffs Increase Slightly for 2001

Wisconsin income tax returns include checkboxes for taxpayers and spouses to designate \$1 to the State Election Campaign Fund.

During July 2000 through June 2001 (primarily 2000 tax returns), taxpayers designated \$339,060 to the election campaign fund on their Wisconsin tax returns. This compares to \$339,033 for the prior year. [↗](#)



Endangered Resources Contributions Rise 18% in 2001

The 2000 Wisconsin income tax returns included a line for taxpayers to designate a contribution to the Wisconsin Endangered Resources Fund. These contributions help protect and care for Wisconsin's endangered species, nongame wildlife, and rare plant and animal habitats.

Donations to the Endangered Resources Fund can be made on both paper filed tax returns and electronically filed returns.

During July 2000 through June 2001 (primarily 2000 returns), 47,688 taxpayers contributed \$712,505 to the Endangered Resources Fund. This compares with 1999 income tax returns, where 43,334 taxpayers contributed \$603,395. The higher contributions represent an increase of more than 18% from the previous year. [↗](#)

Auditors Discover Over \$28 Million in Unpaid Use Tax

As part of its efforts to obtain compliance with Wisconsin use tax laws, Department of Revenue auditors assessed over \$28 million of use tax in the fiscal year ending June 30, 2001.

Field auditors found that many businesses, while properly accounting for tax on sales, do not have a system to keep track of purchases subject to use tax. For example, purchases were made from unregistered out-of-state sellers (e.g., mail order or Internet companies) without a sales or use tax being paid . . . until the businesses were audited.

Office auditors found that many purchasers of motor vehicles, all-terrain vehicles, aircraft, boats, and snowmobiles failed to properly report use tax because they underreported the purchase price of the motor vehicles, all-terrain vehicles, aircraft, boats, and snowmobiles paid to nondealers, or they claimed an invalid exemption. In addition, discovery projects targeting particular industries and individuals resulted in use tax collections for purchases made from unregistered out-of-state sellers (e.g., mail order or Internet companies) without a sales or use tax being paid.

The \$28 million of use tax assessed does not include interest and penalties that were also imposed.

Purchasers should carefully review their accounting methods to ensure that use tax is properly reported. [↗](#)



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 ex-

panded? 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, Mail Stop 6-40, PO Box 8933, Madison WI 53708-8933. If you prefer, you may fax your comments to him at (608) 261-6240, or you may e-mail or call him at mwipperf@dor.state.wi.us or (608) 266-8253. We'd like to hear from you! [↗](#)

Taxpayers Receive Property Tax Relief

Three state programs - property tax/rent credit, homestead credit, and lottery credit - delivered more than a half-billion dollars in direct property tax relief to Wisconsin taxpayers this year, in the form of tax credits or direct payments. This represents an increase of 81% from last year.

More than 1.7 million homeowners and renters received \$335.2 million in **property tax/rent credits** on their year 2000 income tax returns - an average of \$194 per claim. The program was reinstated after the 1999 tax year. Up to \$300 is available per claim.

Another program targets property tax relief to the most needy - even those who pay no income tax. Almost 200,000 low-income households received \$94.4 million in **homestead credits** this year. That's a 28 percent increase from the \$73.8 million disbursed during the same period last year. Each claimant averaged a record-high \$475, compared to \$447 last year. With the increase in the household income limit to \$24,500, more people are able to claim the credit - 198,842 compared to 165,371 last year.

A third program, the **lottery credit**, cut \$89.7 million off property tax bills, averaging \$67 per homeowner. It is applied toward property tax bills issued in December 2000 and payable by June. [↗](#)

Question and Answer ?

(Sales and Use Tax)

Q I paid \$75 of sales tax to a seller on a purchase of fuel oil used for my farm machinery. I have found I should have claimed exemption for farm use by providing the seller with an exemption certificate. How do I claim exemption and obtain a refund, now that the transaction has been completed?

A You have two options:

1. Since the amount of tax you paid was \$50 or more, you may file a claim for refund with the Department of Revenue, using a *Buyer's Claim for Refund of Wisconsin State, County and Stadium Sales Taxes*, Form S-220.
2. Request a refund of the tax from the seller. You should provide the seller with a completed *Certificate of Previous Purchases*, Form S-244, listing the specific purchase and providing all the additional information requested on the form.

Note: Generally a refund claim must be requested within four years of the due date of your Wisconsin income or franchise tax return. For more information, see Wisconsin Publication 216, *Filing Claims for Refund of Sales or Use Tax*.

Q My company installs shelves, counters, and display cases to hold merchandise in Wisconsin retail stores. The general contractor or customer purchases the fixtures and supplies. My company is subcontracted to do the installation only. Do I charge Wisconsin sales tax for the installation service?

A Yes. The labor for installing store fixtures used to carry on a trade or business in Wisconsin is subject to Wisconsin sales tax. However, if you are installing the fixtures for a general contractor, the general contractor may provide you with an exemption certificate claiming resale, because it will charge its customer sales tax on the sale and installation of the store fixtures. [↗](#)

Budget Cuts Force Branch Office Closings

As a result of budget constraints placed on all state agencies, the Department of Revenue will close several branch offices of its Income, Sales, and Excise Tax Division. Customer services for persons in those locations will be provided from other area offices.


The Waupaca office was closed in August 2001, and the Shawano office was closed in September. The West Bend office and the Manitowoc office were scheduled to be closed by October 31, 2001.

In addition to the office closings this year, the Watertown, Marshfield, and Monroe offices are scheduled to be closed by June 30, 2002. Also by June 30, 2002, the Madison District office at 5005 University Avenue will

be relocated to the department's headquarters building at 2135 Rimrock Road, Madison.

Customers in locations where offices have closed may contact the Madison headquarters office (telephone 608 -266-2772), or nearby department branch or district offices for assistance. This includes Green Bay (920-448-5179), Appleton (920-832-2727), Oshkosh (920-424-2003), Grafton (262-375-7948), Sheboygan (920-459-3101), or Milwaukee (414-227-4000). Assis-

tance and information are also available on the department's Internet web site, www.dor.state.wi.us.

The Department of Revenue remains committed to providing the best possible service to its customers in these areas, as well as statewide. One of the factors considered in the decision of which offices must be closed was a close location of another branch office, to minimize inconvenience to taxpayers throughout the state. 

Former UW Professor Sent to Prison

Former UW-Madison professor Edward Oplinger, 58, was sentenced to four years in prison in August 2001, for evading income taxes while he embezzled \$450,000 in research money from the school. Dane County Circuit Judge William Foust also ordered the former agronomy professor and soybean expert to serve 12 years' probation for the embezzlement.

Oplinger pleaded no contest in April 2001, to one count of felony theft and two counts of felony tax evasion. He took money paid to the school for seed research from 1992 through 1999 and placed it in his private account and an account for the Wisconsin Soybean Association, an organization he helped form. His 1995 and 1996 Wisconsin income tax returns did not reflect the additional income.

In addition to the prison sentence and probation, Oplinger may face restitution payments. The amount of restitution will be decided at a future hearing.

Dairy farmer Galen W. DeBruin, 46, of Luxemburg, Wisconsin, was charged in July 2001, with failure to file Wisconsin income tax returns for the years 1998 and 1999. The charges were filed by the Brown County District Attorney's Office following an investigation by the Wisconsin Department of Revenue's Fraud Unit.

According to the criminal complaint, DeBruin operated a dairy farm under the name of White Gold Trust. He has not filed Wisconsin individual income tax returns since 1987, and no tax returns have ever been filed for the trust. The complaint alleges that DeBruin's gross income was \$66,824 in 1998 and \$70,903 in 1999.

If convicted on both counts, DeBruin faces a maximum sentence of 18 months imprisonment and a fine of \$20,000. Wisconsin law provides for substantial civil penalties on the tax liability, in addition to the criminal

penalties. Assessment and collection of the taxes, penalties, and interest follows the conviction for criminal violations.

Sandra Maddern, 58, Racine, pleaded guilty in September 2001, to three counts of filing false state sales tax returns for a bingo operation run by New Day Drum and Bugle Corps, Inc. Racine County Circuit Court Judge Charles E. Constantine sentenced her to two years of probation and ordered her to make restitution of \$13,880.54 to the State for sales taxes she evaded. In addition, Maddern was ordered not to do any work for not-for-profit organizations while she is on probation.

According to the criminal complaint filed in February 2001, Maddern evaded the taxes by underreporting the actual bingo receipts in the sales and use tax returns she filed each month between September 1995 and December 1998. While the amount totaled over \$40,000, she could only be charged for the period January 1998 to December 1998, due to a three year statute of limitations on that crime.

The sales tax investigation was started after it was discovered that Maddern reported substantially greater bingo receipts in semi-annual reports to the Wisconsin Gaming Division than in sales tax returns to the Department of Revenue.

Sharon M. Richards, 50, Spooner, pleaded guilty in September 2001, in Chippewa County Circuit Court, to two counts of filing false or fraudulent sales tax returns related to the registration of two separate motor vehicles. As part of a plea agreement, two counts of making false statements on the two applications for motor vehicle titles were dismissed.

Judge Thomas Sazama withheld sentence and ordered Richards to serve one year of probation. The judge ordered her to pay \$999.63 in restitution for the sales tax

she evaded, along with service fees and court costs. He also ordered that her dealer and salvage licenses be revoked for one year.

According to the criminal complaint, Richards was a licensed motor vehicle dealer, the owner of Turtle Lake Auto Sales and Turtle Lake Auto Salvage. The complaint alleged that on two separate applications for motor vehicle titles, Richards falsely reported the purchase price of two wreckers she purchased in August of 1999, as \$125 and \$200. Based on information and documents obtained from the parties who sold the vehicles to Richards, the actual purchase prices were \$7,500 and \$11,000. Richards evaded \$999.63 in state and county sales taxes as a result of the false statements.

Michael A. McElwrath, 31, Oak Creek, was charged in October 2001, with five counts of forgery, one count of theft, and one count of filing a fraudulent Wisconsin income tax return. The felony charges were filed by the Dane County District Attorney's Office following a joint investigation by the Madison Police Department and the Wisconsin Department of Revenue.

According to information filed with the court, McElwrath altered five checks payable to his employer, United Rentals, and made the checks payable to himself. The total amount of these five checks exceeded \$17,000. McElwrath also took over \$2,500 from United Rentals. He failed to report any of the embezzled funds on his 2000 Wisconsin income tax return.

If convicted on all counts, McElwrath faces a maximum sentence of over 97 years in prison and fines of up to \$70,000. [✎](#)