

Wisconsin TAX BULLETIN

www.dor.state.wi.us

Number 135

July 2003

New Tax Laws

The Wisconsin Legislature has enacted changes to the Wisconsin tax laws. On page 20 of this issue of the Wisconsin Tax Bulletin is a supplement containing brief descriptions of the new laws enacted as of July 31, 2003. Any laws enacted after this date will be reported in the October Bulletin. [↗](#)

Department of Revenue Receives Awards from NACTP

The National Association of Computerized Tax Processors (“NACTP”), comprised of organizations and software vendors involved with computer tax processing, gives annual awards to the states that have the highest ratings based on guidelines set by the organization. The Wisconsin Department of Revenue received both second place and third place awards in this year’s national competition, for electronic filing (“e-filing”) friendliness.

The second place award was for promoting electronic filing by:

- Eliminating paperwork requirements.
- Encouraging a complete menu of software options (without requiring that all forms be supported).
- Standardizing its electronic forms and e-filing season dates.

The third place award was for communicating Wisconsin’s e-filing specifications. This recognition was for:

- Presenting workshops, seminars, and conferences to explain e-filing procedures.
- Promoting e-filing to both practitioners and taxpayers.

- Having a high-profile Internet presence in posting changes and other information for use by both practitioners and taxpayers.
- Offering several electronic payment options. [↗](#)

FreeFile **Free-File is an On-Line Hit!**

FreeFile WISCONSIN In its first season, the Department of Revenue’s new Free-File program proved to be a critical success. Over 65,000 taxpayers took advantage of the new Wisconsin Free-File program to file their 2002 Wisconsin income tax returns on-line, on time, and completely free of charge. Many of them took the time to tell the Department how much they loved this new service.

Louis E. Sather of Madison summed up the feelings of many after they’ve used Free-File when he e-mailed the department: *“Thank you, thank you, thank you.”*

Taxpayers who are familiar with paper Forms 1, 1A, and WI-Z will find Free-File a comfortable way to update to the on-line world. Many users told the department they didn’t even need the easy-to-understand on-line instructions to complete Free-File’s on-screen fill-in forms.

Free-File is available through the state government e-portal at www.Wisconsin.gov or more directly at www.dor.state.wi.us. Taxpayers have been asking for an income tax form they can file on-line. Free-File also takes homestead credit claims.

Unlike more full-featured commercial tax preparation software or professional tax preparers, Free-File does not offer tax preparation assistance or planning advice. Free-File is for taxpayers who do not file federal schedules C, C-EZ, D, E, F, or 4797.

To hold down costs, the program was developed in-house by the department’s Office of Technology Services. Technologically, the program proved to be as solid and stable as a bank vault. The latest computer file encryption technology is used to ensure confidentiality.

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States Reach Milestone on Streamlined Sales Tax Legislation

The Streamlined Sales and Use Tax Agreement is a product of the Streamlined Sales Tax Project. This Project is an effort created by state governments, with input from local governments and the private sector, to simplify and modernize sales and use tax collection and administration. The Project's proposals include tax law simplifications, more efficient administrative procedures, and emerging technologies to substantially reduce the burden of tax collection.

The Streamlined Sales and Use Tax Agreement provides a threshold at which the Agreement becomes binding and effective. That threshold is 10 states with at least 20 percent of the total population of all states that impose a state sales tax. The states met that threshold in July 2003 when 17 states representing over 20 percent of the population enacted the Streamlined compliance legislation. The states are: Arkansas, Indiana, Iowa, Kansas, Kentucky, Nebraska, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Utah, Vermont, West Virginia, and Wyoming.

Another three states have enacted most of the compliance legislation. All three states have indicated they will follow up with additional legislation in 2004. These three states are Minnesota, Texas, and Washington.

Wisconsin is expected to introduce its compliance legislation in August 2003. Additional states will follow in late 2003 and early 2004. [☞](#)

Three Ways to File Sales Tax Returns Electronically

Taxpayers like choices. Soon, merchants who file sales tax returns with the Wisconsin Department of Revenue will have three electronic filing choices.

The Sales Internet Process ("SIP") blazed new electronic trails when it was launched over three years ago. In the fiscal year that ended in June 2003, over 160,000 sales tax returns were filed via SIP. That's up six-fold from the preceding year.

Two additional choices for filing electronically will be available shortly: File Transmission and TeleFile.

File Transmission

Wisconsin sales tax filers requested an option to provide a direct electronic interface between their systems and the Wisconsin Department of Revenue. Soon they will have it. Merchants can simply upload their Sales and Use Tax returns over the Internet in an electronic file.

The new Sales File Transmission:

- Is a secure process for receiving formatted electronic transmissions of sales tax returns.
- Allows multiple XML files zipped together for one transmission.

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Madison, WI 53708-8933

Subscriptions available from:

Wisconsin Department of Administration
Document Sales
P.O. Box 7840
Madison, WI 53707-7840

Annual cost \$7.00

- Sends acknowledgements within one business day.
- Is available using the Electronic Funds Transfer (“EFT”) debit and credit payment process, if the Sales and Use Tax registrants are registered for EFT with the Wisconsin Department of Revenue.
- Incorporates work done by the IRS and the Federation of Tax Administrators standards group.

A program summary, the schema, a guide, a sample “instance document,” a sample script and instructions, and Wisconsin Publication 129, *Sales & Use Tax Returns Handbook – E-File File Transmission of Form ST-12*, will be offered on the Internet.

Sales TeleFile

The TeleFile process will use the department’s existing voice-response unit and allow returns with sales in all counties to be filed. TeleFile is a fast, friendly, and free option to file a sales and use tax return electronically and remit the tax. All you need is a touch-tone telephone.

The new Sales TeleFile will:

- Allow the use of the keypad of a touch-tone telephone to enter the information from a completed TeleFile worksheet. TeleFile will use the information entered to calculate the sales and use tax.
- Provide three types of payments: electronic funds transfer (“EFT”), credit card, and check or money order.
- Ask to confirm that the information is true and correct.

Sales Internet Process

Today, almost one of every three monthly sales tax returns is filed electronically via the Sales Internet Process. SIP is the Wisconsin Department of Revenue’s secure web-based application that combines the convenience of filing sales and use tax returns from a computer desktop, along with the speed and flexibility of making tax payments by electronic funds transfer (“EFT”).

Filing sales and use taxes electronically – whether through File Transmission, TeleFile, or SIP – offers these advantages over filing a paper return:

- Saves postage, printing, and handling costs.
- Provides a receipt or confirmation showing when the return was received.
- Allows an EFT payment to be initiated or warehoused.

For more information about ...

- **File Transmission**, visit www.dor.state.wi.us/eserv/salestr.html.
- **Sales TeleFile**, the Wisconsin Department of Revenue will post information on its web site in August 2003.
- **Sales Internet Process (“SIP”)**, visit www.dor.state.wi.us/eserv/sip.html.
- **Sales and Use Tax Changes**, the Wisconsin Department of Revenue will send you e-mail updates on sales and use tax issues. All you need to do is:
 1. Send an e-mail message to majordomo@badger.state.wi.us.
 2. Leave the subject line blank.
 3. In the body of the message, type... **subscribe dorsales**.
 4. **Do NOT enter your name or any other information.**
 5. **Delete any “signature” your e-mail system may add automatically.**

After following the above procedure, you will receive a return e-mail message confirming your subscription to the **dorsales** e-mail list.

Sales Tax in General, you may send an e-mail message to sales10@dor.state.wi.us or telephone (608) 266-2776.



Free-File an On-Line Hit*(Continued from page 1)*

The free Internet income tax filing service is one of the ways the department is meeting its budget reduction targets, while maintaining and improving its quality of service to the taxpayers of Wisconsin.

This year, more than two of every five personal income taxpayers filed electronically – whether through Free-File, TeleFile, commercial on-line filing programs, or through practitioners who e-file. That’s up 35 percent from last year, when one of every three filed electronically.

Electronically filed tax returns help the Department of Revenue save precious tax resources because e-filed returns capture the taxpayer’s keystrokes. There’s no need for the Department to manually enter or scan e-filed returns into its computers.

Here’s what else taxpayers say about Wisconsin Free-File:

“I didn’t even need postage. The layout was clear, easy to navigate and there were help links available though I think I only needed one once.” – Gina Enzenbacher of West Allis.

“Not only was it truly free but it was also quite simple and easy to understand.” – Barb Luther of Whitewater.

“This was my first attempt at e-filing a tax return. I liked all the carryover and computation of the tax and standard deduction. ... I was very impressed. My refund was deposited to my bank account today ... This means I received my refund in 4 business days, another good reason to use Free-File.” – James Arter of Wauwatosa.

“The Free File web site was the easiest and quickest site that I have ever used for filing my taxes. The layout was intuitive and simple to navigate. I tried several other free sites and gave up due to slow data ... and pop-up screens that tried to sell you something extra.” – D. Hines of Madison.

“I just wanted to let you know that this was really the easiest state income tax filing we’ve done! I hope you do it again next year.” – Kathy and Bob Hawley of Kenosha.

“Wow! I am impressed with the ease and speed of this program! I had absolutely no problems. ... This was simple, fast and fun.” – Cheryl Scholl of Appleton. [!\[\]\(626ce8ac21792b9405bfddfea8e0c96a_img.jpg\)](#)

Undeliverable Income Tax Refunds

The number of undeliverable refund checks and direct deposit bank rejects resulting from incorrect, incomplete, or illegible addresses and/or bank information increased by 20% this tax season.

Taxpayers who request electronic deposits but have incorrect bank numbers are issued paper checks instead. This adds approximately one month to the time for a

taxpayer to receive his or her refund. For taxpayers who request paper checks, checks that are returned by the Post Office are held until the taxpayer contacts Customer Service, (608-266-2772), and provides a new address.

To ensure the fastest possible refunds, please use extra care when filling in address and bank information on income tax returns. [!\[\]\(cbd8541a32dfc32f356f5c6c994b0a21_img.jpg\)](#)

Treasury Offset Program Pays Big Dividends

The Department of Revenue has collected over \$9.3 million in delinquent income taxes through the Treasury Offset Program (“TOP”), a federal offset program implemented in Wisconsin in February 2001.

Since the program’s inception, the department has certified more than \$265 million of unpaid income taxes to Financial Management Services, the branch of the U.S. Treasury that disperses federal payments, including federal income tax refunds. More than 13,000

delinquent taxpayers in Wisconsin have had their federal refunds intercepted, either in whole or in part, as a result of the program.

TOP, an off-shoot of a larger program that offsets most types of federal payments on behalf of federal agencies, was first opened to state revenue departments in January 2000. As of May 2003, the thirty-one states participating in the program have collected more than \$331 million in delinquent income taxes. [!\[\]\(1f99bf65f43889da445ecc1fe8d9504f_img.jpg\)](#)

Use Tax Calculator Now Available

Do you buy items over the Internet, from mail-order companies, or while traveling in other states? If so, you may owe Wisconsin use tax. The Wisconsin Department of Revenue has developed a free **Use Tax Calculator** (in an Excel spreadsheet) to help individuals track and calculate use tax owed to Wisconsin.

If you purchase taxable items but do not pay Wisconsin sales tax to the seller, and you store, use, or consume these items in Wisconsin, Wisconsin use tax is due.

All merchandise that is taxable under Wisconsin's sales tax law is subject to Wisconsin use tax, if no sales tax was paid. Examples of taxable merchandise include antiques, artwork, books, cameras, carpeting, chinaware, computers, furniture, furs, clothing, jewelry, precious metals, gemstones, prewritten software, stereo equipment, tapes, and compact discs. Use tax applies to the total purchase price you pay to the seller for taxable items, including shipping and handling charges.

The new **Use Tax Calculator** can be used by persons who have some type of spreadsheet software on their computers, such as Excel, Lotus, or QuatroPro. If you don't have spreadsheet software, you can download a **free** Excel viewer that will enable you to **only** view and print the spreadsheet.

The Use Tax Calculator can be downloaded onto your computer from the department's web site at

www.dor.state.wi.us. Click on "Forms," scroll down to "Sales and Use Tax," and click on "Form SU-102."

Throughout the year, you can add your purchases to the Use Tax Calculator and save the information. The spreadsheet calculates the appropriate tax due that can be reported annually on your Wisconsin income tax return.

Any questions?

For additional information about Wisconsin use tax, you may refer to Wisconsin Publication 205, *Use Tax Information for Individuals*, available at www.dor.state.wi.us/pubs/01pb205.pdf, or you may contact the Department of Revenue in Madison, call or visit your nearest Department of Revenue office, or visit the department's web site.

Write: Wisconsin Department of Revenue
Mail Stop 5-77
P.O. Box 8902
Madison, WI 53708-8902

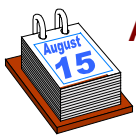
Telephone: (608) 266-2776

TTY: (608) 267-1049

Fax: (608) 267-1030

E-mail: sales10@dor.state.wi.us

Web site: www.dor.state.wi.us




Automatic 4-Month Extension Expires August 15

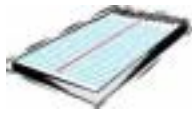
If your 2002 Wisconsin and federal individual income tax returns were due April 15, 2003, but you filed an application for an automatic 4-month extension for filing your federal return with the Internal Revenue Service ("IRS"), both your federal and Wisconsin returns are due August 15, 2003. When you file your Wisconsin return, be sure to attach a copy of the federal extension application, Form 4868.

Any filing extension available under federal law may be used for Wisconsin purposes, even if you are not using that extension to file your federal return. If you did not file a federal extension application but needed a 4-month extension for Wisconsin only, your 2002 Wisconsin return, ordinarily due April 15, 2003, must be filed by August 15, 2003.

If you are extending the time to file your Wisconsin return only, attach one of the following items to the 2002 Wisconsin return you file:

- A statement indicating that you are filing under the federal automatic 4-month extension provision; or
- A copy of federal Form 4868 with only the name, address, and social security number completed.

Note: You were not required to pay your 2002 taxes by April 15, 2003, as a condition for receiving an extension of time to file your Wisconsin tax return. However, an extension does not extend the time to pay your tax; taxes paid after April 15 are subject to 12% per year interest during the extension period and 18% per year interest after the extension period. 



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 issue, 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 27 of this Bulletin. The Index is also on the department’s web site at www.dor.state.wi.us. Just click on “Publications.” 

Additional Practitioners Must File Returns Electronically

Administrative rule section Tax 2.08 requires, in sub. (3)(b) to (3)(e), that certain tax practitioners file individual income tax returns electronically.

Beginning January 1, 2004, this requirement applies to practitioners who filed 100 or more 2002 Wisconsin individual income tax returns (Form 1, 1A, and WI-Z) and homestead credit claims. The threshold, which was 200 returns for the 2003 processing season, will remain at 100 for future years.

The Department of Revenue sent a letter to practitioners in June, notifying them of this requirement. If you are a practitioner who filed 100 or more 2002 Wisconsin individual income tax returns and/or homestead credit claims and did not receive a letter notifying you of this requirement, please contact the department using one of the methods listed at the end of this article.

While the department is committed to advancing electronic filing, the rule allows for a waiver in the case of undue hardship, and in specific cases when the

individual taxpayer does not want to file electronically. A taxpayer who prefers to file a paper return may write “no e-file” before his or her signature on the tax return; this will relieve the practitioner of the e-filing requirement for that return.

For more information about the rule, go to www.dor.state.wi.us/eserv/rule.html or contact the department at the address below.

For more information about registering to submit individual income tax returns electronically through the fed/state e-file program, go to www.dor.state.wi.us/eserv/e-ero.html or contact the department by any of the following methods:

Mail: Wisconsin Department of Revenue
Electronic Filing Unit
P.O. Box 8949
Madison, WI 53708-8949

Phone: (608) 264-6886


Fax: (608) 267-1030

E-mail: efiling@dor.state.wi.us 

Use Sufficient Postage

Every day, mail is sent to the Department of Revenue without sufficient postage affixed. Mailing an envelope with insufficient postage may result in the department not receiving it. The U. S. Post Office will return envelopes that do not have sufficient postage (for this reason, it is important to include your complete return

address, so the envelope won’t end up in the “dead-letter office”).

Envelopes that will need additional postage include those that weigh more than one ounce. This may occur if the envelope contains more than five pages or is oversized (for example, more than ¼ inch thick). 

Reduce Processing Delays – Use Preferred W-2 Forms

To provide fast and accurate income tax processing, the Department of Revenue uses scanner technology to capture wage statement (Form W-2) information. The department is requesting that employers NOT use carbon copied W-2 forms, including NCR. **Carbon and NCR copied W-2 forms do not scan well**, and this often necessitates additional time-consuming steps. This can result in **delays in processing refunds** for tax returns with those forms.

The preferred format for a Form W-2 is the Internal Revenue Service (“IRS”) approved format, which can be viewed on the IRS web page, www.irs.gov/formspubs/index.html. The IRS format W-2 form is 8.5 by 5.5 inches and can easily be imaged by production scanners. All information on the Form W-2 should be printed as large as possible within each space allotment but should not be printed over preprinted information on the form. Always complete the form using black ink.

If you have questions regarding the use or preparation of preferred W-2 forms, you may call the department at (608) 261-6223. [☎](#)

Nonfiler Convicted

Mark W. Hummel, age 31, was convicted and sentenced in April 2003 before Winnebago County Circuit Court Judge Barbara Key, for failure to file a Wisconsin income tax return. Hummel, who operates a roofing business known as Premier Construction, was sentenced to nine months in jail. The jail sentence was stayed, and Hummel was placed on probation for two years with the conditions that he undertake counseling, pay costs of supervision, and make restitution to the Department of Revenue. In staying the jail sentence, Judge Key took into consideration that Hummel just completed a jail

sentence in Outagamie County, for failure to support a child.

Failure to file a Wisconsin income tax return when due is a crime punishable by up to nine months imprisonment, up to \$10,000 in fines, or both, together with the cost of prosecution. In addition to the criminal penalties, Wisconsin law provides for substantial civil penalties on the civil tax liability. Assessment and collection of the taxes, penalties, and interest due follows a conviction for criminal violations. [☎](#)



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 who can 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, Mail Stop 5-77, P.O. Box 8949, Madison, WI 53708-8949; fax your request to (608) 266-9829; call (608) 266-1911; or fill out the online request form at the department’s web site, www.dor.state.wi.us; click on “Training.” [☎](#)

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 and the Processing and Customer Services Division. A comprehensive listing of telephone numbers and addresses appears in *Wisconsin Tax Bulletin* 134 (April 2003), pages 31 to 34.

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	266-2890
Corporation Franchise and Income Taxes	266-2772
Delinquent Taxes	266-7879
Electronic Filing:	
Individual Income Tax	264-6886
Sales Tax	261-6261
Electronic Funds Transfer (“EFT”)	264-9918
Estimated Taxes	266-2772
Fiduciary, Estate Taxes	266-2772
Forms Request:	
By mail	266-1961
Fax-A-Form	261-6229
Homestead Credit	266-8641
Individual Income Tax	266-2772
Motor Vehicle Fuel Tax	266-3223
Refunds	266-8100
Sales, Use, Withholding Taxes	266-2776
Sales Internet Process (“SIP”)	261-6261
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

Any Suggestions for 2003 Tax Forms?


Do you have suggestions for improving Wisconsin’s tax forms or instructions? Can you think of ways the forms or instructions could be made easier to understand? If so, the department would like to hear from you. In past years, many suggestions from taxpayers and tax professionals have been used in developing tax forms and instructions.

Please take a few moments to put your ideas in writing, and mail them to Wisconsin Department of Revenue, Administration Technical Services, Mail Stop 6-40, P.O. Box 8933, Madison, WI 53708-8933. If you prefer, you may fax your suggestions to (608) 261-6240, or e-mail them to isetechsvc@dor.state.wi.us. Your suggestions could help make “tax time” easier for taxpayers and practitioners. 



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* 133 (January 2003), pages 48 to 80. It includes information for issues 1 to 132 (through October 2002). 

Dry Cleaning Fees Help the Environment

Dry cleaning facilities are required to pay a special dry cleaning facility fee, which is used to help fund the cleanup costs of lands contaminated by dry cleaning chemicals. This cleanup effort will help ensure that groundwater and the environment are maintained in good stewardship for future generations.

Persons who dry clean items at a dry cleaning facility in Wisconsin must be registered with the Wisconsin Department of Revenue to hold a Dry Cleaning Facility License. Along with holding a Dry Cleaning Facility License, cleaners are responsible to remit a 1.8% dry cleaning fee on their dry cleaning receipts each quarter.

The Department of Revenue has registered many dry cleaning facilities. However, audits of accounts have

shown that not *all* dry cleaning facilities are registered for this license, which has been **required under state law** since October 14, 1997. When the Department of Revenue contacts a dry cleaning facility that has failed to register for this license, costly negligence penalties can result. If the department has not previously contacted a cleaning facility, the facility can still register under a “voluntary disclosure” process that will eliminate the costly negligence penalty and will even reduce late interest.

Questions regarding registration of a dry cleaning facility, or how to obtain voluntary disclosure treatment, can be directed to:

Mail: Wisconsin Department of Revenue
Customer Service and Taxpayer Education
Technical Assistance – Business
P.O. Box 8902
Madison, WI 53708-8902

Phone: (608) 266-2776

Fax: (608) 267-1030

E-Mail: sales10@dor.state.wi.us 




**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 October. The seminars will include information on similarities and differences in the two states’ sales and use tax laws. All of the October seminars 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., at the locations indicated. To register or to obtain more information, call the Minnesota Department of Revenue at (651) 297-4213.

October 7, 2003 – Duluth, Minnesota
Minnesota Department of Revenue Office
2711 West Superior Street

October 14, 2002 – Hudson, Wisconsin
Hudson House
1616 Crestview Drive

October 21, 2002 – Onalaska, Wisconsin
Onalaska Omni Center
225 Rider Club Street 

Question and Answer ?

Caution: The answers in this article reflect interpretations by the Wisconsin Department of Revenue, of laws enacted by the Wisconsin Legislature as of the date of this Bulletin. Laws enacted after that date, new administrative rules, and court decisions may change the interpretations.

(Individual Income Tax)

Q I am a single retired person. Am I eligible for the working families tax credit, even though I am no longer working and I don’t have a family?

A Yes, if your income is less than \$10,000 and you are a full-year Wisconsin resident. This credit, which is available to single taxpayers with income of less than \$10,000 and married couples filing a joint return whose income is less than \$19,000, reduces or completely eliminates the Wisconsin income tax for persons who are full-year Wisconsin residents. It is not

necessary for a person to be employed or to have a family in order to receive the credit.

Q I recently retired from the U. S. Army. Is my military pension taxable for Wisconsin tax purposes?

A No. Beginning with taxable year 2002, retirement payments received from the U. S. military system and from other uniformed services are not taxable for Wisconsin income tax purposes. This includes payments received from the Retired Serviceman’s Family Protection Plan, and from the United States government that relate to service with the Coast Guard, the commissioned corps of the National Oceanic and Atmospheric Administration, and the commissioned corps of the Public Health Service.

(Sales and Use Tax)

Q Is shipping and handling subject to sales and use tax when I charge my customer for the delivery?

A Yes. When a seller charges a purchaser for the delivery of taxable tangible personal property, the seller's total charge, including any transportation and service charges, is subject to the sales or use tax. It is immaterial whether the delivery is made by the seller's vehicle, a common or contract carrier, or the United States Postal Service.

Q Can a restaurant charge sales tax on sales of drinks in the dining room differently than sales of drinks at the bar?

A Yes. A restaurant may choose to include the sales tax in beverage prices when served at the bar, but separately state the sales tax when beverages are served in the dining room, where a bill or invoice can be given.

For example, a customer may buy a drink in the restaurant bar for \$3.00, which includes the sales tax. The customer may buy another drink in the restaurant dining room for \$3.00, where 5% sales tax is added to the price for a total charge of \$3.15. This is a correct application of the Wisconsin sales tax. The establishment is simply charging a slightly higher price for the drink served in the restaurant than for the same drink sold at the bar.

Note: In order for the restaurant to claim a deduction on its sales tax return for the sales tax included in the price of items served at the bar, the customers must be notified that prices include sales tax. This may be done by posting a sign on the premises, indicating that sales tax is included in prices charged at the bar. [☞](#)

Tax Publications Available

Listed below are 69 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 1-151, P.O. Box 8949, Madison, WI 53708-8949; 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 web site at www.dor.state.wi.us, and click on "Publications" and then "Tax Publications."

Note: The numbers of some publications may be 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 (12/02)
- 103 Reporting Capital Gains and Losses for Wisconsin by Individuals, Estates, and Trusts (11/02)
- 104 Wisconsin Taxation of Military Personnel (10/02)
- 106 Wisconsin Tax Information for Retirees (11/02)
- 109 Tax Information for Married Persons Filing Separate Returns and Persons Divorced in 2002 (11/02)
- 112 Wisconsin Estimated Tax and Estimated Surcharge for Individual, Estates, Trusts, Corporations, Partnerships (11/02)
- 113 Federal and Wisconsin Income Tax Reporting Under the Marital Property Act (10/02)
- 116 Income Tax Payments are Due Throughout the Year (11/02)
- 119 Limited Liability Companies (LLCs) (12/02)

- 120 Net Operating Losses for Individuals, Estates, and Trusts (11/02)
- 121 Reciprocity (12/01)
- 122 Tax Information for Part-Year Residents and Nonresidents of Wisconsin for 2002 (11/02)
- 123 Business Tax Credits for 2002 (12/02)
- 125 Credit for Tax Paid to Another State (11/02)
- 126 How Your Retirement Benefits Are Taxed (11/02)
- 600 Wisconsin Taxation of Lottery Winnings (1/02)
- 601 Wisconsin Taxation of Pari-Mutuel Wager Winnings (1/02)
- Sales and Use Taxes**
- 200 Electrical Contractors – How Do Wisconsin Sales and Use Taxes Affect Your Business? (11/02)
- 201 Wisconsin Sales and Use Tax Information (11/02)
- 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 (4/03)
- 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? (4/03)
- 213* Travelers: Don't Forget About Use Tax (4/03)
- 214* Businesses: Do You Owe Use Tax? (4/03)
- 216 Filing Claims for Refund of Sales or Use Tax (2/03)
- 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? (2/03)
- 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? (3/02)
- 222 Motor Vehicle Fuel Users: Do You Owe Use Tax? (3/00)
- 223 Bakeries – How Do Wisconsin Sales and Use Taxes Affect Your Operations? (1/03)
- 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? (12/02)
- 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)
- 229 Brackets for Collecting Wisconsin Sales or Use Tax on Retail Sales (11/01)
- 230 Sales and Use Tax Information for Sellers of Antiques, Crafts, and Artwork (12/02)
- Other Taxes and Credits**
- 127 Wisconsin Homestead Credit Situations and Solutions (11/02)
- 128 Wisconsin Farmland Preservation Credit Situations and Solutions (12/01)
- 400 Wisconsin's Recycling Surcharge (12/02)
- 403 Premier Resort Area Tax (2/03)
- 410 Local Exposition Taxes (2/03)
- 503 Wisconsin Farmland Preservation Credit (11/02)
- 508 Wisconsin Tax Requirements Relating to Nonresident Entertainers (2/03)
- W-166 Wisconsin Employer's Withholding Tax Guide (11/02)

Audits and Appeals

- 501 Field Audit of Wisconsin Tax Returns (3/02)
- 505 Taxpayers' Appeal Rights of Office Audit Adjustments (2/02)
- 506 Taxpayers' Appeal Rights of Field Audit Adjustments (9/99)
- 507* How to Appeal to the Tax Appeals Commission (6/03)
- 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 2003 Handbook for Federal/State Electronic Filing (11/02)

- 117 Guide to Wisconsin Information Returns (11/02)
- 124 Petition for Compromise of Delinquent Taxes (4/03)
- 130 Fax A Form (12/02)
- 140 A Tax Practitioner's Guide to Electronic Filing (6/00)
- 401 Extensions of Time to File (11/02)
- 405 Wisconsin Taxation of Native Americans (12/01)
- 500 Tax Guide for Wisconsin Political Organizations and Candidates (11/02)
- 502 Directory of Wisconsin Tax Publications (1/02)
- 504* Directory for Wisconsin Department of Revenue (5/03)
- 509 Filing Wage Statements and Information Returns on Magnetic Media (2/01)
- 700 Speakers Bureau presenting . . . (6/00) [↗](#)

Administrative Rules in Process

Listed below are administrative rules that are currently in the rule promulgation process. The rules are shown at their stage in the process as of July 1, 2003, and at each step where action occurred during the period from April 2, 2003, through July 1, 2003.

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 order up-to-date administrative rules of the Department of Revenue, you can use the order blank on page 27 of this Bulletin to order the Tax section of the Wisconsin Administrative Code.

Rules Being Reviewed Following Publication of Scope Statement

- 11.19 Printed material exemptions – A

- 11.33 Occasional sales – A
- 11.46 Summer camps – A
- 11.48 Landlords, hotels and motels – R&R
- 11.50 Auctions – A
- 11.57 Public utilities – A
- 11.65 Admissions – A
- 11.87 Meals, food, food products and beverages – A

Rules Adopted but Not Yet Effective (anticipated effective date 8/1/03)

- 11.001 Forward and definitions – A
- 11.13 Direct pay – A
- 11.14 Exemption certificates – A
- 11.84 Aircraft – A [↗](#)

Soon-to-Be Adopted Rules Summarized

Summarized below is information regarding four sales and use tax administrative rules that have been revised: sections Tax 11.001 relating to applicability and definitions, Tax 11.13 relating to direct pay, Tax 11.14 relating to exemption certificates, and Tax 11.84 relating

to aircraft. It is anticipated that the effective date of the revisions will be August 1, 2003.

In addition to the summary of the changes, some of the text of the revised rules is reproduced. In the amendments, material that is lined through (~~lined through~~) represents deleted text, and material that is underscored (underscored) represents new text.

To order up-to-date administrative rules of the department, you can use the order blank that appears on page 27 of this Bulletin to obtain the Tax section of the Wisconsin Administrative Code.

Tax 11.001 Forward and definitions. The (intro.) and subs. (1), (2), (3)(intro.), (4), (5), and (6) are renumbered to be subs. (1) and (2)(a) to (2)(f), to conform the numbering of the rule to Legislative Council Rules Clearinghouse (“Clearinghouse”) standards. Subsections (3)(a) to (3)(d) are renumbered to be subs. (3)(a)1. to (3)(a)4., to remove substantive provisions from the definition of “retailer” and move them to new sub. (3). As renumbered:

- Subsection (1) is revised, to remove the introductory clause for definitions, as the definitions are moved to new sub. (2).
- Subsection (2)(a) is revised, to remove two substantive provisions from the definition of “consumers.” One provision is moved to new sub. (3), and the other is deleted because it is not applicable to this rule.
- Subsection (2)(c) is revised, to reference the definition of “retailer” to the statutory definition and to remove a substantive provision, which is moved to new sub. (3)(a)(intro.).
- Subsection (2)(d) is revised, to include the football stadium tax in the definition of “stadium tax,” allowed pursuant to 1999 Wis. Act 167, effective May 27, 2000.
- Subsection (2)(e) is revised, to reflect that the definition of “tax” includes county and stadium sales and use taxes.
- Subsections (3)(a)1., (3)(a)2., and (3)(a)3. are revised, to reflect correct punctuation per Clearinghouse standards.

Titles are created for subs. (1) to (3) as renumbered, to conform format to Clearinghouse standards and to clarify the content of each subsection.

Subsection (2)(intro.) is created, to provide an introductory clause for the definitions in pars. (a) to (f) as renumbered.

In sub. (3), par. (a)(intro.) is created, to provide an introductory clause for requirements with which retailers must comply, and par. (b) is created, to move a substantive provision in the definition of “consumers” to a separate subsection.

The text of Tax 11.001(1)(title), (2)(title) and (intro.), and (3)(title), (a)(intro.), and (b) is as follows:

Tax 11.001(1)(title) APPLICABILITY.

(2)(title) DEFINITIONS.

(intro.) In this chapter, unless otherwise specified:

(3)(title) RETAILERS AND RETAIL SALES.

(a)(intro.) Retailers shall comply with all requirements imposed upon them, including all of the following:

(b) Sales to consumers are retail sales to which either the sales tax or the use tax applies.

Tax 11.13 Direct Pay. Subsection (1)(a) is revised, to remove a substantive provision from the definition of “continuous.” The removed provision is covered in sub. (5)(b)1.

Subsection (3)(b) is revised, to eliminate a reference to a fee requirement that is no longer applicable, and to add the name of the direct pay permit application form. The note at the end of par. (b) is revised, to update the department’s mailing address and to include the Internet address.

In sub. (5), par. (a)2.(intro.) is revised, to provide that Form S-211 may be used as the written document in that subdivision, and par. (b)3. and the example following are revised, to update and to eliminate references to obsolete exemption certificates.

An obsolete note at the end of sub. (3)(a) is removed, and the example and note following subs. (3)(c) and (4)(b) are updated.

Tax 11.14 Exemption certificates. Subsection (6)(a)2. is revised, to reflect that a purchaser is subject to a sales tax rather than a use tax when it gives an exemption certificate claiming resale.

In sub. (13), par. (a)(intro.) is revised, to update a reference to a subsection in s. Tax 11.001, and par. (b) is revised, to correct a typographical error.

Tax 11.84 Aircraft. In sub. (1), pars. (b)1. and (b)2. are revised, to update punctuation per Clearinghouse standards, and par. (c) is revised, to update the name of the division in the Department of Transportation where aircraft are registered.

Subsection (2)(c) is renumbered to be sub. (2)(c)(intro.) and revised, and pars. (c)1. to (c)3. are created, to provide an introductory clause and to set forth the taxable items in separate subdivisions. Paragraph (c)4. is created, to reflect the taxability of towing 1) banners that

are not provided by the person towing them, 2) hang glider pilots, per the department's Private Letter Ruling, # W0124006 dated March 22, 2001, and 3) gliders.

In sub. (4), par. (a) is revised, to reflect the taxability of towing hang glider pilots as discussed above, and par. (c) is revised, to clarify a provision regarding the taxability of advertising banners towed by aircraft.

The text of Tax 11.84(2)(c)(intro.) and 1. to 4. is as follows:

Tax 11.84(2)(c)(intro.) *Other taxable receipts.* The gross receipts from charges for ~~aerial photographs and maps, and from charges for sightseeing flights and for carrying a skydiver are taxable.~~ the following are taxable:

1. Aerial photographs and maps.
2. Sightseeing flights.
3. Carrying a skydiver.
4. Towing a banner that is not provided by the person towing it, towing a hang glider pilot or towing a glider.

[↗](#)