

# Wisconsin TAX BULLETIN

[www.dor.state.wi.us](http://www.dor.state.wi.us)

Number 139

July 2004

## Kenosha and Racine Offices Consolidated, Relocated

The Department of Revenue has consolidated its Kenosha and Racine branch offices and moved them to a new location in Kenosha, effective June 21, 2004. The address, telephone number and taxpayer assistance hours for the new office are as follows:

### Address


4911 88th Avenue, Suite B  
Kenosha, WI 53144-7439

### Telephone Number

(262) 653-7088


### Taxpayer Assistance Hours

January 1 through April 15: 7:45-4:30, Monday through Wednesday

April 16 through December 31: 7:45-1:00, Monday through Wednesday 

## Any Suggestions for 2004 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](mailto:isetechsvc@dor.state.wi.us). Your suggestions could help make "tax time" easier for taxpayers and practitioners. 

## FreeFile WISCONSIN Free-File Continues as an On-Line Hit!

In its second season, the Department of Revenue's Free-File program was once again a critical success. Over 80,000 taxpayers took advantage of the Wisconsin Free-File program to file their 2003 Wisconsin income tax returns on-line, on time, and completely free of charge.

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 have 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.

In addition to being easy to use, Free-File uses the latest computer file encryption technology to ensure confidentiality.

Free-File is available through the state government e-portal at [www.Wisconsin.gov](http://www.Wisconsin.gov) or more directly at [www.dor.state.wi.us](http://www.dor.state.wi.us). Taxpayers had asked for an income tax form they can file on-line. Free-File also accepts 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.

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, one out of every two personal income taxpayers filed electronically – whether through Free-File, TeleFile, commercial on-line filing programs, or through practitioners who e-file. That's up 36 percent from last year, when two of every five filed electronically.

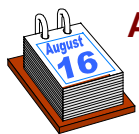
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Electronically filed tax returns help the Department of Revenue save resources because e-filed returns capture the taxpayer's keystrokes. There's no need for the department to manually enter or scan e-filed returns into its computers. Electronic filing remains the only method to receive your refund electronically within three to five days. [↗](#)

## 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 1/4 inch thick). [↗](#)



## Automatic 4-Month Extension Expires August 16

If your 2003 Wisconsin and federal individual income tax returns were due April 15, 2004, 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 16, 2004 (August 15 is a Sunday). 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 2003

Wisconsin return, ordinarily due April 15, 2004, must be filed by August 16, 2004.

If you are extending the time to file your Wisconsin return only, attach one of the following items to the 2003 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 2003 taxes by April 15, 2004, as a condition for receiving an extension of time to file your Wisconsin tax return. However, an extension of time to file your return 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. [↗](#)

### Wisconsin Tax Bulletin

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Mail Stop 6-40  
P.O. Box 8933  
Madison, WI 53708-8933

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

*Annual cost \$7.00*

## Use Tax Calculator 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 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, 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 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](http://www.dor.state.wi.us). Click on "Forms," scroll down to

and click on "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/03pb205.pdf](http://www.dor.state.wi.us/pubs/03pb205.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](mailto:sales10@dor.state.wi.us)

Web site: [www.dor.state.wi.us](http://www.dor.state.wi.us)




## 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](http://www.dor.state.wi.us); click on "Training." 



## Wisconsin Use Tax on Motor Vehicles

A person or business that buys a motor vehicle from a non-dealer must report the purchase price when registering the vehicle with the State of Wisconsin and pay the use tax owed. The Department of Revenue reviews 100 percent of the registrations for motor vehicles to determine if the buyer paid the correct amount of tax at the time the vehicle was registered. Approximately 20 percent of all vehicle registrations are selected for further audit. The two most common reasons for audit selection are:

1. The purchase price reported by the buyer at the time of registration is less than the average retail value for a vehicle of that make, model, year and mileage, and
2. The validity of the exemption claimed is questionable.

For those registrations selected for audit, the Department of Revenue will send a letter (and a follow-up letter, if necessary) to the seller of a vehicle in cases where there is a possible purchase price discrepancy. A letter may also be sent to the buyer requesting verification of the purchase price. If the buyer does not respond, an assessment will be issued to the buyer based on the average retail value for a vehicle of that make, model, year and mileage. The Department of Revenue will contact the buyer to question the validity of an exemption claimed by the buyer if this is the issue of the audit.

If the information furnished by the seller or buyer indicates that the buyer did not report the full purchase price of the vehicle or claimed an invalid exemption, the Department of Revenue will issue an assessment notice to the buyer. This notice will include additional tax and interest at 12% per year, computed to the due date of the assessment notice. **In addition, a 50% negligence (incorrect return) penalty may be assessed based on the additional tax due.** The annual revenue collected/assessed through this program each year is approximately \$1.2 million.

Common mistakes made when a vehicle is registered are:

- Subtracting the selling price of a vehicle sold through a separate transaction from the purchase

price of the replacement vehicle. For example, if a vehicle is purchased from Party A and you sell your old vehicle to Party B, no trade-in subtraction is allowed for the sale to Party B when you register the vehicle purchased from Party A.

- Not getting a bill of sale from the seller at the time of purchase. You should request a bill of sale (above and beyond the title) from the seller and keep it for at least 5 years from the date of registration, even if you sell the vehicle.
- An incorrect purchase price is listed on the registration form when the vehicle is registered. Make sure you know and enter the correct purchase price before you register your vehicle.
- County and/or stadium tax is not reported and paid when due. Make sure you know if the county in which the vehicle will customarily be kept has imposed a local tax.
- Math errors when calculating the tax. State tax is calculated by multiplying the purchase price by 5% (.05). County tax is calculated by multiplying the purchase price by 0.5% (.005). Baseball stadium tax is calculated by multiplying the purchase price by 0.1% (.001). Football stadium tax is calculated by multiplying the purchase price by 0.5% (.005). Remember, even if someone else completes the form for you, once you sign it, you are responsible.
- Registrant fails to enter their Social Security Number (“SSN”) or Federal Employee Identification Number (“FEIN”) and telephone number on the registration form. The SSN/FEIN are used to ensure the transaction and tax paid is posted to the correct account at the Department of Revenue. The telephone number can be valuable if a question arises during the processing of the registration form.
- An incorrect credit for tax paid to another state or the District of Columbia is taken. You may offset the tax owed to Wisconsin by tax properly paid to another state or the District of Columbia. However, you may only offset state tax against state tax and local tax against local tax.

**Example:** You purchase a vehicle for \$10,000 in Michigan and pay 6% Michigan state sales tax of \$600 at the time of purchase. You register the vehicle in Wisconsin and will customarily keep the vehicle in Milwaukee County. You owe \$560 Wisconsin state, county and stadium tax (\$500 state tax, \$50 Milwaukee county tax and \$10 baseball stadium tax). However, you are allowed to offset the \$500 of Wisconsin state tax owed by the amount of Michigan state tax paid. The amount allowed, however, cannot exceed the amount of Wisconsin state sales tax. In this case you are able to offset your state tax by \$500. Since no local tax was paid to Michigan, you are not allowed to offset the local tax owed to Wisconsin. Thus, when this vehicle is registered in Wisconsin, you owe \$60 of county and stadium tax.

- An exemption is claimed using someone else's common or contract carrier (LC/MC/IC) exemption

number. These numbers may not be used by an entity other than the one it was issued to.

- A farming exemption is claimed for a vehicle that is registered for highway use or when the buyer's activity does not qualify as a farming activity for sales and use tax purposes.

Many of the errors listed above are also commonly found on ATV, boat, snowmobile and aircraft registration forms.

If you have additional questions regarding Wisconsin sales or use taxes you may contact the Department of Revenue at: (608) 266-2776, e-mail - [sales10@dor.state.wi.us](mailto:sales10@dor.state.wi.us) or mail - Wisconsin Department of Revenue, Mail Stop 5-77, P.O. Box 8949, Madison, WI 53708-8949. [☞](#)

## Credit Card Payment Options Expanded

The Department of Revenue, in cooperation with Official Payments Corporation ("OPC"), recently expanded its credit card payment option to include 14 new tax types. The credit card payment option is available to both electronic and paper filers, and credit card payments may be made by telephone or by the Internet.

Also, OPC has a new payment feature called *Payment Reminders* that will give state taxpayers added convenience. This feature allows taxpayers to receive an e-mail reminder of upcoming payment due dates. All the taxpayer needs to do is use the *My Account* feature on the OPC web site, [www.officialpayments.com](http://www.officialpayments.com), to set up a profile and let OPC know what payment types they wish to be reminded of. A taxpayer can create Payment Reminders for all state and local payment types that OPC supports.

### Credit cards are now accepted for:

#### Individual Income Tax

- Balance due on tax returns
- Extension payments
- Estimated tax payments
- Amounts due on Notices of Adjustment
- Income Office Audit bills \*

#### Business Taxes

- Sales & use tax returns and bills \*
- Dry cleaning facility fee returns and bills \*
- Premier resort tax returns and bills \*
- Withholding tax returns and bills \*
- Expo tax bills \*
- Rental vehicle tax bills \*
- Business Tax Registration payments (both for registration and renewal) \*
- Consumers Occasional Use \*

#### Delinquent Taxes

- All tax types
- Full or partial payments

\* denotes a new tax type for which credit card payments may be made

#### Participating credit card companies are:

- American Express®
- Discover®
- MasterCard®
- Visa®



OPC charges the taxpayer a convenience fee of 2.5% of the payment amount, with a minimum fee of \$1.00 on tax payments less than \$40.00. The Department of Revenue does not receive any portion of the fee. The fee appears as a separate charge on the taxpayer's credit card statement. You can find more information about OPC on their web site at [www.officialpayments.com](http://www.officialpayments.com).

Materials designed exclusively for tax professionals and their clients are available on the OPC web site.

Additional information on the credit card payment option is available on the department's web site at [www.dor.state.wi.us](http://www.dor.state.wi.us). Click on "FAQs" (frequently asked questions), then "Payment," and then "Pay by Credit Card." [↗](#)



### 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 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 for more information, call the Minnesota Department of Revenue at (651) 297-4213.

October 12, 2004 – Duluth, Minnesota  
Minnesota Department of Revenue Office  
2711 West Superior Street

\*\*\*\*\*

October 19, 2004 – Hudson, Wisconsin  
Hudson House  
1616 Crestview Drive

\*\*\*\*\*

October 26, 2004 – Onalaska, Wisconsin  
Onalaska Omni Center  
225 Rider Club Street [↗](#)



### 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 28 of this Bulletin. The Index is also on the department's Internet web site at [www.dor.state.wi.us](http://www.dor.state.wi.us). Just click on "Publications." [↗](#)

### 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 again 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. [↗](#)

## Tax Publications Available

Listed below are 74 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) 264-7776.

### By E-Mail

You may e-mail your request to [forms@dor.state.wi.us](mailto: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](http://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

- |  |   |
|--|---|
| <p>102 Wisconsin Tax Treatment of Tax-Option (S) Corporations and Their Shareholders (12/03)</p> <p>103 Reporting Capital Gains and Losses for Wisconsin by Individuals, Estates, and Trusts (11/03)</p> <p>104* Wisconsin Taxation of Military Personnel (5/04)</p> <p>106 Wisconsin Tax Information for Retirees (11/03)</p> <p>109 Tax Information for Married Persons Filing Separate Returns and Persons Divorced in 2003 (11/03)</p> <p>112 Wisconsin Estimated Tax and Estimated Surcharge for Individuals, Estates, Trusts, Corporations, Partnerships (11/02)</p> <p>113 Federal and Wisconsin Income Tax Reporting Under the Marital Property Act (10/03)</p> <p>116 Income Tax Payments are Due Throughout the Year (11/02)</p> | <p>119 Limited Liability Companies (LLCs) (12/02)</p> <p>120 Net Operating Losses for Individuals, Estates, and Trusts (11/03)</p> <p>121 Reciprocity (11/03)</p> <p>122 Tax Information for Part-Year Residents and Nonresidents of Wisconsin for 2003 (11/03)</p> <p>123 Business Tax Credits for 2003 (12/03)</p> <p>125 Credit for Tax Paid to Another State (11/03)</p> <p>126 How Your Retirement Benefits Are Taxed (11/03)</p> <p>600 Wisconsin Taxation of Lottery Winnings (12/03)</p> <p>601 Wisconsin Taxation of Pari-Mutuel Wager Winnings (1/02)</p> |
|--|---|
- Sales and Use Taxes**
- |   |
|---|
| <p>200 Electrical Contractors – How Do Wisconsin Sales and Use Taxes Affect Your Business? (11/02)</p> <p>201 Wisconsin Sales and Use Tax Information (11/02)</p> <p>202 Sales and Use Tax Information for Motor Vehicle Sales, Leases, and Repairs (11/00)</p> <p>203 Sales and Use Tax Information for Manufacturers (7/00)</p> <p>204 Sales and Use Tax Information for Colleges, Universities and Technical Colleges (3/01)</p> <p>205 Use Tax Information for Individuals (4/03)</p> <p>206 Sales Tax Exemption for Nonprofit Organizations (6/00)</p> <p>207 Sales and Use Tax Information for Contractors (10/00)</p> <p>210 Sales and Use Tax Treatment of Landscaping (11/03)</p> <p>211 Cemetery Monument Dealers – How Do Wisconsin Sales and Use Taxes Affect You? (6/00)</p> <p>212 Businesses: Do You Owe Use Tax on Imported Goods? (4/03)</p> <p>213 Travelers: Don't Forget About Use Tax (4/03)</p> <p>214 Businesses: Do You Owe Use Tax? (4/03)</p> <p>216 Filing Claims for Refund of Sales or Use Tax (2/03)</p> <p>217 Auctioneers – How Do Wisconsin Sales and Use Taxes Affect Your Operations? (1/00)</p> |
|---|

- 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? (4/04)
- 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)

### Excise Tax

- AB-103 Alcohol Beverage Tax Information (3/03)
- MF-106 Alternate Fuel Tax Information (4/04)
- MF-107 Motor Vehicle Fuel Tax Information (4/04)
- MF-108 General Aviation Fuel Tax Information (4/04)
- 302 Wisconsin Alcohol Beverage and Tobacco Laws for Retailers (4/03)

### Other Taxes and Credits

- 127 Wisconsin Homestead Credit Situations and Solutions (11/03)
- 400 Wisconsin's Recycling Surcharge (12/03)
- 403 Premier Resort Area Tax (2/03)
- 410 Local Exposition Taxes (2/03)
- 503 Wisconsin Farmland Preservation Credit (11/03)

- 508 Wisconsin Tax Requirements Relating to Nonresident Entertainers (2/03)
- W-166 Wisconsin Employer's Withholding Tax Guide (2/04)

### Audits and Appeals

- 501 Field Audit of Wisconsin Tax Returns (2/04)
- 505 Taxpayers' Appeal Rights of Office Audit Adjustments (2/02)
- 506 Taxpayers' Appeal Rights of Field Audit Adjustments (10/03)
- 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 2004 Handbook for Federal/State Electronic Filing (11/03)
- 117 Guide to Wisconsin Information Returns (11/03)
- 124 Petition for Compromise of Delinquent Taxes (11/03)
- 130 Fax A Form (12/03)
- 140 A Tax Practitioner's Guide to Electronic Filing (6/03)
- 401 Extensions of Time to File (12/03)
- 405 Wisconsin Taxation of Native Americans (12/01)
- 500 Tax Guide for Wisconsin Political Organizations and Candidates (12/03)
- 502 Directory of Wisconsin Tax Publications (11/03)
- 504 Directory for Wisconsin Department of Revenue (5/03)
- 509 Filing Wage Statements and Information Returns on Magnetic Media or by Electronic Transmission (11/03)
- 700 Speakers Bureau presenting . . . (6/00) [🔗](#)



**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 138* (April 2004), pages 34 to 37.

**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 .....	266-2776
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



**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.*

**(Sales and Use Tax)**

**Q** I purchased some books from an out-of-state Internet company several weeks ago and the company did not charge me sales or use tax. This week, I purchased some clothing from another out-of-state Internet company and they **did** charge me Wisconsin sales or use tax. Should the out-of-state clothing company have charged me tax?

**A** Internet companies that have a physical presence in Wisconsin, such as a store, salesperson, warehouse, etc., are required to register and collect Wisconsin sales or use tax on sales of tangible personal property and taxable services in Wisconsin. This physical presence is referred to as “nexus.” You can assume that the clothing company has “nexus” with Wisconsin and is properly collecting and remitting Wisconsin sales or use tax on its sales to you. The book company did not charge you Wisconsin sales or use tax because it does not have “nexus” with Wisconsin. However, you are subject to Wisconsin use tax on your purchase of the books. The use tax you owe can be reported on the Wisconsin income tax return you file.

**Q** When does a “continuous exemption certificate” expire?

**A** Continuous exemption certificates do not expire and do not need to be renewed at any prescribed interval. However, they should be renewed at reasonable intervals in case of a business change, registration number change, or discontinuance of the specific business claiming the exemption. The seller should periodically review exemption certificates on file to ascertain that the person claiming the exemption is the person who furnished the certificate. 

## Treasury Offset Program Pays Big Dividends

The Department of Revenue has collected over \$12.6 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 \$347 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 17,500 delinquent taxpayers in Wisconsin have had their federal refunds intercepted, either in whole or in part, as a result of the program.

The Treasury Offset Program, 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. To date, the thirty-six states participating in the program have collected more than \$502 million in delinquent income taxes. [↗](#)



## 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* 137 (January 2004), pages 39 to 72. It includes information for issues 1 to 136 (through October 2003). [↗](#)

## Man Sentenced for Failure to Remit Withholding Taxes

A Washington County businessman pled guilty in March 2004 to a criminal charge of failing to submit taxes withheld from employee wages to the Wisconsin Department of Revenue. Washington County Circuit Court Judge Andrew Gonring placed Markus Meinhardt, 39, of Jackson, on probation for two years and ordered him to serve 60 days in the Washington County Jail for the tax crime. As part of a plea agreement, Meinhardt made a \$100,000 down payment towards restitution to the Wisconsin Department of Revenue for the back taxes, interest and penalties.

According to the criminal complaint, Meinhardt, along with his father Adolf, operated a machine shop under the name of A&M Tooling, Inc. in Hartford starting in about 1986. In September 1998, the Meinhardts merged A&M Tooling, Inc. into another business they operated under the name of Elmass North America, Inc. After the merger, Meinhardt ceased filing state withholding tax reports for A&M, but never applied for a withholding tax number or permit for Elmass.

From September 1998 until the business ceased in May 2002, Meinhardt deducted state income taxes from his employees’ wages but never remitted the funds to the Wisconsin Department of Revenue. According to the complaint, Meinhardt’s accountant continued to prepare state withholding tax reports, but Meinhardt never filed them. He further concealed these taxes from the state by

not sending the employer portion of the annual W-2 forms to the Wisconsin Department of Revenue, which would have alerted the state to the fact that he was withholding.

State income taxes deducted and withheld from employees’ wages are trust funds, money belonging to the state. An employer who willfully fails or refuses to remit these taxes can be charged with a crime, in addition to the civil penalties that are imposed.

In March 2004, the Wisconsin Alcohol and Tobacco Enforcement Unit, in conjunction with the Sheboygan County Sheriff’s Department and Sheboygan Police Department, executed a search warrant at a residence in the Town of Sheboygan. The warrant was issued as a result of an investigation into the trafficking and sale of untaxed cigarettes that had been ordered via the Internet.

A Town of Sheboygan woman is suspected of ordering large quantities of untaxed cigarettes, both for personal use and to sell for profit. During the search of her home, state agents seized more than 18,000 untaxed cigarettes that appear to have been shipped from Russia, Switzerland, and the Philippines. The suspect may face criminal charges for tax evasion, for possessing untaxed cigarettes and for providing cigarettes to minors. The case will be referred to the Sheboygan County District Attorney’s Office for potential criminal charges. The

Wisconsin Department of Revenue will be assessing for the unpaid cigarette tax liability.

A spokesperson for the Alcohol and Tobacco Enforcement Unit indicated that ordering cigarettes over the Internet has become more prevalent as the prices for legal cigarettes have increased. They also indicated that in addition to ordering illegal cigarettes over the Internet, in this case an individual was making a profit dealing in the black-market cigarettes. "Internet cigarettes not only are untaxed and cause the State of Wisconsin to lose millions of dollars in tax revenue, they often are available to minors and are of a lesser quality than domestic cigarettes."

The Wisconsin Alcohol and Tobacco Enforcement Unit, located within the Criminal Investigation Section of the Wisconsin Department of Revenue, is responsible for enforcing the state's alcohol and tobacco product laws. Special Agents in the Unit are located in field offices throughout the state.

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*Note: The information in the following section of this article was obtained from a story in the March 17, 2004, issue of the Milwaukee Journal Sentinel.*

A pair of search warrants filed in March 2004 allege that Joseph A. and Leslie West Balestrieri, operators of the Milwaukee concert venue The Rave and Eagles Ballroom, failed to turn over at least \$183,791 in sales and income taxes owed to the state between 1999 and 2003.

Investigators seized 49 boxes of financial records from offices at The Rave and Eagles Ballroom on West Wisconsin Avenue in Milwaukee and another batch of records from the offices of the Balestrieris' corporate accountants, the Neal Group, on West Layton Avenue in Greenfield.

Affidavits written in support of the search warrant requests indicate that the Balestrieris control two corporations, Eagles Entertainment, Inc. and TSI Concerts, Inc., that ran the concert business of The Rave and Eagles Ballroom. At least 32 touring acts from out of state performed at the Eagles Ballroom in 1999, but the affidavits suggest that the Balestrieris didn't withhold the required Wisconsin taxes from the performers' fees. Officials say the Balestrieris owe about \$24,000 in taxes from those 32 performers' fees.

The affidavits also allege that 6 months of sales tax returns filed by TSI Concerts, Inc. in 2001 and 2002

were turned in without the amount due for sales tax on ticket sales, creating a tax debt of \$84,589. The same thing was found in a check of sales tax returns in late 2003, after Eagles Entertainment, Inc. took over as the venue's ticketing company. The records say tax returns for September through November 2003 were turned in without the \$75,232 amount due.

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In April 2004, a Madison, Wisconsin business was charged with four counts of cigarette and tobacco tax violations. The criminal complaint and summons were issued by the Dane County District Attorney's Office as a result of a criminal investigation by the Department of Revenue's Alcohol and Tobacco Enforcement Unit. The investigation involved the sale of tribal cigarettes and tobacco products at a non-tribal store and attempting to evade payment of cigarette and tobacco taxes to the State of Wisconsin.

The complaint alleges that Hunza, Inc., doing business as "Open Pantry Food Mart," unlawfully possessed more than 36,000 cigarettes without properly affixed tax stamps, a felony in the State of Wisconsin. The complaint also states that the business purchased cigarette and tobacco products from sources other than licensed Wisconsin distributors in addition to attempting to evade paying cigarette and tobacco taxes to the state. The charges carry penalties of up to 5 years and 3 months in prison and up to \$31,000 in fines.

On July 30, 2003, Special Agents seized over 37,000 cigarettes and various cans of chewing tobacco that had been purchased from either tribal lands or unauthorized sources. Agents also seized business records and cash register receipts from the retail location, indicating that the illegal sales had been taking place since January 2002. The Department of Revenue determined that Hunza, Inc. owes the State of Wisconsin \$13,360.25 in unpaid taxes, including interest and penalties.

A spokesperson for the Alcohol and Tobacco Enforcement Unit indicated that illegal activity involving cigarette and tobacco products has become more prevalent around the state. In this instance, a retail location was attempting to evade state taxes by purchasing tribal cigarettes at a much cheaper price, and then reselling them to the public. They also indicated that Special Agents are seeing more organized criminal activity involving cigarette and tobacco product smuggling and diversion around the state. Cigarettes have become a very sought after black-market commodity, according to the spokesperson.

The Wisconsin Alcohol and Tobacco Enforcement Unit is located within the Criminal Investigation Section of the Wisconsin Department of Revenue and is responsible for enforcing the state's alcohol and tobacco product laws. Special Agents are located in field offices throughout the state.

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*Note: The information in the following section of this article was obtained from a story in the April 13, 2004, issue of the Wisconsin State Journal.*

In April 2004, Amy E. Mitchell, 25, of Madison, plead no contest before Dane County Circuit Judge Diane Nicks to two counts of theft in a business setting and one count of filing a false income tax return. Nine other

felony charges were dismissed, but can be considered by Nicks when she sentences Mitchell.

According to the criminal complaint, Mitchell took more than \$180,000 during one year of employment with Walgenmeyer's Carpet and Tile from 2001 to 2002. The thefts were reported to owner Robert Walgenbach by Mitchell's ex-boyfriend. Mitchell later admitted to police that she inserted blank checks into stacks of checks for the store manager to sign, then wrote her own name in as payee.

Also according to the complaint, Mitchell has returned \$32,000 in cash, a 17-foot Bayliner boat, a 2000 Chrysler Concorde, a Ford Explorer, a 65-inch high definition television and a 55-inch television. [↗](#)

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## 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, 2004 and at each step where action occurred during the period from April 2, 2004, through July 1, 2004.

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 28 of this Bulletin to order the Tax section of the Wisconsin Administrative Code.

## Sent to Legislative Council Rules Clearing House

1.12 Electronic funds transfer – A

## Reviewed by Legislative Council Rules Clearing House

1.12 Electronic funds transfer – A

2.49 Apportionment of net business incomes of interstate finance companies – R&R

2.495 Apportionment of net business incomes of interstate brokers-dealers, investment advisers, investment companies, and underwriters – NR

[↗](#)