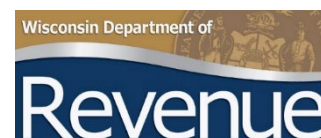


# Wisconsin Tax Bulletin

November 2021 Number 215



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## General Updates and Reminders

### My Tax Account Updated to Improve Functionality, User Experience

Wisconsin Department of Revenue's My Tax Account (MTA) application has a new look and feel. The new version offers many improved features to enhance user experience. Among the changes are improved responsive design, enhanced security and simplified navigation.

## Big Changes

Among the more notable changes is a new Session ID function allowing an unregistered user to share their computer screen with one of the department's customer service specialists to work through issues together. Practitioners and other third-party administrators will find a simplified process for acquiring access to their client accounts.

## Informational Webinars

Everyone who uses MTA should view the informational webinar titled "My Tax Account Redesign Webinar" available on the department's [Training page](#).

More about what is new in MTA is available in this [brief video](#).

Contact the department by email at [DORMyTaxAccountHelp@wisconsin.gov](mailto:DORMyTaxAccountHelp@wisconsin.gov) or by phone at (608) 266-2776 with questions.

## New Wisconsin Identity Protection PIN

Starting in mid-November, the department will offer a new program for taxpayers to protect their identities. Taxpayers may request an Identity Protection PIN that must be used to file their 2021 individual income tax return and homestead credit claims.

The Wisconsin Identity Protection PIN is:

- Seven alpha-numeric characters
- Specific to Wisconsin returns and cannot be used on federal or other states' returns
- Entered in the signature section of Form 1, Form 1NPR, Schedule H, or Schedule H-EZ
- Year-specific
  - Any Wisconsin individual income tax return or homestead credit claim filed during the calendar year will use the same PIN
    - This applies to 2021 returns and forward
  - Taxpayers who sign up for this program will receive a new PIN each year

Information on how to request a PIN and common questions and answers will be posted on the department's website in mid-November.

## New Wisconsin Tax Appeals Commission Website

The Wisconsin Tax Appeals Commission (WTAC) is an independent state agency created by the Wisconsin Legislature to hear taxpayer appeals of Wisconsin Department of Revenue and Wisconsin Department of Transportation determinations. The WTAC's new website has information about:

- Filing appeals
- Common appeal issues
- WTAC decisions dating back to 1984
- Higher court outcomes

You can find their new website at: <https://taxappeals.wi.gov/Pages/home.aspx>.

## Revised Form A-222, Power of Attorney

[Form A-222](#), *Power of Attorney*, and [instructions](#) are redesigned to improve functionality for both practitioners and the department. The redesigned form includes:

- New check boxes in Part 3 to clearly identify whether authority is granted to an entire entity (e.g., accounting firm) or to an individual(s)
- New information entry boxes under Part 3A to identify a contact person if authority is granted to an entire entity or firm
- Check boxes in Part 4 to clearly identify whether full or limited authority is granted
- Clarification that most notices can be viewed by the representative through My Tax Account, if authorized by the taxpayer for online access
- A link to the department's [online request for copies of tax records](#)

## Third-Party Designee Authorization

On Wisconsin tax returns, a taxpayer may grant authority to another person to discuss the taxpayer's Wisconsin tax return with the department.

The third-party designee is authorized to do all of the following:

- Discuss with the department any questions that may arise during the processing of the taxpayer's return
- Give the department any information missing from the return
- Call the department for information about the processing of the return or the status of the refund or payment(s)
- Respond to certain department notices about the return, such as math errors or refund offsets

The third-party designee is not authorized to do any of the following:

- Receive any refund check
- Bind a taxpayer to anything (including any additional tax liability)
- Otherwise represent a taxpayer before the department

A third-party designee's authorization automatically ends by the unextended due date for filing the next year's tax return (e.g., a designee's authorization on a 2020 tax return ends by the unextended due date for filing the taxpayer's 2021 tax return, which is April 18, 2022, for most individual income tax filers).

**Note:** When processing or auditing a return, requests for additional information or clarification are first communicated to the taxpayer by letter. The department does not make first contact with a taxpayer by phone or email without the taxpayer first contacting the department on an issue. If the third-party designee contacts the department, department staff will discuss the return or notice over the phone with the designee, provided the designee's authorization period has not ended.

If the designee's authorization period has ended, or if the taxpayer is contacted for an audit for multiple tax years, the auditor will request [Form A-222, Power of Attorney](#), to authorize the department to discuss the details of the audit with the third-party designee.

## Nexus Relief During the COVID-19 Pandemic Expires December 31, 2021

On March 13, 2020, the President proclaimed a [national emergency](#) concerning the COVID-19 pandemic. Around the same time, Wisconsin and many other states declared a public health emergency and ordered individuals to stay at home. As a result, many employees began telecommuting from their homes instead of working at their employer's business location.

**Note:** The national emergency was [extended](#) on February 24, 2021.

From March 13, 2020, through December 31, 2021, Wisconsin relaxed its enforcement of nexus provisions on an out-of-state business if its only Wisconsin activity was having an employee working temporarily from the employee's home during this national emergency (COVID-19). The nexus relief applies to out-of-state businesses that would otherwise be required to file Wisconsin sales/use tax, withholding tax, and income/franchise tax returns.

Beginning January 1, 2022, the nexus relief no longer applies. Previous guidance is replaced and superseded by this article. Previous guidance is in [Wisconsin Tax Bulletin 211](#) and [2020 Wisconsin Withholding Tax Update](#) in an article called *Telecommuting Employees and Employer Withholding Tax During the COVID-19 Pandemic*.

For more information about nexus see:

- Income/franchise tax nexus - [sec. Tax 2.82](#), Wis. Adm. Code
- Sales/use tax nexus – see "Registering for Use Tax" in [Publication 201](#), *Wisconsin Sales and Use Tax Information*, and secs. 77.51 ([13g](#)), ([13gm](#)), and ([13h](#)), Wis. Stats.

## Income and Franchise Tax Updates and Reminders

### Unrelated Business Taxable Income for Qualified Transportation Fringe Benefits

Income received by a tax-exempt entity from an activity that is not related to the entity's regular activity may be considered unrelated business taxable income (UBTI). Tax-exempt organizations and certain individual retirement arrangements or Medical Savings Accounts use [Form 4T](#) to report their UBTI.

- **Taxable years beginning after December 31, 2017 and before January 1, 2021:**
  - Qualified transportation fringe benefits for maintaining qualified parking for an on-premises athletic facility, parking facilities used in connection with qualified parking, and employee personal transportation related to commuting to and from work under sec. 132(f), Internal Revenue Code (IRC), must be included in a tax-exempt entity's UBTI for Wisconsin purposes.
  - Under federal Public Law (P.L.) 115-97, sec. 13703, a tax-exempt entity is required to include certain qualified transportation fringe benefits in the tax-exempt entity's UBTI. This federal provision was repealed under P.L. 116-94, Division Q, sec. 302. Wisconsin follows the federal UBTI provision under P.L. 115-97; however, Wisconsin did not adopt the repeal under P.L. 116-94.

- **Taxable years beginning after December 31, 2020:**

- Qualified transportation fringe benefits for maintaining qualified parking for an on-premises athletic facility, parking facilities used in connection with qualified parking, and employee personal transportation related to commuting to and from work under sec. 132(f), IRC, are no longer required to be included in a tax-exempt entity's UBTI for Wisconsin purposes.
- Under federal P.L. 116-94, Division Q, sec. 302, the requirement to include qualified transportation fringe benefits in a tax-exempt entity's UBTI was repealed. Wisconsin adopted this provision for taxable years beginning after December 31, 2020.
- Wisconsin amended returns should not be filed to remove the qualified transportation fringe benefits from UBTI for taxable years beginning after December 31, 2017, and before January 1, 2021, because Wisconsin only adopted the repeal for taxable years beginning after December 31, 2020.

## Filing Form W-RA

The purpose of [Form W-RA](#), *Required Attachments for Electronic Filing*, is to submit supporting documentation for an electronically filed return or homestead credit claim. To prevent delays in processing a return requiring supporting documentation, submit all required documents electronically using [My Tax Account](#) or mail them with Form W-RA within 48 hours of receipt of the Wisconsin acknowledgment.

Common reasons for using Form W-RA are to submit:

- Proof of income and an original signed rent certificate or property tax bill with an electronically filed homestead credit claim
- A copy of a federal income tax return and related wage statements with an electronically filed [Form 1](#), *Wisconsin Income Tax Return*, if the information was not originally provided with the electronic Form 1 submission (i.e., electronically filing Form 1 using Wisconsin e-file)

**Caution:** Form W-RA is often incorrectly filed with the department. Do not include Form W-RA with a paper-filed return or homestead credit claim. Documents mailed with Form W-RA are loaded into the department's computer system as attachments and are not recognized as a filed return.

## Partnerships Required to Use Tax Basis Method for Reporting Partners' Capital Accounts

In December 2019, the Internal Revenue Service (IRS) issued [IRS Notice 2019-66](#) mandating partnerships report partners' shares of partnership capital on the tax basis method for taxable years beginning on or after January 1, 2020. The IRS provided guidance on satisfying the reporting requirements in the [2020 Form 1065 instructions](#).

For Wisconsin purposes, partnerships may report partners' shares of partnership capital on the 2021 Wisconsin [Schedule 3K-1](#), *Partner's Share of Income, Deductions, Credits, etc.*, using tax basis or other methods of accounting (e.g., GAAP). Starting with taxable years beginning on or after January 1, 2022, partnerships must report partners' shares of partnership capital to Wisconsin on the 2022 Schedule 3K-1 using the tax basis method and provide a schedule identifying any differences between the Wisconsin and federal tax basis.

## Veterans and Surviving Spouses Property Tax Credit: Recertification for Current Year

The veterans and surviving spouses property tax credit is available to eligible veterans and unremarried surviving spouses equal to the amount of property taxes paid during the year on their principal dwelling in Wisconsin. An eligible veteran or unremarried surviving spouse certified by the Wisconsin Department of Veterans Affairs (WDVA) and having an eligibility date ending in 2020 must request recertification with WDVA by contacting WDVA using one of the methods listed below or their [County Veterans Service Officer](#).

- Call: (800) 947-8387
- Mail: Wisconsin Department of Veterans Affairs  
  
Attn: Veterans Property Tax Credit  
201 West Washington Ave  
PO Box 7843  
Madison WI 53707-7843

Eligibility end dates are stated on the certificate received from WDVA or can be verified by contacting them at the phone number listed above. Certifications updated prior to filing a 2021 Wisconsin income tax return will prevent delays in processing refunds for the veterans and surviving spouses property tax credit.

## Reminder: Qualified Wisconsin Business Registration for Capital Gain Exclusion and Deferral

### *Registration Requirements*

A business must register with the department by the close of each calendar year to be considered a qualified business for that year. The registration deadline for 2021 is January 3, 2022.

**Exception:** A business that started operations in Wisconsin in 2021 must complete the 2022 registration application (available after January 3, 2022, and before January 4, 2023) and answer yes to the question "Did the business start operations in Wisconsin last year?"

A business may register as a qualified Wisconsin business if **all** the following apply as of the tax year ending immediately before the date of registration:

- The business has at least two full-time employees.
- The amount of payroll compensation paid by the business in Wisconsin is at least 50 percent of all payroll compensation paid by the business.
- The value of real and tangible personal property owned or rented and used by the business in Wisconsin is at least 50 percent of the value of all real and tangible personal property owned or rented and used by the business.

For more information, refer to [Registration of Qualified Wisconsin Businesses](#) on the department's website.

### *Benefits of Registering*

For Wisconsin income tax purposes, an individual may:

- Defer a long-term capital gain if the gain is reinvested in a qualified Wisconsin business within 180 days after the sale of the asset that generated the gain.
- Exclude certain long-term capital gains from the sale of an investment in a qualified Wisconsin business. The exclusion applies if the business was a qualified Wisconsin business for the year of the investment and for at least two of the four subsequent years, the investment was made after December 31, 2010, and the investment was held for at least five uninterrupted years.

For more information, see [Fact Sheet 1102-2](#), *Deferral and Exclusion of Long-Term Capital Gains for Investments in Wisconsin Businesses*, and [Qualified Wisconsin Business Capital Gain Exclusion](#) on the department's website.

## Withholding Tax Updates and Reminders

### Withholding Tables Revised Starting January 1, 2022

The withholding tables and alternate methods of withholding have been revised. The withholding tables and alternate method are found in Wisconsin [Publication W-166](#), *Withholding Tax Guide Effective for Withholding Periods Beginning on or After January 1, 2022*, and are effective for payroll periods beginning on or after January 1, 2022. Employers are required to implement the revised withholding tables or alternate method no later than January 1, 2022.

**Note:** Prior to January 1, 2022, employers were authorized to use one of two alternate methods of withholding (Method A or Method B) rather than use the withholding tables without receiving any further approval from the department. Alternate "Method B" has been discontinued and removed from Publication W-166. Starting January 1, 2022, employers must get approval from the department to use a method of withholding other than the tables or the alternative method approved in Publication W-166.

### Withholding Tax Update Available

The [2021 Withholding Tax Update](#) has been posted to the department's website. Topics covered include:

- What's New?
  - Withholding Tax Tables Revised Starting January 1, 2022
  - Nexus Relief, Telecommuting Employees, and Employer Withholding Tax During the COVID-19 Pandemic
  - Dependent Care Assistance Program – Wisconsin and Federal Differences for 2021
  - Electronic Filing Mandate – Form PW-2
  - New Fact Sheet for Nonresident Seasonal Workers
- Notice to Employers Using a Payroll Service Provider
- The Combined Federal/State Filing Program Is Not an Approved Filing Option for Information Returns with Wisconsin Withholding
- Form 1099-NEC and Form 1099-MISC
- Truncated Taxpayer Identification Numbers on Forms W-2 and 1099
- Withholding Deposit Reports (Form WT-6) and Annual Reconciliation (Form WT-7)
- Electronic Filing Mandate – Forms WT-6 and WT-7

- Form WT-7 – Filing an Amended Annual Reconciliation
- Form WT-7 – Reporting by Financial Institutions and Insurance Agencies
- Filing Wage Statements and Information Returns
- Filing Extensions – Form WT-7, Wage Statements, and Information Returns
- Transportation Fringe Benefits for 2020, 2021, and 2022
- Single-Member LLCs – Are You Registered Correctly?
- Employees Claiming More than 10 Exemptions or Complete Exemption from Withholding (Form WT-4)
- Withholding Lock-In Letters
- Retirement and Pension Payments Exempt from Income Tax Withholding
- Reporting Nonresident Entertainer Withholding on Income/Franchise Tax Returns
- My Tax Account New User Webinars
- My Tax Account Refresher Webinars
- Withholding Tax Webinars for Employers
- Withholding Tax Electronic Mailing List
- Employer's Responsibility for Unclaimed Property
- Questions or Comments
- Quick Links

## Using My Tax Account to Submit Wage Statements and Information Returns

Employers and payers who are required to submit 10 or more wage statements (Form W-2) or 10 or more of any one type of information return (Form 1099) for the year must file these forms electronically.

If you use a payroll software to prepare your wage statements or information returns, your software may allow you to file these returns electronically with the department using a data file transfer. See Wisconsin [Publication 172](#), Annual W-2, 1099-R, 1099-MISC, 1099-NEC & W-2G Electronic Reporting, for more details about filing using a data file transfer.

Employers may also file these statements using either of the two methods in My Tax Account (MTA):

- Enter Forms W-2, 1099-MISC, 1099-NEC, and 1099-R when filing the annual reconciliation (Form WT-7).
- Enter Forms W-2, 1099-MISC, 1099-NEC, and 1099-R at any time during the year. Log into MTA and select "Enter W-2/1099 Information." Users can view a demonstration [video](#) for more information on this process.

My Tax Account makes it easy to file information returns omitted from previous submissions. It also provides a user-friendly option for those that don't have active withholding accounts but have to file Forms W-2 or Forms 1099.



## The Combined Federal/State Filing Program Is Not an Approved Filing Option for Information Returns with Wisconsin Withholding

Persons who participate in the combined [federal/state filing program](#) under [sec. Tax 2.04\(7\)](#), Wis. Adm. Code, are not required to file Forms 1099 with the department because the department receives this information from the Internal Revenue Service.

**Exception:** When Wisconsin income tax is withheld, the information return (e.g. Form 1099-R) must be filed directly with the department using one of the filing options listed in Section 4 of [Publication 117, Guide to Wisconsin Wage Statements and Information Returns](#). The combined federal/state filing program is not an acceptable filing option for information returns with Wisconsin withholding.

### Example:

- Individual A receives retirement distributions from Company B and Wisconsin income tax is not withheld from these distributions.
- Individual C receives retirement distributions from Company D and Wisconsin income tax is withheld from these distributions.
- Companies B and D must report the distributions on Form 1099-R.

Company B has the option to file Form 1099-R through the combined federal/state filing program, but Company D may not file Form 1099-R through the combined federal/state filing program.

## Sales and Use Tax Updates and Reminders

### Village of Ephraim Adopts Premier Resort Area Tax Effective January 1, 2022

The Village of Ephraim in Door County recently adopted an ordinance to impose a 0.5% premier resort area tax within the village beginning January 1, 2022.

Sellers who (1) have taxable sales of products or services that take place in the Village of Ephraim **and** (2) are classified under one of the Standard Industrial Classification numbers listed in the department's [Premier Resort Area Tax Common Questions](#), must remit premier resort area tax on such sales.

For more information about the premier resort area tax, see [Publication 403, Premier Resort Area Tax](#).

If you are required to collect the Village of Ephraim premier resort area tax, you must register with the department. To register, send us your legal name, address, and 15-digit sales tax number by:

- Email: [DORRegistration@wisconsin.gov](mailto:DORRegistration@wisconsin.gov),
- Fax: (608) 327-0235, or
- Mail: Wisconsin Department of Revenue  
Attn: Registration Unit  
PO Box 8902  
Madison, WI 53708-8902

Premier resort area tax is filed separately from sales and use tax. Use [My Tax Account](#) to file premier resort area tax.

If you have questions, contact us at (608) 266-2776.

## Reminder: New Certificate of Exempt Status (CES) Numbers

As a result of a recent law change, the department has been issuing NEW 15-digit CES numbers beginning with 008 to qualifying organizations. If your organization currently holds a CES number but has not received a new number, please contact the department at [DORRegistration@wisconsin.gov](mailto:DORRegistration@wisconsin.gov) or (608) 266-2776.

If your organization does not hold a CES number and is a qualifying organization, you may apply for a CES number using [Form S-103, Application for Wisconsin Sales and Use Tax Certificate of Exempt Status \(CES\)](#). See [sec. 77.54\(9a\)](#), Wis. Stats., for a complete listing of qualifying organizations.

Additional resources:

- New Tax Law article on page 14 of [Wisconsin Tax Bulletin 212](#) (February 2021)
- Common Questions - [Nonprofit Organization - Certificate of Exempt Status](#)

## Telecommunications and Telecommunications Message Services

The Streamlined Sales Tax Governing Board (SSTGB) recently approved an [Interpretation Opinion](#) recommendation from the Compliance Review and Interpretations Committee (CRIC) related to telecommunications services. Since Wisconsin's law has the same definition of telecommunications services as found in the [Streamlined Sales and Use Tax Agreement](#) (Agreement), Wisconsin will follow the approved Interpretation Opinion and will not impose sales or use tax on the online banking platform as a telecommunication service.

At issue was whether providing and hosting an online banking platform fell within the definition of "telecommunications services" under Appendix C, Part II of the Agreement. Wisconsin Department of Revenue is a signatory to the Agreement which establishes uniform definitions related to sales and use tax with other states that are also signatories to the Agreement.

The issue came before SSTGB based on a ruling the department issued indicating the purchaser's primary purpose of purchasing the online banking platform was to route data (e.g., checking account information) from the financial institution to its members.

The SSTGB decision was that the transactions did not meet the definition of "telecommunication services" since the provider of the online banking platform was not providing the pipeline to carry information and messages between the various points. Rather, the provider, financial institution, and its members all purchased transmission services (i.e., the pipeline) separately from a third-party telecommunications service provider.

The CRIC Interpretation Opinion became part of the Agreement when it was approved by the SSTGB on October 5, 2021. Wisconsin has been a full member of the SSTGB since October 1, 2009. In order to retain full member status with the SSTGB, Wisconsin's law and implementation must be compliant with the Agreement.

Wisconsin imposes sales and use tax on telecommunications services ([sec. 77.52\(2\)\(a\)5.am.](#), Wis. Stats.) and telecommunications message services ([sec. 77.52\(2\)\(a\)5m.](#), Wis. Stats.). Below is an explanation and examples of each service.

## Telecommunications Services

Telecommunications services means the electronic transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point, or between or among points ([sec. 77.51\(21n\)](#), Wis. Stats.). Examples of taxable telecommunications services include (this list is not all inclusive):

- Intrastate telecommunications service – telecommunications service that originates and terminates in the same state
- Interstate telecommunications service – telecommunications service that originates in one state and terminates in a different state
- Mobile wireless service – telecommunication service for which the origination or termination points are not fixed, regardless of the technology used to transmit, convey, or route the service
- Private communication services – telecommunication service that entitles the customer to exclusive or priority use of a communications channel or group of communication channels, regardless of the manner in which the communications channel or group of communications channels is connected, and includes switching capacity, extension lines, stations, and other associated services that are provided in connection with the use of such channel or channels
- Prepaid wireless calling service – telecommunications service that provides the right to utilize mobile wireless service as well as other non-telecommunications services, including the download of digital products delivered electronically, content, and ancillary services, and that is paid for prior to use and sold in predetermined units or dollars that decrease with use in a known amount

## Telecommunications Message Services

Telecommunications message services consist of recording telecommunications messages and transmitting them to the purchaser of the service or at that purchaser's direction, but not including those services if they are merely an incidental element of another service that is sold to that purchaser and is not taxable under the Wisconsin sales and use tax law. Examples of taxable telecommunications message services include (this list is not all inclusive):

- Email blast service – recording a telecommunications message and sending the message to an electronic mailing list of email addresses
- Text marketing service – recording a telecommunications message and sending the message to a list of cellular telephone numbers
- Security monitoring service – recording a telecommunications message and transmitting the message to the customer or local authorities of the message
- Medical alarm monitoring service – recording a telecommunications message and transmitting the message to a local emergency response unit or other person indicated by the customer

A telecommunications or telecommunications message service provider may provide nontaxable services in conjunction with taxable services. If there is a single charge for taxable and nontaxable services, generally the entire transaction is taxable, unless the transaction is a bundled transaction and the requirements in [sec. 77.52\(20\)\(b\)](#), Wis. Stats., are met or if the department determines another method more accurately reflects the tax, as provided in [sec. Tax 11.67\(2\)\(c\)1.](#), Wis. Adm. Code.

Additional information is provided in [sec. Tax 11.66](#), Wis. Adm. Code, *Telecommunications and telecommunications message services*.

## Correction to Internet Access and Related Services Article

The article *Internet Access and Related Services* published in [Wisconsin Tax Bulletin 210](#) (July 2020), incorrectly states that charges for email services that are separate and optional from internet access services are taxable as a telecommunications message service under [sec. 77.52\(2\)\(a\)5m.](#), Wis. Stats. A note has been added to *Wisconsin Tax Bulletin 210* indicating this incorrect tax treatment.

Beginning July 1, 2020, charges for internet access are no longer taxable. The definition of "internet access" in the Internet Tax Freedom Act (ITFA) includes electronic mail. Therefore, the charge for email services is no longer taxable. A service provider is selling an email service if it is providing a mailbox as a means or system of transmitting, receiving, and storing messages electronically (as between computers on a network).

## Fact Sheet 2111, Fuel and Electricity Consumed in Manufacturing

A new fact sheet explaining the Wisconsin sales and use tax treatment of fuel and electricity consumed in manufacturing has been posted to the department's website. [Fact Sheet 2111, Sales and Use Tax Exemption for Fuel and Electricity Consumed in Manufacturing](#), explains the manufacturing exemptions, exemption requirements, procedures for claiming the exemption, documenting the exemption, and what to expect in an audit of the claimed exemption.

## Net Metering and Net Billing Utility Charges

### Net Metering

Net metering involves the use of one meter for sales of electricity to a customer as well as purchases of electricity by the utility from the customer. A meter reading is captured periodically, with the net result compared to the previous reading net result.

### Net Billing

Net billing involves one meter to record electricity sold by the utility to a customer and another meter is used to record the amount of electricity sold by the customer to the utility. The amount of electricity sold by the customer to the utility is subtracted (i.e., traded-in) from the electricity purchased by the customer and the customer receives a net billing.

### Sales Tax Treatment

The sales tax treatment is the same for net metering and net billing:

- If the monthly billing to the customer is an amount due (i.e., amount charged for electricity usage exceeds amount of electricity sold to the utility in the same period), sales tax is applied to the net amount due, unless an exemption applies (e.g., sale to Wisconsin governmental unit). Prior billing credit balances reduce the amount due after the sales tax has been calculated.
- If the monthly billing to the customer is a credit balance (i.e., the amount charged for electricity usage is less than the electricity sold to the utility in the current period), there is no sales tax due. The credit amount represents the charge for electricity sold by the customer to the utility for resale. A credit balance for a current period cannot reduce the amount subject to sales tax in a prior billing or future billing period.

Net metering examples:

Net Amount Due

Net Credit Balance

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Customer Charge	\$25.00	\$25.00
Energy Charge	<u>12.00</u>	<u>(30.00)</u>
Subtotal	\$37.00	<u>(5.00)</u>
Wisconsin state sales tax (5%)	<u>1.85</u>	<u>0.00</u>
Charge/(Credit) for this billing period	\$38.85	<u>(5.00)</u>
Past Due/(Credit) from last billing period	<u>( 8.25)</u>	<u>0.00</u>
Total Due (Credit)	<u>\$30.60</u>	<u>(5.00)</u>

Net billing examples:

	<u>Net Amount Due</u>	<u>Net Credit Balance</u>
Purchases subtotal	\$137.00	\$38.20
Distributed Generation subtotal	<u>(20.00)</u>	<u>(56.00)</u>
Charges/(Credit) for this billing period	\$117.00	<u>(17.80)</u>
Wisconsin state sales tax (5%)	<u>5.85</u>	<u>0.00</u>
Charge/(Credit) for this billing period	\$122.85	<u>(17.80)</u>
Past Due/(Credit) from last billing period	<u>( 8.25)</u>	<u>0.00</u>
Total Due (Credit)	<u>\$114.60</u>	<u>(17.80)</u>

The taxability of electricity generated by a community solar project may differ than the net billing and net metering tax treatment above when (1) the solar electrical generation equipment is owned by a cooperative and members purchase "shares" in the project, or (2) the equipment is owned and operated by the cooperative member. The terms of the agreement between the cooperative and its members will determine the tax treatment.

## Excise Tax Updates and Reminders

### Fermented Malt Beverage Wholesaler Permit Fee Increase

Effective January 1, 2022, Wisconsin's fermented malt beverage (beer) wholesaler permit fee increases from \$2,400 to \$4,000 for a two-year period. The increased fee applies to applications and renewals received on or after January 1, 2022. Beer wholesaler permits are authorized under [sec. 125.28](#), Wis. Stats., and expire at the same time as the business tax registration certificate under [sec. 73.03\(50\)](#), Wis. Stats. The business tax registration certificate is a two-year certificate with a \$20 initial fee and a \$10 renewal fee every two years.

See the [Alcohol Beverage](#) page on the department's website for more information about alcohol beverage permits and fees.

## Enforcement Report

### Milwaukee Personal Care Agency Operator Charged with Tax Crimes

On September 10, 2021, Ashley M. LaGrone, 28, of Katy, Texas, was charged with two state felony tax violations. LaGrone was charged with one count of filing a false or fraudulent Wisconsin income tax return for 2016, and was also charged with filing a fraudulent claim for the Wisconsin earned income tax credit.

According to the criminal complaint, LaGrone owned and operated Majestic Home Health Care, LLC (Majestic) in Milwaukee. Majestic was a personal care agency which received payment solely from

Wisconsin Medicaid. The complaint alleges that LaGrone filed a 2016 Wisconsin income tax return that understated taxable income by over \$98,000. The Wisconsin tax due on that income is \$6,757.

The complaint further alleges that LaGrone filed a fraudulent claim for the Wisconsin earned income credit and received \$2,131. If LaGrone had accurately reported Majestic's income on federal and Wisconsin income tax returns, LaGrone would not have been entitled to receive a federal or Wisconsin earned income tax credit.

If convicted on both counts, LaGrone faces a maximum penalty of 12 years in prison, and \$20,000 in fines.

The criminal charges were filed in Dane County Circuit Court by the Wisconsin Department of Justice, Attorney General's Office following an investigation by the Wisconsin Department of Revenue's Office of Criminal Investigation.

### Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of November 3, 2021: chs. 66, 71, 73, 77, 125, and 139, [Wis. Stats.](#), and chs. Tax 1, 2, and 11, [Wis. Adm. Code](#). Laws enacted and in effect after this date, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to this date that is contrary to the information in this document is superseded by this document, according to sec. 73.16(2)(a), Wis. Stats.

### Public Comments

The public may [submit comments on guidance documents](#) at any time.