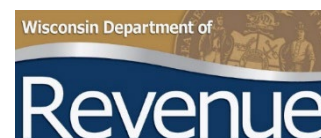


Wisconsin Tax Bulletin

January 2023 - Number 220



If you would like to receive notification when a new *Wisconsin Tax Bulletin* is available, [subscribe to the mailing list](#) for sales and use tax or tax professionals.

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General Updates and Reminders

Payment News and Reminders

New Make a Payment Page

The department has a new [Make a Payment](#) web page that consolidates existing payment information from across the department's website. The page is for anyone looking to make a payment or find payment-related information. It features:

- Collapsing menus to make information easy to view and access
- Simplified explanations of estimated payments, payment plans, payment options, and much more

- Options for automatic withdrawal "Quick Pay" and My Tax Account payments
- Updated options for payments by Credit Card, Apple Pay, and PayPal (subject to fees from the service providers)

The page is linked in the "Quick Links" section on the department's homepage, or you can view the new web page at <https://www.revenue.wi.gov/pay>.

Benefits of Paying Electronically

Pay electronically using one of the methods listed on the department's new [Make a Payment](#) web page to take advantage of the benefits listed below.

- Time savings: Paying electronically is faster than sending a paper check
- Peace of mind: You will receive a confirmation number immediately to show your payment was received, and you will no longer have to wait for us to receive and cash your check
- Security: We understand the importance of protecting your personal information, and we keep it secure

If you choose to pay electronically via direct debit from your checking or savings account, you also experience two additional benefits.

1. Convenience: You can schedule future payments to be withdrawn from your account on the date you choose
2. Cost savings: There are no processing or convenience fees when you pay via direct debit

Practitioners: Encourage your clients to pay electronically whenever possible.

New Requirements for Software Vendors

Starting with 2022 returns, the department requires individual income tax filing software vendors to provide links to the department's new [Make a Payment](#) web page in their software and on the return summary page. Software used by tax professionals for individual income tax filing still provides payment vouchers for 2022 returns. For most other tax types, vouchers are produced from the department's website instead of the software.

Continuous Recruitment for Auditors and Agents

The department continuously recruits for Revenue Auditor 1 and Revenue Agent positions. This continuous recruitment allows job seekers to apply at any time during the application period. The department collects applications at least monthly and eligible candidates are interviewed. The starting dates for new employees occur several times per year.

See what employees have to say about working at the department: [DOR Video Center \(wi.gov\)](#).

Revenue Auditor 1

Revenue Auditor 1 positions fill a variety of roles statewide and specialize in full-scope or limited-scope audits to determine the correct tax liability for taxpayers within a specific tax area: individual, fiduciary, pass-through (partnership and tax-option (S) corporation), and corporate income or franchise taxes; alcohol beverage, cigarette, tobacco and vapor products, and motor fuel excise taxes; sales and use taxes;

nexus; and income reconstruction. To learn more about specific auditor positions, review the *Position Summaries* on the department's website at [DOR Auditor Opportunities \(wi.gov\)](https://www.wisconsin.gov/dor/auditor-opportunities).

Starting salary is \$54,850 per year, at the time of this publication. Pay progressions of \$3,120 per year after the first year and \$3,120 per year after the second year are awarded in addition to progressions as audit experience grows.

Revenue Agent

Revenue Agent positions provide quality customer service by answering tax questions, resolving delinquent tax debt, and processing tax returns. These positions do not require a degree and provide individuals opportunity for growth and professional advancement at the department.

Starting salary is \$47,840 per year, at the time of this publication. For individuals fluent in Spanish, bilingual positions pay an additional \$2,080 per year. Pay progression of \$2,496 per year after the first year is awarded in addition to progressions as agent experience grows.

Working for the State

The state offers an excellent benefits package that includes 3 weeks of annual vacation, sick leave, health and dental benefits, and participation in the Wisconsin Retirement System. Further, as an employee of the state, you may qualify for the Public Service Loan Forgiveness Program. For more information on state benefits visit [Benefits at a Glance.pdf \(wi.gov\)](https://www.wisconsin.gov/dor/benefits-at-a-glance).

Wisc.jobs

All career opportunities at the department are listed on wisc.jobs, the official State of Wisconsin Government job site. Job seekers may search career opportunities either by agency (Dept. of Revenue) or by job category and can request email notification of future opportunities. For additional information about wisc.jobs, review [Commonly Asked Questions](#). You may follow wisc.jobs on twitter @wisc.jobs.

Annual Manufacturing Property Assessment Returns and Utility Annual Reports Now in My Tax Account

The department's Division of State and Local Finance implemented a new electronic filing system for manufacturing property tax returns (M-Forms) and utility annual reports. Returns and reports must be filed using My Tax Account (MTA) starting with the 2023 filing season.

MTA Benefits

- **Familiar** – most businesses already use MTA to e-file and pay their business taxes
- **Ease of use** – MTA allows authorized users to complete many tasks, such as:
 - Request extensions
 - File returns
 - Make penalty payments
 - Modify and manage user access
- **Secure** – no downloading forms using third-party software

MTA Resources

Visit the department's website for helpful information

- MTA common questions:
 - [Specific to manufacturers](#)
 - [General](#)
- [Manufacturers MTA webinars \(Jan. 17-18\) recordings](#)
- [DOR video center \(business tab\)](#)

Questions?

Contact the manufacturing district office in your area. A listing is available at [sldoc.pdf \(wi.gov\)](#).

Act Now! Unclaimed Property Voluntary Disclosure Program Ends Soon!

Time is running out for businesses to comply with Wisconsin's unclaimed property laws and avoid penalties through the [voluntary disclosure program](#). Voluntary disclosure applications must be received by **February 28, 2023**.

See the program details and how to apply in [Wisconsin Tax Bulletin 216](#) (January 2022).

Updated Publication 511, Office Audit of Wisconsin Tax Returns

[Publication 511](#), *Office Audit of Wisconsin Tax Returns*, has been updated as of December 2022. Previously, Publication 511 only provided information for office audits of income tax returns. Changes to the previous version include more information on:

- Communication the taxpayer and/or taxpayer's representative can expect during an audit
- Factors considered in determining if negligence penalty applies
- Post audit survey
- Requesting audit correspondence for completed audits
- Law allowing for one or more office audit determinations

Income and Franchise Tax Updates and Reminders

What's New This Tax Season?

Below are some of the changes that may impact 2022 Wisconsin tax returns:

1. *Individuals, Estates, and Trusts*

- **Filing using My Tax Account (MTA):** Certain taxpayers may be able to file their individual income tax returns in MTA. In order to use MTA to file a return, a taxpayer must meet the following qualifications:
 - Full-year Wisconsin resident

- Filing status is single or head of household, not married
- Only have income from Wages (Form W-2) or Forms 1099-R, 1099-MISC, 1099-NEC, 1099-INT, and W-2G
- Only claiming school property tax credit and/or itemized deduction credit
- Cannot be claimed as a dependent, but may claim dependents
- **Schedule H:** An electronic version of the Schedule H for filing Homestead credit claims is available in [My Tax Account](#) (MTA). Find the link to the form under the *Individuals* section on the MTA homepage. Some claimants that meet certain criteria are ineligible to file a homestead credit claim using MTA and must use third-party software or file on paper. For more information, see article titled *Schedule H Moving from WI e-File to My Tax Account for 2022*, later in this bulletin.
- **Form 1NPR redesigned:** Addition and subtraction modifications previously taken on lines 1 through 28, column B, of [Form 1NPR](#), *Nonresident & Part-Year Resident Wisconsin Income Tax*, have been moved to [Schedule M](#), *Additions to and Subtraction from Income*.

Now nonresidents and part-year residents must complete Part IV of [Schedule WD](#), *Capital Gains and Losses*. **Caution:** If there is an adjustment for a difference in federal and Wisconsin basis of an asset required to be reported on [Schedule I](#), *Transitional Adjustments*, it must also be reported on Schedule WD, Line 6 and/or 15. Do **not** report the adjustment on Schedule M, Line 10 or 72.

See the instructions for Form 1NPR and Schedules M and WD for more information on claiming these modifications.

- **New instructions for amended returns:** [Schedule AR instructions](#) provide explanations of common reasons for filing an amended return.
- **Extension code for military and naval service:** Special condition code 18 was added to Forms 1 and 1NPR to identify taxpayers qualifying for a 2-month extension because they live or are on duty in military or naval service outside the United States or Puerto Rico on the due date of the return, April 18, 2023.
- **Internal Revenue Code update:** For taxable years beginning after December 31, 2021, Wisconsin follows the federal Internal Revenue Code as amended to December 31, 2020, with certain exceptions, for income and franchise tax purposes. See *Conformity with Internal Revenue Code and Exceptions* section on page 9 of the [2022 Form 3 instructions](#) for more details, or read explanations of common differences in the [2022 Schedule I instructions](#).
- **Federal adjusted gross income on Form 1:** Line 1 of [Form 1](#), *Wisconsin Income Tax*, now starts with federal adjusted gross income as computed on the federal income tax return filed with the Internal Revenue Service. Federal adjusted gross income for Wisconsin purposes is computed on line 3 of Form 1. See [Form 1 instructions](#) for more information.
- **Federal educator expense deduction:** The maximum educator expense deduction taken on line 11 of 2022 federal Schedule 1 (Form 1040) is increased to \$300. Wisconsin follows this federal increase, and the same amount may be taken for Wisconsin purposes. No adjustment is required on [Schedule I](#), *Adjustments to Convert 2022 Federal Adjusted Gross Income and Itemized Deductions to the Amounts Allowable for Wisconsin*.
- **U.S. Armed Forces active duty pay subtraction:** A subtraction is available for the amount of basic, special, and incentive pay received from the federal government under 37 USC chapters 3 and 5 by an individual for active duty in the U.S. Armed Forces, as defined in [26 USC 7701\(a\)\(15\)](#). This does not include amounts already taken for the Reserve or National Guard members subtraction. See the [Schedule SB instructions](#) under line 18 and [Publication 128](#), *Wisconsin Tax Information for Military Personnel and Veterans*, for additional information.

Note: Copies of Leave and Earnings Statements (LES) are not required to be included with the Wisconsin income tax return; however, including copies and a worksheet showing how the subtraction is calculated may speed up processing of the return.

- **Restaurant Revitalization Fund income and franchise tax exemption:** Income received in the form of a grant from the restaurant revitalization fund under section 5003 of the federal American Rescue Plan Act of 2021 (Public Law 117-2), is exempt from Wisconsin income and franchise tax. Expenses paid directly or indirectly with the grant money that are otherwise deductible for Wisconsin income tax purposes remain deductible even though receipt of the grant money is not taxable for Wisconsin income tax purposes.
- **Tuition:** The Wisconsin subtraction for tuition and fees is increased to \$6,976. The subtraction is phased-out for persons with federal adjusted gross income between \$60,380 and \$72,460 if single.
- **College savings account contributions:** The Wisconsin subtraction for contributions to a college savings account is increased from \$3,380 to \$3,560 (\$1,780 if married filing separately or a divorced parent).
- **New additional child and dependent care tax credit:** The subtraction for child and dependent care expenses is no longer available for taxable years beginning after December 31, 2021. Instead, a new additional child and dependent care tax credit is available. A claimant may claim a credit equal to 50 percent of the federal child and dependent care tax credit claimed by the claimant on their federal income tax return. See article titled *Additional Child and Dependent Care Tax Credit* on page 3 of [Wisconsin Tax Bulletin 214](#) (July 2021) for more information.
- **Research and experimental (R&E) expenses:** For taxable years beginning on or after January 1, 2022, sec. 13206 of the Tax Cuts and Jobs Act (Public Law 115-97) changes the deductibility and definition of R&E expenses under secs. 41, 174, and 280(c), of the Internal Revenue Code (IRC).

Wisconsin has not adopted this federal provision, so taxpayers with R&E expenses have the following option:

1. Elect to deduct the expenses in the year paid or incurred,
 2. Elect to defer the expenses and deduct ratably over at least 60 months, or
 3. Elect to treat the expenses as capital expenditures amortizable over a useful life, if determinable.
- **Pass-through entity representative designation required:** Estates and Trusts must designate a pass-through member or other person with substantial presence in the United States as the representative of the pass-through entity. The pass-through entity representative can be designated on [Form 2](#), *Wisconsin Fiduciary Income Tax for Estates or Trusts*, or [Form PT-R](#), *Pass-Through Entity Representative*. See [Form 2 instructions](#), [Form PT-R instructions](#), [Pass-Through Entity Level Audits Under 2021 Wis. Act 262](#) common questions, and article titled *Pass-Through Entity Audits* on page 2 of [Wisconsin Tax Bulletin 217](#) (April 2022), for more information.

2. Businesses

- **New instructions for amended returns:** [Schedule AR instructions](#) provide explanations of common reasons for filing an amended return.
- **Reorganizations:** [Form 3](#), *Wisconsin Partnership Return*, and [Form 5S](#), *Wisconsin Tax-Option (S) Corporation Franchise or Income Tax Return*, now have a check box to indicate if an entity reorganized during the taxable year and to identify the Internal Revenue Code associated with the reorganization.

- **Internal Revenue Code update:** For taxable years beginning after December 31, 2021, Wisconsin follows the federal Internal Revenue Code as amended to December 31, 2020, with certain exceptions, for income and franchise tax purposes. See *Conformity with Internal Revenue Code and Exceptions* section on page 9 of the [2022 Form 3 instructions](#) for more details, or read explanations of common differences in the [2022 Schedule I instructions](#).
- **Research and experimental (R&E) expenses:** For taxable years beginning on or after January 1, 2022, sec. 13206 of the Tax Cuts and Jobs Act (Public Law 115-97) changes the deductibility and definition of R&E expenses under secs. 41, 174, and 280(c), of the Internal Revenue Code (IRC).

Wisconsin has not adopted this federal provision, so taxpayers with R&E expenses have the following option:

1. Elect to deduct the expenses in the year paid or incurred,
 2. Elect to defer the expenses and deduct ratably over at least 60 months, or
 3. Elect to treat the expenses as capital expenditures amortizable over a useful life, if determinable.
- **Restaurant Revitalization Fund income and franchise tax exemption:** Income received in the form of a grant from the restaurant revitalization fund under section 5003 of the federal American Rescue Plan Act of 2021 (Public Law 117-2), is exempt from Wisconsin income and franchise tax. Expenses paid directly or indirectly with the grant money that are otherwise deductible for Wisconsin income tax purposes remain deductible even though receipt of the grant money is not taxable for Wisconsin income tax purposes.
 - **Pass-through entity representative designation required:** Partnerships and tax-option (S) corporations must designate a pass-through member or other person with substantial presence in the United States as the representative of the pass-through entity. The pass-through entity representative can be designated on Forms 3 and 5S, or [Form PT-R, Pass-Through Entity Representative](#). See [Form 3 or 5S instructions](#), [Form PT-R instructions](#), [Pass-Through Entity Level Audits Under 2021 Wis. Act 262](#) common questions, and article titled *Pass-Through Entity Audits* on page 2 of [Wisconsin Tax Bulletin 217](#) (April 2022), for more information.
 - **Reporting Partners' Capital Accounts:** For taxable years beginning on or after January 1, 2022, partnerships must report partners' shares of partnership capital to Wisconsin on the [Schedule 3K-1, Partner's Share of Income, Deductions, Credits, etc.](#), using the tax basis method and provide a schedule identifying any differences between the Wisconsin and federal tax basis.

Schedule H Moving from WI e-File to My Tax Account for 2022

Homestead credit claimants who previously used WI e-file to submit their claims will find a new and improved filing method this year.

The Schedule H is not available in WI e-file for 2022.

An electronic version of the Schedule H is available in [My Tax Account](#) (MTA). The link to the 2022 Schedule H is located under the *Individuals* section on the MTA homepage. This filing method does not require an MTA login and is available to most homestead credit claimants. However, claimants who meet the following criteria are ineligible to file a homestead credit claim using MTA and must use third-party software or file on paper:

- Have never filed a Wisconsin individual income tax return or homestead credit claim
- Have more than four rent certificates or six property tax bills

- Divorced in 2022
- Have nontaxable income to report on Schedule H, except:
 - Unemployment compensation on line 9a
 - Social security, SSI, SSI-E, SSD, and CTS payments reported on line 9b
 - Pensions and annuities on line 9d
 - Child support, maintenance payments, and other support money on line 9i
- Live in a nursing home
- File a Schedule 2, 3, or 4 with Schedule H

Homestead credit claims for 2018, 2019, 2020, and 2021 may still be filed via WI e-file from the [Prior Years' Wisconsin e-file Forms](#) web page.

My Tax Account: Why Individual Income Taxpayers Should Use It Too

[My Tax Account \(MTA\)](#) is no longer limited to business and collections customers. Any taxpayer who has previously filed a Wisconsin individual income tax return can register.

MTA allows taxpayers to:

- View and print letters sent by the department
- Sign up for electronic mail (see below)
- Check refund status
- Make, view, and cancel estimated tax payments
- Sign up for a Wisconsin Identity Protection PIN (see below)
- And more!

Registering early can save taxpayers frustration. Taxpayers must complete some initial identity verification steps to sign up, then wait for a Personal Account Registration letter in the mail as a final verification step. This letter contains a unique code to enter in MTA before being granted access to accounts. It is important taxpayers get set up early in the season, so they have immediate access when they need it during tax season.

Practitioners: We do not yet have the ability for you to get access to your clients' individual income tax account information in MTA. When we implement this functionality, your clients must have their own accounts in order to grant you access. For instructions on registering in MTA, encourage your clients to review the department's [Using My Tax Account for Personal Use](#) common questions.

Electronic Mail

Taxpayers with MTA access can sign up for electronic delivery of mail to access letters as soon as we issue them. We will send an email each time we issue new mail encouraging the taxpayer to log in to view it. This will save taxpayers the time of having to wait for letters to arrive in the mail, and it also ensures they can easily access letters again to re-read them later.

Identity Protection PIN

The Wisconsin Identity Protection PIN prevents fraudsters from using an individual's personal information to file a return and receive a Wisconsin tax refund.

Individuals must register for MTA to receive the Wisconsin Identity Protection PIN. After registration is complete and a PIN is received, taxpayers:

- Will have comfort in knowing their Wisconsin tax accounts are secure and no one else can file a tax return with their information
- Can quickly and easily renew their PIN each year

Practitioners: Do not register for MTA and sign up for the PIN on your clients' behalf. Taxpayers must sign up for MTA themselves, so they have Master access to their own accounts.

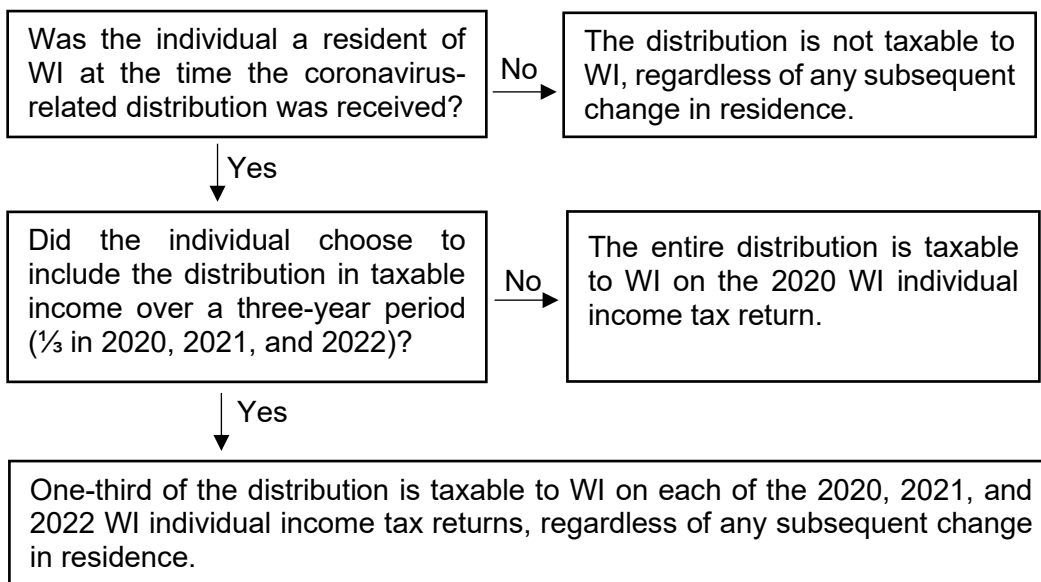
Participation in the Identity Protection PIN program is voluntary, but once an individual is assigned a PIN, the PIN must be listed on all future returns. Visit the department's [WI Identity Protection PIN](#) common questions for more information.

Coronavirus-Related Retirement Distributions and Changes in Residence

For federal income tax purposes, if an individual received a taxable retirement distribution on or after January 1, 2020, and before December 31, 2020, and met the "coronavirus-related distribution" requirements under sec. 2202 of division A of the CARES Act ([Public Law 116-136](#)), then the individual could either:

1. Include the entire distribution in taxable income for the year 2020, or
2. Include the distribution in taxable income over a three-year period ($\frac{1}{3}$ in 2020, 2021, and 2022).

According to sec. [71.01\(6\)\(L\)](#) and [\(m\)](#), Wis. Stats., Wisconsin follows sec. 2202 of division A of the CARES Act, so the two options shown above also apply for Wisconsin purposes. If an individual received a coronavirus-related distribution and moved into or out of Wisconsin (i.e., changed their state of residence) during 2020, 2021, or 2022, then the individual's retirement distribution is taxable to Wisconsin as shown in the flow chart below:



Example: From January 1, 2020, through June 30, 2020, Individual Z is a resident of Wisconsin. On June 1, 2020, Individual Z receives a \$90,000 coronavirus-related retirement distribution and chooses to include the distribution in taxable income over a three-year period ($\frac{1}{3}$ in 2020, 2021, and 2022). On July 1, 2020, Individual Z becomes a resident of Iowa. Since Individual Z was a resident of Wisconsin at the time the distribution was received, Individual Z is required to file a Wisconsin individual income tax return (Form 1NPR) for the years 2020, 2021, and 2022, and Individual Z must include \$30,000 of Wisconsin taxable income on each return.

For more information, see the resources below:

- The 2020 federal [Form 8915-E](#) and related [instructions](#)
- Internal Revenue Service website: [Coronavirus-related relief for retirement plans and IRAs questions and answers](#)

Individual Income Tax Forms and Instructions

The department encourages taxpayers to electronically file their individual income tax return. Benefits include:

- Faster refunds using direct deposit
- Accuracy - tax preparation software does the calculations
- Provides a confirmation that tax returns have been filed
- Secure transfer of personal information
- If you owe, you can choose direct debit/withdrawal from your financial institution and choose the date you want to pay (up to April 18) without worrying about mailing a paper check by the due date

There are three options for electronically filing:

1. [Go to a tax practitioner](#) or visit a [Volunteer Income Tax Assistance or Tax Counseling for the Elderly website](#)
2. Use [third-party software](#)
3. Use one of Wisconsin's free electronic filing systems, [Wisconsin e-File](#) or [My Tax Account](#)

If filing on paper, view and print Wisconsin individual income tax forms and instructions from the department's [2022 Forms](#) page.

Paper forms and instructions may also be available at your local library or contact the department at (608) 266-2486 or DORFormsRequests@wisconsin.gov.

Manufacturing and Agriculture Credit Not Included in Numerator of Production Gross Receipts Factor

The manufacturing and agriculture credit (M&A Credit) computed in the prior taxable year and reported as income in the current taxable year is not included in the numerator of the production gross receipts factor.

The numerator of the production gross receipts factor is the production gross receipts of the manufacturer claiming the credit. Production gross receipts are the receipts from the lease, rental, license, sale, exchange or other disposition of qualified production property. Qualified production property is the tangible

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personal property (TPP) manufactured in whole or in part by the claimant on property that is assessed as manufacturing property under sec. 70.995, Wis. Stats., or TPP produced, grown, or extracted in whole or in part by the claimant on or from property assessed as agricultural property under sec. 70.32(2)(a)4., Wis. Stats. Therefore, the addition to income for the prior year's M&A credit is not included in the numerator because it is not a production gross receipt. However, the prior year's M&A credit is included in the denominator because all sources of gross income are included in the denominator.

Resources:

- [Schedule MA-M](#) and [instructions](#)
- [Schedule MA-A](#) and [instructions](#)
- [Manufacturing and Agriculture Credit](#) common questions

Tax Return Donations

Wisconsin law allows taxpayers to make donations to the following organizations on the 2022 Wisconsin individual income tax return. The organizations are the same as on the 2021 Wisconsin individual income tax return.

Fund	Donation Amount	Use of Donations
Endangered Resources Fund	\$333,490	Protect and manage native plant and animal species, natural communities, and other natural features
Cancer Research Fund	\$186,697	Donations divided equally between the Medical College of Wisconsin, Inc., and University of Wisconsin Carbone Cancer Center for cancer research projects
Veterans Trust Fund	\$116,775	Used by the Wisconsin Department of Veterans Affairs for the benefit of veterans or their dependents
Multiple Sclerosis Fund	\$77,673	Forwarded to the National Multiple Sclerosis Society for distribution to Wisconsin entities that operate health-related programs for people in Wisconsin with multiple sclerosis
Military Family Relief Fund	\$125,840	Used by the Wisconsin Department of Military Affairs to provide financial aid to eligible immediate family members of Wisconsin residents on active duty in the U.S. Armed Forces or National Guard
Second Harvest/Feed America Fund	\$227,919	Donations divided as follows: 65% to Feeding America Eastern Wisconsin (located in Milwaukee); 20% to Second Harvest Foodbank of Southern Wisconsin (located in Madison); and 15% to Feed My People (located in Eau Claire). The food banks provide food to food pantries, meal programs, shelters, and soup kitchens throughout the state
Red Cross Wisconsin Disaster Relief Fund	\$152,643	Used by the American Red Cross for Wisconsin disaster relief
Special Olympics Wisconsin Fund	\$107,820	Forwarded to Special Olympics Wisconsin, Inc.

Reminder: 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.

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

Reminder: Use Correct Apportionment Schedule

Corporations, partnerships, tax-option (S) corporations and nonresident estates, trusts, and individuals that are engaged in a unitary business both in and outside Wisconsin generally use [Schedule A-01](#), *Wisconsin Single Sales Factor Apportionment Data for Nonspecialized Industries*, to compute their Wisconsin share of income from a unitary business.

Exceptions:

- Taxpayers that use separate accounting cannot use Schedule A-01. See the instructions for [Form C](#), *Wisconsin Allocation and Separate Accounting Data*, for more information on separate accounting.
- Taxpayers in certain specialized industries cannot use Schedule A-01 because the Wisconsin Administrative Code requires specific apportionment rules for their industry. These taxpayers must use one of the following schedules:

Schedule	Description
A-02	Wisconsin Apportionment Percentage for Interstate Financial Institutions
A-03	Wisconsin Apportionment Percentage for Interstate Motor Carriers
A-04	Wisconsin Apportionment Percentage for Interstate Telecommunications Companies
A-05	Wisconsin Premiums Factor for Insurance Companies
A-06	Wisconsin Receipts Factor for Interstate Brokers-Dealers, Investment Advisers, Investment Companies, and Underwriters
A-07	Wisconsin Apportionment Percentage for Interstate Air Carriers
A-08	Wisconsin Apportionment Percentage for Broadcasters
A-09	Wisconsin Apportionment Percentage for Interstate Railroads
A-10	Wisconsin Apportionment Percentage for Interstate Pipeline Companies
A-11	Wisconsin Apportionment Percentage for Interstate Air Freight Forwarders Affiliated with a Direct Air Carrier

Sales and Use Tax Updates and Reminders

All Entities Must Report Temporary Events

All operators of temporary events are required by law to report information about vendors selling, exchanging, or taking orders for merchandise at their events. Operators must report regardless of whether they are an individual, business entity, or nonprofit organization (sec. [Tax 11.535](#), Wis. Adm. Code).

Temporary events must be reported to the department using [Form S-240](#), *Wisconsin Temporary Event Report*. There are no alternatives to this form. This fillable PDF form is available on the department's website for download to your computer or for printing and manual completion.

Penalties may apply for failure to report timely or failure to report accurate and complete information (\$200 for the first offense and \$500 for additional occurrences).

Current efforts are focused on education to help increase voluntary compliance. Please [subscribe to the mailing list](#) for temporary event operators or monitor the department's [Training](#) web page to be notified of future webinars or to view recordings of previous webinars.

Tax Treatment of Electrical Wiring if No Outlet Point Within a Building

Wiring that provides electrical power to operate personal property within a building is real property from the source of electricity entering the building to the outlet point within the building where personal property is connected by plug or other means to the electrical power supply. If there is no outlet point within the building, the wiring is considered real property to the point it connects directly with personal property.

Example: Contractor installs wiring for its customer's new machine. The wiring is continuous from the building power source to the machine. All the wiring is real property. Contractor's charge for installing the wiring is not taxable; however, the contractor is responsible for sales or use tax on its purchase of the wire and other property physically transferred to the customer.

See Part 3 in [Publication 200](#), *Electrical Contractors* for additional information.

Enforcement Report

Iowa County Person Charged with Tax Fraud

On October 28, 2022, Jeffrey E. Hirsch, 55, of Rewey, Wisconsin was charged in Iowa County Circuit Court with six felony counts of filing a false or fraudulent state income tax return for years 2016 through 2021.

According to the criminal complaint, Hirsch was employed as a driver for a gas company and delivered liquid propane gas to customers. Hirsch stole liquid propane gas from the gas company. Hirsch delivered the fuel to customers, including Hirsch's own residence and rental property, and accepted payment for the fuel. Instead of arranging payment to the gas company directly, Hirsch advised some customers to pay Hirsch directly by cash or check.

The criminal complaint alleges that Hirsch failed to report income received from the sale of the stolen gas on Hirsch's Wisconsin income tax returns. Hirsch filed tax returns that understated Hirsch's total income by more than \$269,000. The Wisconsin income tax evaded for 2016 through 2021 is alleged to be \$16,966.

Under Wisconsin law, filing a false or fraudulent income tax return is a felony. If convicted on all counts, Hirsch faces a maximum penalty of 36 years in prison and \$60,000 in fines.

Hirsch is being prosecuted by the Iowa County District Attorney's Office following an investigation by the Wisconsin Department of Revenue's Office of Criminal Investigation.

The Wisconsin Department of Revenue, Office of Criminal Investigation investigates individuals and businesses suspected of committing tax crimes and seeks criminal prosecution for those crimes.

To report tax fraud, go to www.revenue.wi.gov and click the "Report tax fraud" link under *Quick Links*.

Report on Litigation

Summarized below are recent significant Wisconsin Tax Appeals Commission (WTAC) and Wisconsin Court decisions.

Corporation Franchise and Income Tax

Manufacturing and Agricultural Credit

General Mills, Inc. vs. Wisconsin Department of Revenue (Wisconsin Tax Appeals Commission, October 26, 2022).

The issue was whether the taxpayer had a right to file a refund claim for a Manufacturing and Agricultural credit (MA-M credit) when that credit was not an issue in the originally filed return, the field audit, the subsequently issued Notice of Proposed Audit Report (NOPAR) or in a resulting additional assessment.

General Mills, Inc. (General Mills), is a global manufacturer of branded consumer foods sold through retail stores, and a leading supplier of branded and unbranded food products to the foodservice and baking industries. Taxpayer has a manufacturing facility located in Milwaukee, Wisconsin.

General Mills timely filed its Form 4, *Wisconsin Corporation Franchise or Income Tax Return*, for fiscal period May 27, 2013 to May 25, 2014 (2013 tax year). The unextended due date for the 2013 tax year return was August 15, 2014. The Manufacturing and Agriculture credit, as provided under sec. 71.28(5n) Wis. Stats., was not claimed on the originally filed return for the 2013 tax year.

After the filing of General Mill's 2013 fiscal year return, the department timely initiated a field audit. Under notice dated September 1, 2016, the department issued a NOPAR to General Mills. The department's NOPAR adjusted the super research and development credit, interest income, long-term capital gains and ordinary income and losses, but the MA-M credit was neither adjusted nor the subject of a prior assessment. General Mills signed Part A, *agreement in full*, of the NOPAR on September 8, 2016, and on September 13, 2016 the department received a check for the full amount. Subsequently, the department sent a Notice of Field Audit Action dated October 3, 2016.

On July 21, 2017, the department received an amended Form 4 for the 2013 tax year. A MA-M credit in the amount of \$42,304 was claimed. A second amended Form 4 for the 2013 tax year was received on August 15, 2018. The amended return revised its computation of the MA-M credit and claimed an additional refund in the amount of \$811,220.

The department denied the claim for refund under sec. 71.75(4), Wis. Stats., which provides that a taxpayer may not file a claim for refund for any tax year covered by a field audit that has become final. General Mills petitioned for redetermination on the grounds that they followed the department's guidance on claim for refunds by paying the assessment in full and neither protesting nor appealing the determination. The petition for redetermination was denied.

The Tax Appeals Commission first decided what law was applicable to the undisputed facts. The department asserted that sec. 71.75(5), Wis. Stats., bars the claim for refund. General Mills asserted that while sec. 71.75, Wis. Stats., provides the only method for filing a claim for refund, it is sec. 71.75(2) or 71.75(4), Wis. Stats., that should apply to the given facts. The Tax Appeals Commission explained that while those sections are the general rules addressing the filing of refund claims, they both state that they apply except as otherwise provided in sub. (5). Section 71.75(5), Wis. Stats., bars a claim for refund in respect to items not adjusted in the notice of assessment or refund. General Mills questioned whether one can claim something was "not adjusted" or "not a subject" when the credit was not claimed in the first place. The Tax Appeals Commission did not find that argument persuasive and found the refund claim was correctly denied by the department as barred by sec. 71.75(5), Wis. Stats. A taxpayer may not file a claim for refund when it did not file a petition for redetermination, with respect to items that were not adjusted in the notice of assessment or of refund.

Finally, the Tax Appeals Commission ruled that the language in the following department correspondence did not conflict with sec. 71.75(5), Wis. Stats.:

- NOPAR.
- Publication 501, *Field Audit of Wisconsin Tax Returns*.
- Publication 506, *Taxpayer's Appeal Rights*.

Language referred to by General Mills, in these pieces of correspondence, fell under sections discussing disagreement with the notice. General Mills, on the contrary, signed the statement that they agreed with the notice, and at no time during the process did they indicate disagreement.

The taxpayer did not appeal this decision to the Circuit Court in the time allotted, and this decision is therefore final.

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of January 31, 2023: chs. 71, 77, and 177, [Wis. Stats.](#), and chs. Tax 1, 2, 3, 4, 11, and 14, [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.