2013 DRAFTING REQUEST

Bill

Received:	**10/9/2012**	Received By:	**jkreye**
Wanted:	**As time permits**	Companion to LRB:	
For:	**Administration-Budget**	By/Representing:	**Ley**
May Contact:		Drafter:	**jkreye**
Subject:	**Tax, Other - sales**	Addl. Drafters:	
		Extra Copies:	

Submit via email: **YES**
Requester's email:
Carbon copy (CC) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

DOA:.....Ley, BB0102 -

Topic:

Sales tax filing frequency

Instructions:

See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	jkreye 10/30/2012			_____ _____			
/P1		kfollett 10/30/2012	10/30/2012	_____ _____	lparisi 10/30/2012		State

FE Sent For:

<END>

2013 DRAFTING REQUEST

Bill

Received:	**10/9/2012**	Received By:	**jkreye**
Wanted:	**As time permits**	Companion to LRB:	
For:	**Administration-Budget**	By/Representing:	**Ley**
May Contact:		Drafter:	**jkreye**
Subject:	**Tax, Other - sales**	Addl. Drafters:	
		Extra Copies:	

Submit via email: **YES**
Requester's email:
Carbon copy (CC) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

DOA:.....Ley, BB0102 -

Topic:

Sales tax filing frequency

Instructions:

See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	jkreye	1P11gf 10/30	10/30/12				

FE Sent For:

<END>

Kreye, Joseph 0257

From: Hanaman, Cathlene
Sent: Monday, October 08, 2012 8:50 AM
To: Kreye, Joseph; Shovers, Marc
Subject: FW: Statutory Language Drafting Request

From: Emily.Ley@wisconsin.gov [mailto:Emily.Ley@wisconsin.gov]
Sent: Wednesday, October 03, 2012 5:01 PM
To: Hanaman, Cathlene
Cc: Frederick, Caitlin - DOA; Ley, Emily A - DOA; Thornton, Scott - DOA
Subject: Statutory Language Drafting Request

Biennial Budget: 2013-15

DOA Tracking Code: BB0102

Topic: Sales Tax Filing Frequency

SBO Team: TLGED

SBO Analyst: Ley, Emily - DOA
Phone: 608-266-7597
E-mail: Emily.Ley@wisconsin.gov

Agency Acronym: DOR

Agency Number: 566

Priority: Medium

Intent:

Section 77.58(1), Wis. Stats., provides that the taxes imposed by this subchapter for each calendar quarter are due and payable on the last day of the month next succeeding the calendar month for which imposed except in the following situations:
Section 77.58(1)(a), Wis. Stats., provides that if the amount of tax for any calendar quarter exceeds $600, the department may require by written notice to the taxpayer that the taxes imposed on and after the date specified in the notice are due and payable on the last day of the month next succeeding the calendar month for which imposed. (When quarterly sales tax exceeds $600, a monthly filing frequency may be imposed.)
Section 77.58(1)(b), Wis. Stats., provides that if the amount of tax from any calendar quarter exceeds $3600, the department require by written notice to the taxpayer that the taxes imposed on and after the date specified in the notice are due and payable on the 20th day of the month next succeeding the calendar month for which imposed. The payment is timely if it fulfills the requirements under s. 77.61 (14). (When quarterly sales tax exceeds $3600, an early monthly filing frequency may be imposed.)
Sec. Tax. 11.93, Wis. Adm. Code, provides that a retailer holding a regular seller's permit who during the previous calendar or fiscal year had a sales and use tax liability not exceeding $300 will be notified by the department that it must only file one sales and use tax return for the following year. If the retailer wants to continue to file returns on a quarterly basis, it must contact the department.

Amend section 77.58(1)(a), Wis. Stats., to increase the statutory thresholds for annual and quarterly sales tax filing. Revise statutes and rule for annual, quarterly, and monthly filers. (Amounts are shown on an annual basis.)

- Annual $600 or less (currently $300 or less)
- Quarterly $601 - $4800 (currently $301 - $2400)
- Monthly $4801 - $14,400 (currently $2,401 - $14,400)

Attachments: False

Please send completed drafts to statlanguage@wisapps.wi.gov

TAX 11-93

(1) A retailer holding a regular seller's permit who during the previous calendar or fiscal year had a sales and use tax liability not exceeding $300 will be notified by the department that it must only file one sales and use tax return for the following year. If the retailer wants to continue to file returns on a quarterly basis, it must contact the department.

(2) Returns and payments of retailers reporting on an annual basis shall be due and payable on the last day of the month following the close of their calendar or fiscal year.

Kreye, Joseph

From: Kreye, Joseph
Sent: Wednesday, October 17, 2012 3:41 PM
To: Ley, Emily A - DOA
Subject: RE: Statutory Language Drafting Request

Thanks Emily.

Joe

Joseph Kreye
Senior Legislative Attorney
Legislative Reference Bureau
608 266-2263

From: Ley, Emily A - DOA [mailto:Emily.Ley@wisconsin.gov]
Sent: Wednesday, October 17, 2012 3:40 PM
To: Kreye, Joseph
Subject: RE: Statutory Language Drafting Request

Thanks Joe,
The issue papers have come in sporadically. I received a large batch today that I'm still going through. I'll flag any related to sales tax and send them your way.

Emily

From: Kreye, Joseph [mailto:Joseph.Kreye@legis.wisconsin.gov]
Sent: Wednesday, October 17, 2012 3:06 PM
To: Ley, Emily A - DOA
Subject: RE: Statutory Language Drafting Request

Thanks Emily.

The issue paper makes it seem that DOR only wants me to amend s. 77.58 (1) (a) so that the $600 threshold is $1200 (which I never would have guessed from the original instructions).

As a side note, if DOA has the issue papers (or other background materials) when sending over requests, it would potentially make our jobs easier to get those with the requests.

Joe

Joseph Kreye
Senior Legislative Attorney
Legislative Reference Bureau
608 266-2263

From: Ley, Emily A - DOA [mailto:Emily.Ley@wisconsin.gov]
Sent: Wednesday, October 17, 2012 2:24 PM
To: Kreye, Joseph
Subject: RE: Statutory Language Drafting Request

Hi Joe,

I've attached the issue paper for BB0102. It looks like the Department will do a corresponding admin change along with the stat language change. They want to amend s. 77.58(1)(a) to supersede the admin code. The issue paper does not answer your timing question or address the $14,400 value. I will ask DOR to clarify and forward the response to you.

Thanks for all your help,
Emily

From: Kreye, Joseph [mailto:Joseph.Kreye@legis.wisconsin.gov]
Sent: Wednesday, October 17, 2012 2:02 PM
To: Ley, Emily A - DOA
Subject: RE: Statutory Language Drafting Request

Emily,

Do you have any other information related to this request? I'm not sure I understand the changes that DOR is requesting.

The $300 threshold comes from the administrative code. I obviously cannot amend the administrative code, but I can create an annual filing requirement with a $600 or less threshold which would supersede the code.

The numbers listed at the back of the instructions do not jive with the numbers under s. 77.58 (1) (a) and (b), as you can tell from the email string. Both of those cites require a monthly filing: the last day of the next month if the tax receipts exceed $600 for any calendar quarter and the 20th day of the next month if the tax receipts exceed $3600 for any calendar quarter.

So should I amend s. 77.58 (1) (a) to indicate that if quarterly receipts exceed $600, but not $4,800, the retailer should submit the amounts on the last day of the next month after the month imposed?

And should I amend s. 77.58 (1) (b) to indicate that if quarterly receipts exceed $4,800, the retailer should submit the amounts on the 20th day of the next month after the month imposed?

Finally, I'm not sure what to do with that $14,400 amount. That threshold is not contained in the statutes. The instructions also do not address what the timing is for submitting receipts in excess of $14,400.

Joe

Joseph Kreye
Senior Legislative Attorney
Legislative Reference Bureau
608 266-2263

From: Hanaman, Cathlene
Sent: Monday, October 08, 2012 8:50 AM
To: Kreye, Joseph; Shovers, Marc
Subject: FW: Statutory Language Drafting Request

From: Emily.Ley@wisconsin.gov [mailto:Emily.Ley@wisconsin.gov]
Sent: Wednesday, October 03, 2012 5:01 PM
To: Hanaman, Cathlene
Cc: Frederick, Caitlin - DOA; Ley, Emily A - DOA; Thornton, Scott - DOA
Subject: Statutory Language Drafting Request

Biennial Budget: 2013-15

DOA Tracking Code: BB0102

Topic: Sales Tax Filing Frequency

SBO Team: TLGED

SBO Analyst: Ley, Emily - DOA
Phone: 608-266-7597
E-mail: Emily.Ley@wisconsin.gov

Agency Acronym: DOR

Agency Number: 566

Priority: Medium

Intent:

Section 77.58(1), Wis. Stats., provides that the taxes imposed by this subchapter for each calendar quarter are due and payable on the last day of the month next succeeding the calendar month for which imposed except in the following situations:
Section 77.58(1)(a), Wis. Stats., provides that if the amount of tax for any calendar quarter exceeds $600, the department may require by written notice to the taxpayer that the taxes imposed on and after the date specified in the notice are due and payable on the last day of the month next succeeding the calendar month for which imposed. (When quarterly sales tax exceeds $600, a monthly filing frequency may be imposed.)
Section 77.58(1)(b), Wis. Stats., provides that if the amount of tax from any calendar quarter exceeds $3600, the department require by written notice to the taxpayer that the taxes imposed on and after the date specified in the notice are due and payable on the 20th day of the month next succeeding the calendar month for which imposed. The payment is timely if it fulfills the requirements under s. 77.61 (14). (When quarterly sales tax exceeds $3600, an early monthly filing frequency may be imposed.)
Sec. Tax. 11.93, Wis. Adm. Code, provides that a retailer holding a regular seller's permit who during the previous calendar or fiscal year had a sales and use tax liability not exceeding $300 will be notified by the department that it must only file one sales and use tax return for the following year. If the retailer wants to continue to file returns on a quarterly basis, it must contact the department.

Amend section 77.58(1)(a), Wis. Stats., to increase the statutory thresholds for annual and quarterly sales tax filing. Revise statutes and rule for annual, quarterly, and monthly filers. (Amounts are shown on an annual basis.)

- Annual $600 or less (currently $300 or less)
- Quarterly $601 - $4800 (currently $301 - $2400)
- Monthly $4801 - $14,400 (currently $2,401 - $14,400)

Attachments: False

Please send completed drafts to statlanguage@wisapps.wi.gov

Legislative Proposal Summary
Wisconsin Department of Revenue

TITLE: SALES TAX FILING FREQUENCY

DESCRIPTION OF CURRENT LAW AND PROBLEM

The thresholds used to determine how often sales tax filers report and pay sales tax have not changed in decades. The current threshold for annual filers was established for tax years beginning January 1, 1979. The current thresholds for quarterly and monthly filers were established for tax years beginning January 1, 1985 (WTB #37, page 32). This means some filers are filing more frequently than they would have in the past.

Current Law:

Section 77.58(1), Wis. Stats., provides that the taxes imposed by this subchapter for each calendar quarter are due and payable on the last day of the month next succeeding the calendar month for which imposed except in the following situations:

Section 77.58(1)(a), Wis. Stats., provides that if the amount of tax for any calendar quarter exceeds $600, the department may require by written notice to the taxpayer that the taxes imposed on and after the date specified in the notice are due and payable on the last day of the month next succeeding the calendar month for which imposed. (When quarterly sales tax exceeds $600, a monthly filing frequency may be imposed.)

Section 77.58(1)(b), Wis. Stats., provides that if the amount of tax from any calendar quarter exceeds $3600, the department require by written notice to the taxpayer that the taxes imposed on and after the date specified in the notice are due and payable on the 20th day of the month next succeeding the calendar month for which imposed. The payment is timely if it fulfills the requirements under s. 77.61 (14). (When quarterly sales tax exceeds $3600, an early monthly filing frequency may be imposed.)

Sec. Tax. 11.93, Wis. Adm. Code, provides that a retailer holding a regular seller's permit who during the previous calendar or fiscal year had a sales and use tax liability not exceeding $300 will be notified by the department that it must only file one sales and use tax return for the following year. If the retailer wants to continue to file returns on a quarterly basis, it must contact the department.

RECOMMENDATION FOR ACTION

Increase the statutory thresholds for annual and quarterly sales tax filing. Revise statutes and rule for annual, quarterly, and monthly filers. (Amounts are shown on an annual basis.)

Annual **$600** or less (currently $300 or less)
Quarterly **$601 - $4800** (currently $301 - $2400)
Monthly **$4801** - $14,400 (currently $2,401 - $14,400)

IMPACT ON JOB CREATION

Unknown; however, the greater thresholds for filing frequency for small, start-up ventures will reduce administrative costs for start-ups enabling them to focus resources on growing the business.

FISCAL EFFECT

General fund interest earnings would fall by a minor amount at current interest rates but about $300,000 annually if the State Investment Fund yield returns to 5%.

DRAFTING INSTRUCTIONS

Amend section 77.58(1)(a), Wis. Stats., as follows:

> "If the amount of tax for any calendar quarter exceeds ~~$600~~ **$1200**, the department may require by written notice to the taxpayer that the taxes imposed on and after the date specified in the notice are due and payable on the last day of the month next succeeding the calendar month for which imposed."
>
> Note: Because the threshold for annual filing is provided by rule, not by statute, sec. Tax 11.93(1), Wis. Adm. Code, would have to be revised as follows:
>
> "A retailer holding a regular seller's permit who during the previous calendar or fiscal year had a sales and use tax liability not exceeding ~~$300~~ **$600** will be notified by the department that it must only file one sales and use tax return for the following year. If the retailer wants to continue to file returns on a quarterly basis, it must contact the department."

EFFECTIVE DATE AND/OR INITIAL APPLICABILITY

The department will need 90 days in advance of the annual scan to implement and test changes. Depending on timing, possible effective dates:

January 1, 2014 (if enacted by August 15, 2013)
January 1, 2015 (if enacted by August 15, 2014)

INTERESTED/AFFECTED PARTIES

An estimated 25,439 retailers would file sales tax less frequently. See Attachment 1.

Estimated shift (# of retailers with less frequent filing)
Monthly to quarterly: 13,510
Quarterly to annually: 11,929

These estimates are based on sales tax amounts from CY 2011 sales/use tax returns.

Current Law	Number of Filers
Early Monthly	23,841
Monthly	33,565
Quarterly	37,510
Annually	58,060
Total	152,976
Alternative	Number of Filers
Early Monthly	23,841
Monthly	20,055
Quarterly	39,091
Annually	69,989
Total	152,976

State of Wisconsin
2013 – 2014 LEGISLATURE

LRB–0257/P1
JK:.

DOA:.....Ley, BB0102 – Sales tax filing frequency

FOR 2013–2015 BUDGET — NOT READY FOR INTRODUCTION

in 10-30-12

Don't Gen

1 AN ACT ...; **relating to:** the budget.

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

Under current law, a retailer submits the sales and use taxes that the retailer collected during each calendar quarter to DOR no later than the last day of the month following the end of the previous calendar quarter. If, however, a retailer collects more than $600 in any calendar quarter, DOR may require the retailer to submit the taxes no later than the last day of the month following the month in which the taxes are collected. Under this bill, if a retailer collects more than $1,200 in any calendar quarter, DOR may require the retailer to submit the taxes no later than the last day of the month following the month in which the taxes are collected.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 **SECTION 1.** 77.58 (1) (a) of the statutes is amended to read:

3 77.58 **(1)** (a) If the amount of tax for any calendar quarter exceeds ~~$600~~ $1,200,

4 the department may require by written notice to the taxpayer that the taxes imposed

on and after the date specified in the notice are due and payable on the last day of the month next succeeding the calendar month for which imposed.

History: 1971 c. 316; 1975 c. 39, 199; 1977 c. 29, 142; 1979 c. 1, 174, 221, 355; 1981 c. 20; 1983 a. 405; 1991 a. 316; 1995 a. 27; 1997 a. 27; 2009 a. 2, 28, 330.

SECTION 9437. Effective dates; Revenue.

(1) SUBMITTING SALES TAX COLLECTIONS. The treatment of section 77.58 (1) (a) of the statutes takes effect on January 1, 2014.

(END)

State of Wisconsin
2013 - 2014 LEGISLATURE

LRB-0257/P1
JK:kjf:rs

DOA:.....Ley, BB0102 – Sales tax filing frequency

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; **relating to:** the budget.

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

Under current law, a retailer submits the sales and use taxes that the retailer collected during each calendar quarter to DOR no later than the last day of the month following the end of the previous calendar quarter. If, however, a retailer collects more than $600 in any calendar quarter, DOR may require the retailer to submit the taxes no later than the last day of the month following the month in which the taxes are collected. Under this bill, if a retailer collects more than $1,200 in any calendar quarter, DOR may require the retailer to submit the taxes no later than the last day of the month following the month in which the taxes are collected.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 **SECTION 1.** 77.58 (1) (a) of the statutes is amended to read:

3 77.58 **(1)** (a) If the amount of tax for any calendar quarter exceeds ~~$600~~ $1,200,

4 the department may require by written notice to the taxpayer that the taxes imposed

1 on and after the date specified in the notice are due and payable on the last day of
2 the month next succeeding the calendar month for which imposed.

3 **SECTION 9437. Effective dates; Revenue.**

4 (1) SUBMITTING SALES TAX COLLECTIONS. The treatment of section 77.58 (1) (a) of
5 the statutes takes effect on January 1, 2014.

6 **(END)**