

Chapter Tax 2

INCOME TAXATION, RETURNS, RECORDS AND
GROSS INCOME

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Tax 2.01 Residence. (Section 71.01, Wis. Stats.) (1) Income of teachers, traveling salesmen, federal employes or officials, and others whose profession or occupation necessitates temporary absence from their residence for five months or more of the income year is taxable in Wisconsin if residence is maintained in this state, regardless of their place of employment.

(2) The residence of a wife is that of her husband unless there is affirmative evidence to the contrary or unless the husband and wife are permanently separated. The residence of a minor child, unless emancipated, is that of its father, or of the mother, if the father is deceased.

(3) Individuals claiming a change of residence from Wisconsin to another state shall file a "declaration of residence" with the assessor of incomes for the district in which the return for the preceding income year was filed and furnish such other information as the assessor may require.

Tax 2.02 Income year. (Section 71.01, Wis. Stats.) The term "income year" shall mean the calendar year or the corresponding fiscal year upon which basis the net income is computed. In cases where a fractional part of a year is made the basis for computing net income, such period is considered the "income year."

Tax 2.021 Proration of surtax. (Section 71.17 (4) Wis. Stats.) When by reason of a change in the income year and by reason of the 48 month limitation of the 20% surtax (Chapters 10 and 335, Laws of 1955; Chapter 488, Laws of 1957; and Chapter 19, Laws of 1959) it becomes necessary to prorate the surtax of a taxable period, such surtax shall first be computed on the income of the period and the result then multiplied by a fraction the denominator of which is the number of months in the taxable period and the numerator of which is 48 minus the number of months in prior periods during which the 20% surtax was applicable.

EXAMPLE

(1) Returns for the period:

January 1, 1955 to July 31, 1955	-----	7 months
August 1, 1955 to July 31, 1956	-----	12 months
August 1, 1956 to July 31, 1957	-----	12 months
August 1, 1957 to July 31, 1958	-----	12 months
Total	-----	43 months

August 1, 1958 to July 31, 1959 ----- 12 months

Numerator equals 48 minus 43 equals 5.

Denominator equals 12.

Fraction equals $5/12$ applicable to 20% surtax computed on income of the period August 1, 1958 to July 31, 1959.

History: Cr. Register, January, 1960, No. 49, eff. 2-1-60.

Tax 2.03 Corporation returns. For the purpose of filing income tax returns, the tax commissioner has designated the following forms for the use of corporations:

Form 4 Return of income for the calendar or fiscal year.

Form 4A Balance sheets as of beginning and end of taxable year; analysis of surplus account; reconciliation of book income with net income reported.

Form 4B Apportionment data (when applicable to the corporation).

Form 4C Separate accounting data (when applicable to the corporation).

All returns, statements, schedules and information required to be filed or furnished by corporations shall be filed with the department of taxation at its offices in the State Office Building at Madison.

Note: Blank forms may be obtained from the department at the State Office Building address.

Tax 2.04 Information returns; forms 9, 9b and 9x for corporations. (Sections 71.04 (1) and (2) and 71.10 (1), Wis. Stats.) All corporations doing business within this state, whether subject to the income tax or not, shall file with the department of taxation at its office in the State Office Building at Madison on or before March 15 of each year on Forms 9 as prescribed by the tax commissioner, statements of payments made within the preceding calendar year to residents of Wisconsin of salaries, wages, bonuses, retirement pay and fees. Statements of payments to residents of Wisconsin within the preceding calendar year of interest and dividends, including dividends paid in capital stock, and payments to residents and non-residents of Wisconsin of rents and royalties on property in Wisconsin shall be filed at the same time and place on Forms 9b. These forms must be filed by March 15 of each year regardless of the fact that the corporation keeps its records on a fiscal year basis. Salaries, wages, bonuses, retirement pay, fees and other compensation paid to an employee or officer (active or retired) need not be reported if they aggregate less than \$600.00; and no one of interest, dividends, rents or royalties needs be reported if it is less than \$100.00. Each corporation must file with Forms 8, 9 or 9b, Form 9x showing the number of reports made on Forms 8, 9 and 9b. (See also Tax 2.05) Items required to be reported on Forms 9 or 9b may be disallowed as deductions from the corporation's gross income upon failure to make proper report thereof.

Note: Blank forms may be obtained from the department at the State Office Building address.

(Corporations failing to file Forms 9 or 9b as prescribed by law shall be subject to a fine of not less than \$50.00 nor more than \$500.00.) (See section 71.11 (45), Wis. Stats.)

History: 1-2-56; am. Register, February, 1958, No. 26, eff. 3-1-58.

Tax 2.05 Information returns, forms 8 for corporations. (Section 71.10 (1), Wis. Stats.) All corporations doing business within this state, whether subject to the income tax or not, are required to file with the department of taxation at its offices in the State Office Building at Madison on or before March 15 of each year on forms 8 as prescribed by the tax commissioner, statements of such transfers of capital stock as have been made by residents of Wisconsin during the preceding calendar year.

Note: Blank forms may be obtained from the department at the State Office Building address.

(Corporations failing to file such statements shall be subject to a fine of not less than \$50 nor more than \$500. (See section 71.11 (45), Wis. Stats.)

Tax 2.06 Information returns for individuals. (Sections 71.05 (1), 71.05 (2) and 71.05 (3), Wis. Stats.) Reports of payments made by individuals may be made a part of the income tax return or may be made on Forms 9 and 9b. The items referred to in the statutes will be disallowed as deductions from gross income if not properly reported.

Note: Blank forms may be obtained from the office of the assessor of incomes in which the reports are required to be filed.

History: 1-2-56; am. Register, February, 1958, No. 26, eff. 3-1-58.

Tax 2.07 Income tax returns of dissolved corporations. (Section 71.10 (1), Wis. Stats.) The officers of a corporation which has been dissolved during the income year must file a corporate income tax return for such year and for any year thereafter in which there is

corporate income. The final return must indicate the disposition of all corporate assets.

Tax 2.08 Returns of persons other than corporations. (1) For the purpose of filing income tax returns, the commissioner of taxation has designated the following forms for the use of persons other than corporations:

- Form 1 For all individuals except married women.
- Form 1a Optional (short) form for all individuals with adjusted gross income of less than \$5,000.00 except married women.
- Form 1B For persons having a business or profession.
- Form 1-Fc For farmers on the cash basis.
- Form 1-Fi For farmers on an inventory or accrual basis.
- Form 1W For wives having separate incomes.
- Form 1Wa Optional (short) form for married women with adjusted gross income of less than \$5,000.00. (Form 1B, 1-Fc or 1-Fi is filed with Form 1, 1W, 1Wa or 1a)
- Form 2 For trustees, executors, administrators and others acting in a fiduciary capacity, but excluding guardians. (Guardians should report on Form 1.)
- Form 3 For partnerships and joint ventures.

(2) Information returns required of persons other than corporations are specified in Tax 2.06 and Tax 3.63. See also Tax 3.07.

(3) All returns, reports, statements and information required to be filed, furnished or reported by natural persons or partnerships, shall be filed in the office of the assessor of incomes for the district in which the natural person resides, or in which the partnership has its principal business office. Natural persons who are not residents of this state shall file with the assessor of incomes from whose district they derive income from business therein transacted or property therein located, and when they derive income from more than one district, they shall consistently file in the office of the assessor of incomes for one of such districts unless notified by the department of taxation to file with the assessor of another district.

Note: Blank forms may be obtained from the office of the assessor of incomes in which the returns are required to be filed.

History: 1-2-56; am. Register, February, 1958, No. 26, eff. 3-1-58.

Tax 2.09 Reproduction of forms. Subject to the conditions set forth under this rule, the official Wisconsin income tax return forms may be reproduced and the reproductions filed with the department in lieu of the corresponding official forms:

(1) The reproductions must be made by photo-offset, photo-engraving or by some similar photographic process. They may be reproduced on one side or both sides of the paper.

(2) The reproductions must be on paper of substantially the same color, weight and texture, and of quality at least as good as that used in the official forms. Forms 1-Fc, 1-Fi, 1W, 1Wa, 2 and 3 may not, therefore, be reproduced on white paper.

(3) Since all of the official forms are printed in black ink, such printing must be reproduced in black.

(4) The size of the reproductions, both as to dimensions of the paper and image reproduced thereon, must be the same as that of the official form.

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(5) All signatures required on returns which are filed with the department must be original, affixed subsequent to the reproduction process.

History: 1-2-56; am. Register, February, 1958, No. 26, eff. 3-1-58.

Tax 2.11 Tax Table. (Section 71.09 (2b) Wis. Stats. applicable to income years ending on and after August 31, 1959)

If Your Net Taxable Income Is		*Your Gross Normal Tax Is	If Your Net Taxable Income Is		*Your Gross Normal Tax Is	If Your Net Taxable Income Is		*Your Gross Normal Tax Is	If Your Net Taxable Income Is		*Your Gross Normal Tax Is
At Least	But Less Than										
0	50	.20	1,850	1,900	20.90	3,700	3,750	55.60	5,480	5,520	110.00
50	100	.70	1,900	1,950	21.60	3,750	3,800	56.90	5,520	5,560	111.40
100	150	1.20	1,950	2,000	22.20	3,800	3,850	58.10	5,560	5,600	112.80
150	200	1.70	2,000	2,050	22.90	3,850	3,900	59.40	5,600	5,640	114.20
200	250	2.20	2,050	2,100	23.60	3,900	3,950	60.60	5,640	5,680	115.60
250	300	2.70	2,100	2,150	24.40	3,950	4,000	61.90	5,680	5,720	117.00
300	350	3.20	2,150	2,200	25.10	4,000	4,050	63.20	5,720	5,760	118.40
350	400	3.70	2,200	2,250	25.90	4,050	4,100	64.80	5,760	5,800	119.80
400	450	4.20	2,250	2,300	26.60	4,100	4,150	66.30	5,800	5,840	121.20
450	500	4.70	2,300	2,350	27.40	4,150	4,200	67.80	5,840	5,880	122.60
500	550	5.20	2,350	2,400	28.10	4,200	4,250	69.30	5,880	5,920	124.00
550	600	5.70	2,400	2,450	28.90	4,250	4,300	70.80	5,920	5,960	125.40
600	650	6.20	2,450	2,500	29.60	4,300	4,350	72.30	5,960	6,000	126.80
650	700	6.70	2,500	2,550	30.40	4,350	4,400	73.80	6,000	6,040	128.30
700	750	7.20	2,550	2,600	31.10	4,400	4,450	75.30	6,040	6,080	129.90
750	800	7.70	2,600	2,650	31.90	4,450	4,500	76.80	6,080	6,120	131.50
800	850	8.20	2,650	2,700	32.60	4,500	4,550	78.30	6,120	6,160	133.10
850	900	8.70	2,700	2,750	33.40	4,550	4,600	79.80	6,160	6,200	134.70
900	950	9.20	2,750	2,800	34.10	4,600	4,650	81.30	6,200	6,240	136.30
950	1,000	9.70	2,800	2,850	34.90	4,650	4,700	82.80	6,240	6,280	137.90
1,000	1,050	10.30	2,850	2,900	35.60	4,700	4,750	84.30	6,280	6,320	139.50
1,050	1,100	10.90	2,900	2,950	36.40	4,750	4,800	85.80	6,320	6,360	141.10
1,100	1,150	11.60	2,950	3,000	37.10	4,800	4,850	87.30	6,360	6,400	142.70
1,150	1,200	12.20	3,000	3,050	38.10	4,850	4,900	88.80	6,400	6,440	144.30
1,200	1,250	12.80	3,050	3,100	39.40	4,900	4,950	90.30	6,440	6,480	145.90
1,250	1,300	13.40	3,100	3,150	40.60	4,950	5,000	91.80	6,480	6,520	147.50
1,300	1,350	14.10	3,150	3,200	41.90	5,000	5,040	93.20	6,520	6,560	149.10
1,350	1,400	14.70	3,200	3,250	43.10	5,040	5,080	94.60	6,560	6,600	150.70
1,400	1,450	15.30	3,250	3,300	44.40	5,080	5,120	96.00	6,600	6,640	152.30
1,450	1,500	15.90	3,300	3,350	45.60	5,120	5,160	97.40	6,640	6,680	153.90
1,500	1,550	16.60	3,350	3,400	46.90	5,160	5,200	98.80	6,680	6,720	155.50
1,550	1,600	17.20	3,400	3,450	48.10	5,200	5,240	100.20	6,720	6,760	157.10
1,600	1,650	17.80	3,450	3,500	49.40	5,240	5,280	101.60	6,760	6,800	158.70
1,650	1,700	18.40	3,500	3,550	50.60	5,280	5,320	103.00	6,800	6,840	160.30
1,700	1,750	19.10	3,550	3,600	51.90	5,320	5,360	104.40	6,840	6,880	161.90
1,750	1,800	19.70	3,600	3,650	53.10	5,360	5,400	105.80	6,880	6,920	163.50
1,800	1,850	20.30	3,650	3,700	54.40	5,400	5,440	107.20	6,920	6,960	165.10
						5,440	5,480	108.60	6,960	7,000	166.70

YOUR TAXABLE INCOME		TAX ON INCOMES OF OVER \$7,000		YOUR GROSS NORMAL TAX	
If amount on Line 7, Page 1 is		Enter on Line A, Page 1		Enter on Line A, Page 1	
Over	But Not Over	This Amt. +	This %	On Excess Over	
\$ 7,000	— \$ 8,000	\$167.50	plus 5%	— \$ 7,000	
8,000	— 9,000	217.50	plus 5½%	— 8,000	
9,000	— 10,000	272.50	plus 6%	— 9,000	
10,000	— 11,000	332.50	plus 6½%	— 10,000	
11,000	— 12,000	397.50	plus 7%	— 11,000	
12,000	— 13,000	467.50	plus 7½%	— 12,000	
13,000	— 14,000	542.50	plus 8%	— 13,000	
14,000	—	622.50	plus 8½%	— 14,000	

*From the gross tax determined by this table the taxpayer should deduct his personal exemptions, if any, to arrive at his net normal income tax. To such tax must be added any surtax on the net normal income tax as is provided by law.

History: Cr. Register, January, 1960, No. 49, eff. 2-1-60.

Register, January, 1960, No. 49

Tax 2.10 Optional tax table. (see page 9).

Tax 2.14 Separate income tax returns for husband and wife. If husband and wife each has a gross income of \$600.00 or more or if each has some net income when their combined net income is \$1,400.00 or more, each must file a separate return. (See Amerpohl vs Tax Commission, 225 Wis. 62.) The aggregate personal exemption of \$14.00 allowable when each files a return may be divided between the two according to their choice.

History: 1-2-56; am. Register, February, 1958, No. 26, eff. 3-1-58.

Tax 2.15 Methods of accounting. (Section 71.11 (8), Wis. Stats.) No uniform method of accounting can be prescribed for all taxpayers, and the law contemplates that each taxpayer may return his income in accordance with the method of accounting regularly employed in keeping his books. If no method of accounting is regularly employed or if the method employed does not clearly reflect the income, the department of taxation may prescribe the method to be used. A method of accounting will not be regarded as clearly reflecting the income unless all items of gross income and all deductions are treated with reasonable consistency.

Tax 2.16 Changes in method of accounting. (Section 71.11 (8), Wis. Stats.) No change in the method of accounting used in reporting income may be made without first obtaining the written permission of the tax commissioner or the assessor of incomes, as the case may be. Applications for such change must set forth clearly the nature of the business, the method of accounting used in keeping the books, and the reasons for changing the method of reporting. In changing from a cash basis of accounting to an accrual basis of accounting, income accrued but not yet collected as of the close of the year of change shall be added to income actually received in cash during the year,

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