

TAX 2

Received Sept 9, 1966
10:30 am.

**ORDER OF THE
WISCONSIN DEPARTMENT OF TAXATION
ADOPTING RULE CHANGES**

Pursuant to authority vested in the Wisconsin Department of Taxation by Section 71.11(24) of the statutes the said department hereby repeals Rule TAX 2.71 and repeals and recreates Rule TAX 2.19, as shown in the attached memorandum.

These rule changes shall take effect with respect to income years beginning on and after January 1, 1967.

WISCONSIN DEPARTMENT OF TAXATION

By

James R. Morgan
James R. Morgan
Commissioner of Taxation

STATE OF WISCONSIN)
) SS
COUNTY OF DANE)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, JAMES R. MORGAN, Commissioner of Taxation and custodian of the official records of the Wisconsin Department of Taxation, do hereby certify that the annexed rule changes (whereby Rule TAX 2.71 is repealed and Rule TAX 2.19 is repealed and recreated) have been approved by me and have been compared by me with the originals on file in the department and are true and correct copies of such originals.

IN TESTIMONY WHEREOF, I have hereunto set my hand at the State Office Building, One West Wilson Street in the City of Madison, Wisconsin this 9th day of September, 1966.


James R. Morgan
Commissioner of Taxation

Effective with respect to income years beginning on and after January 1, 1967 rules TAX 2.19 and TAX 2.71 are repealed and Rule TAX 2.19 is recreated to read:

TAX 2.19 INSTALLMENT METHOD OF ACCOUNTING FOR CORPORATIONS
(Section 71.11(8), Wis. Stats.).

(1) Subject to the approval of the department of taxation, a sale or other disposition by a corporation of real property, or a casual sale or other casual disposition of personal property (other than personal property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the income year) for a price exceeding \$1000, may be returned on the installment basis in the case of a sale or other disposition in an income year beginning on or after January 1, 1967, provided that in the income year of the sale or other disposition there are no payments or the payments (exclusive of evidences of indebtedness of the purchaser) do not exceed 30 percent of the selling price. On the installment basis there shall be returned as income from the installment sale in any income year that proportion of the installment payments actually received in that year which the gross profit realized or to be realized when payment is completed, bears to the total contract price.

(2) Use of the installment method, in each instance, shall be conditional upon the implied agreement of the corporation to take into income in any year in which it distributes the installment obligation, the unreported balance of gain on the installment sale or exchange.

(3) The installment method shall not be permitted with respect to any installment sale or exchange made subsequent to adoption of a plan of liquidation to which section 71.337 applies.

(4) Corporations regularly engaged in the business of selling personal property and keeping records on the installment basis will be required to report for franchise or income tax purposes on the accrual basis.

(5) The expenses incident to each installment sale or exchange must be deferred on the same basis that the profit arising from the sale or exchange is deferred.

(6) When property is sold or exchanged on the installment basis at a loss, the loss may not be deferred beyond the income year in which the sale or exchange takes place.



The State of Wisconsin

DEPARTMENT OF TAXATION
ROOM 1000 STATE OFFICE BUILDING
1 WEST WILSON STREET
MADISON, WISCONSIN 53702

September 9, 1966

Mr. James J. Burke
Revisor of Statutes
State Capitol
Madison, Wisconsin

Dear Mr. Burke:

Enclosed herewith please find a certified copy of changes in the Rules of the Wisconsin Department of Taxation relating to corporation franchise and income taxation pursuant to which Rule TAX 2.71 is repealed and Rule TAX 2.19 is repealed and recreated.

Notice of these changes was published in July 1966 in the Notice Section of the Wisconsin Administrative Register pursuant to Section 227.02(1)(e) of the statutes, and, though 30 days have passed since publication, no petition for public hearing with respect thereto has been received.

A certified copy of these rule changes is being mailed today to the Secretary of State for filing, pursuant to Section 227.023(1) of the statutes.

Sincerely,

James R. Morgan
Commissioner

JRM:ABK
Enc.

cc: Hon. Robert C. Zimmerman
Secretary of State
Commerce Clearing House
Prentice-Hall, Inc.

*History notes for 2.19 and
2.71 dictated by A. Barbarese
approved by J. J. Burke 9/9/66*