

# STATEMENT OF SCOPE

## Department of Revenue

**Rule No.:** Chapter Tax 1, 2, and 14

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**Relating to:** Income and franchise tax provisions

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**Rule Type:** Permanent

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This scope statement was approved by the Governor on August 27, 2018.

### 1. Detailed description of the objective of the proposed rule:

The objectives of the rule are to:

- Amend ss. Tax 1.12, 2.03, 2.04, 2.08, and 2.67 to update email and website addresses.
- Amend s. Tax 1.13 to update procedures relating to a revised power of attorney form and to add Streamlined Sales Tax Form F0023 as an alternate form available.
- Repeal s. Tax 1.17 to reflect the repeal by 2017 Wis. Act 59 related to the ambulatory surgical center assessment.
- Amend s. Tax 2.01 to remove reference to an obsolete form.
- Amend ss. Tax 2.04 and 2.08 to update due dates of forms for rents and royalties and electronic filing requirements as changed in 2017 Wis. Act 59.
- Amend s. Tax 2.04 to update the address for where to file forms and remove a reference to "Tax Return Guidelines."
- Amend s. Tax 2.04 (3) (c) to change the extension period to 30 days as a result of 2017 Wis. Act 59.
- Amend s. Tax 2.04(6)(b) and (7) to update when an information return should be filed with Wisconsin.
- Amend s. Tax 2.07 to update an obsolete reference to the health insurance credit for purposes of claiming the earned income credit.
- Create s. Tax 2.08(3)(ci), Wis. Adm. Code, to include Form PW-1 in the list of returns that are required to be filed electronically. This form is filed by trusts, partnerships, and tax-option (S) corporations that are required to withhold tax on Wisconsin income that must be reported by nonresidents. Section 71.738(2m), Wis. Stats., provides the authority for the department to prescribe the method for filing returns with the department. The requirement to electronically file started in 2018, as described in Wisconsin Tax Bulletin 200.

- Amend ss. Tax 2.105 and 2.12 to reference statutory limitations related to net business and net operating losses as reflected in 2017 Wis. Act 59.
- Amend s. Tax 2.30 to update date references to the Internal Revenue Code (IRC).
- Amend s. Tax 2.32 to remove line references to forms.
- Amend ss. Tax 2.39 and 2.49 to include exception for broadcaster's gross receipts and updating sourcing of sales of services as provided in 2017 Wis. Act 59, and to correct a reference.
- Repeal s. Tax 2.395 as this option was only available prior to January 1, 2000.
- Amend s. Tax 2.61 to replace obsolete reference to the IRC and reflect the reference to the IRC is the one in effect for federal tax purposes.
- Amend ss. Tax 2.87 and 2.935 to replace "Delinquent Tax Collection System" with "Compliance Bureau."
- Amend s. Tax 2.88 to reflect that no interest is paid on certain WEDC refunds as provided in Wis. Act 59.
- Amend ss. Tax 2.89 and 2.96 to update due date of installment payments for corporations and extensions of time to file corporation returns as provided in 2017 Wis. Act 2.
- Repeal s. Tax 2.92(3)(e)(Note) to reflect obtaining Forms WT-4 and WT-4A online.
- Amend s. Tax 2.95 (5) (Example) to update years.
- Revise s. Tax 2.955 to add limitation on credit as provided in 2017 Wis. Act 59.
- Repeal s. Tax 2.98 (2) (b) (Note 1), (Note 2), and (Note 3) related to disasters occurring prior to 1987.
- Create s. Tax 14.01 (2) (am) to reference the definition of disqualified loss in s. 71.52(1e), Stats.
- Repeal s. Tax 14.03 (4) (b) 23. This subdivision was renumbered to 14.03 (4) (c) in CR 00-16. The original subdivision was not deleted.
- Create s. Tax 14.03 (4) (c) 10. to add disqualified losses as provided in 2017 Wis. Act 59.

**2. Description of existing policies relevant to the rule, new policies proposed to be included in the rule, and an analysis of policy alternatives:**

Existing policies are as set forth in the rules. New policy is being proposed to reflect the law changes described above. If the rules are not changed, they will be incorrect in that they will not reflect current law or current department policy.

**3. Detailed explanation of statutory authority for the rule (including the statutory citation and language):**

Under s. 71.80 (1) (c), Stats., the department may make such regulations as it shall deem necessary in order to carry out chapter 71 of the Wisconsin Statutes, relating to income and franchise taxes.

Under ss. 71.05 (7) (g) 2., and 71.25 (9) (g) 2., Stats., the department may promulgate rules relating to situs of income; allocation and apportionment.

Section 227.11 (2) (a), Stats., provides “[e]ach agency may promulgate rules interpreting the provisions of any statute enforced or administered by the agency, if the agency considers it necessary to effectuate the purpose of the statute...”

**4. Estimate of amount of time that state employees will spend developing the rule and of other resources necessary to develop the rule:**

The department estimates it will take approximately 100 hours to develop the rule.

**5. List with description of all entities that may be affected by the proposed rule:**

Tax professionals, businesses, individuals, fiduciaries, and others who rely on clear, current, and concise rules.

**6. Summary and preliminary comparison with any existing or proposed federal regulation that is intended to address the activities to be regulated by the proposed rule:**

There is no existing or proposed federal regulation that is intended to address the activities to be regulated by the rule.

**7. Anticipated economic impact of implementing the rule (note if the rule is likely to have a significant economic impact on small businesses):**

No economic impact is anticipated.

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