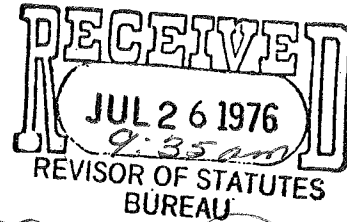


TAX 2, 3, 11

CERTIFICATE



O. L. Paulson

STATE OF WISCONSIN)
DEPARTMENT OF REVENUE)

TO ALL WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, David W. Adamany, Secretary of the Department of Revenue and custodian of the official records of said Department, do hereby certify that the annexed rules were duly approved and adopted by this Department on July 23, 1976. These rules related to the following:

1. Amended income and franchise tax returns.
2. Income tax status of interest and dividends from municipal and federal obligations received by individuals and fiduciaries.
3. Exempt compensation of military personnel.
4. Application of the sales tax to transactions of barbers and beauty shop operators.
5. Application of the sales tax to transactions of veterinarians and their suppliers.

I further certify that said copy has been compared by me with the original on file in this Department and that the same is a true copy thereof and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand at 201 East Washington Avenue in the city of Madison, this 23rd day of July, 1976.

David Adamany

David W. Adamany

ORDER OF THE DEPARTMENT OF REVENUE ADOPTING RULES

Pursuant to the authority vested in the Department of Revenue by ss. 71.11(24)(a) and 227.014(2), Wis. Stats., the Department of Revenue hereby adopts five rules as follows:

1. Section Tax 2.12 of the Wis. Adm. Code is adopted to read:

Tax 2.12 Amended income and franchise tax returns. (1) WHEN SHALL BE FILED. (a) The department shall accept amended returns to correct Wisconsin income tax returns previously filed.

(b) Because an amended return is not the original return, it shall not begin or extend the statute of limitation periods for the assessment of additional tax or the claim of a refund.

(c) If an amended return shows a refund, it shall be filed within 4 years of the due date of the original return. However, a claim for a refund of the tax assessed by an office audit shall be filed within 2 years of the date assessed if no petition for redetermination was filed and if the year is not closed by field audit.

(2) FORMS. (a) The following forms may be used for filing an amended return:

1. Form 1X for individuals.
2. Form 4X for corporations.

(b) If forms other than those specified in par. (a) are used to amend a tax return, such forms shall be clearly marked across the top of the first page "AMENDED RETURN."

NOTE: The department accepts amended individual income tax, corporate income tax, and franchise tax returns to allow taxpayers to correct overstatements or understatements of net income and computations of tax contained on their original return.

Forms 1X and 4X are similar in format and use to Forms 1040X and 1120X, the amended U.S. individual and corporate returns. Although the use of these 2 state forms is not mandatory, the department prefers that they be used. They are designed to simplify the filing and expedite the processing of the information. Copies may be obtained from any Wisconsin Department of Revenue office.

2. Section Tax 3.09 of the Wis. Adm. Code is adopted to read:

Tax 3.09 Exempt compensation of military personnel. (Section 71.01 (3)(f), Wis. Stats.) For purposes of the income tax exemption of the first \$1,000 of compensation received from the United States as a reserve or active member of the armed forces under s. 71.01(3)(f), Wis. Stats.:

(1) Compensation received by members of the Wisconsin national guard from the state for weekend highway patrol duty, civil disturbance or riot duty shall not qualify for this exemption.

(2) Compensation received by retired officers and enlisted personnel of the armed services from the United States shall not qualify for this exemption except as provided under sub. (4).

(3) Compensation received by commissioned officers of the United States, such as public health officers or coast and geodetic survey officers, who are not members of the armed services shall not qualify for this exemption.

(4) Compensation received by retired, enlisted personnel of the armed services who upon retirement are transferred to reserve units until completion of 30 years of service shall qualify for this exemption. This includes compensation received by retired army and air force personnel who are transferred to reserve units and by retired navy and marine personnel who are transferred to fleet reserve and fleet marine corps reserve, respectively.

NOTE: Under s. 71.01(3)(f), Wis. Stats., the first \$1,000 of compensation received from the United States for service as a reserve or active member of the armed forces is exempt from income taxation. This rule clarifies how several types of payments will be treated under this exemption.

3. Section Tax 3.095 of the Wis. Adm. Code is adopted to read:

Tax 3.095 Income tax status of interest and dividends from municipal and federal obligations received by individuals and fiduciaries.

(Sections 71.05(1)(a)1 and 71.05(1)(b)1, Wis. Stats.) (1) Interest and dividends, less related expenses, payable on the following types of federal securities shall be subject to the state income tax on individuals and fiduciaries:

- (a) Federal Home Loan Bank dividends.
- (b) Federal National Mortgage Association certificates. (In 1968, the Federal National Mortgage Association became 2 separate corporations. One corporation retained the original name and the other is known as the Government National Mortgage Association.)
- (c) Federal National Mortgage Association dividends.
- (d) Inter-American Development Bank bonds.
- (e) Interest paid on deposits in any federal bank or agency.
- (f) International Bank for Reconstruction and Development bonds.

(2) Interest and dividends, less related expenses, payable on the following types of federal securities shall be exempt from the state income tax on individuals and fiduciaries:

- (a) Bank for Cooperatives debentures.
- (b) Farmer's Home Administration insured notes.
- (c) Federal Home Loan Bank bonds, debentures and notes.
- (d) Federal Housing Authority debentures.
- (e) Federal Intermediate Credit Bank debentures.
- (f) Federal Land Bank bonds.

- (g) Federal Reserve Bank dividends.
- (h) Government National Mortgage Association bonds, if payment of such obligations, together with interest thereon, is guaranteed by the United States. (In 1968, the Federal National Mortgage Association became 2 separate corporations. One corporation retained the original name and the other is known as the Government National Mortgage Association.)
- (i) Production Credit Association debentures.
- (j) Small Business Investment Company debentures, if payment of such obligations, together with interest thereon, is guaranteed by the United States.
- (k) Tennessee Valley Authority bonds.
- (l) Territory of Hawaii bonds.
- (m) Territory of Puerto Rico bonds.
- (n) United States Postal Service bonds.
- (o) United States Savings bonds.
- (p) United States Treasury bills and notes.

(3) Interest and dividends, less related expenses, payable on the following types of municipal securities shall be subject to the state income tax on individuals and fiduciaries:

- (a) Municipal bonds.
- (b) Public housing authority bonds issued by municipalities located outside Wisconsin.

(4) Interest and dividends, less related expenses, payable on public housing authority bonds of Wisconsin municipalities shall be exempt from the state income tax on individuals and fiduciaries.

NOTE: Section 71.05(1)(a)1, Wis. Stats., provides for the inclusion in Wisconsin income of natural persons and fiduciaries of any interest, less related expenses, received on state and municipal obligations.

Section 71.05(1)(b)1, Wis. Stats., provides for the exclusion from Wisconsin income of natural persons and fiduciaries of any interest or dividend income, less related expenses, which is by federal law exempt from taxation by Wisconsin.

This rule sets out examples of interest and dividends payable on municipal and federal obligations which are taxable and tax exempt.

4. Section Tax 11.61 of the Wis. Adm. Code is adopted to read:

Tax 11.61 Veterinarians and their suppliers. (Sections 77.51(7)(m) and (o) and 77.52(2)(a)10, Wis. Stats.) (1) VETERINARIANS. (a) Charges made by veterinarians which shall be exempt from the sales tax include charges for the following professional services for animals:

1. Medical services.
2. Hospitalization services.

(b) Charges made by veterinarians which shall be subject to the sales tax include charges for the following activities for animals:

1. Boarding.
2. Grooming.
3. Clipping.

(c) Sales of tangible personal property by veterinarians which shall be taxable include the following:

1. Leashes, collars and other pet equipment.
2. Pets.
3. Pet food.

(2) SUPPLIERS. (a) Sales to veterinarians of medicines and items to be used or furnished by them in the performance of their professional services to animals shall be subject to the sales or use tax.

(b) If the tax on sales to veterinarians is not collected by a supplier (for example, because the supplier is located out-of-state and is not required to be registered with the department), the veterinarian shall be responsible for and shall report and pay a use tax on such purchases directly to the department.

5. Section Tax 11.62 of the Wis. Adm. Code is adopted to read:

Tax 11.62 Barbers and beauty shop operators. (Sections 77.51(7)(i) and 77.52(2)(a)10, Wis. Stats.) (1) NONTAXABLE SALES AND SERVICES.

(a) Barbers and beauty shop operators are engaged primarily in a service occupation and charges for services on human beings shall be exempt from the sales tax.

(b) Barbers and beauty shop operators shall not be required to register as retailers with the department if their gross receipts from sales of tangible personal property or taxable services are \$1,000 or less within a calendar year. Persons who are exempt as such occasional sellers shall pay sales or use tax to their suppliers on all purchases, including items that may be resold to customers. Persons who exceed the standard shall register with the department and obtain a seller's permit. Persons who register may purchase tangible personal property (such as hair pieces) for resale without paying tax by issuing to their supplier a properly completed resale certificate.

(2) TAXABLE SALES AND SERVICES. (a) Barbers and beauty shop operators are the consumers of the materials and supplies which are used in performing their services and shall pay sales tax to their suppliers on such purchases.

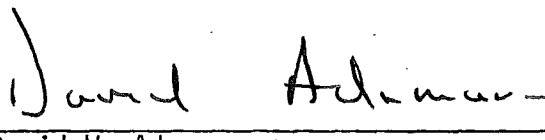
(b) Over the counter sales by barbers or beauty shop operators of packaged cosmetics, hair tonics, lotions, wigs, falls, toupees or other merchandise and their charges for servicing wigs, hair pieces or other tangible personal property shall be subject to the sales tax. Unless a barber or beauty shop operator falls within the occasional sales standard set forth in par. (1)(b), the person shall be responsible for collecting and remitting to the department the tax on all such sales or charges.

The rules contained herein shall take effect on September 1, 1976.

Dated July 23, 1976.

DEPARTMENT OF REVENUE

By:

A handwritten signature in cursive script that reads "David Adamany". The signature is written in dark ink and is positioned above a horizontal line.

David W. Adamany
Secretary of Revenue