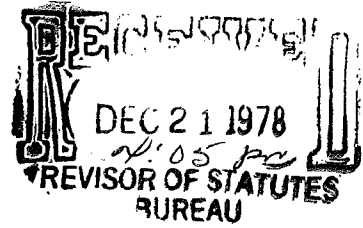


Tax 2, 11

CERTIFICATE OF RULE ADOPTION

STATE OF WISCONSIN)
DEPARTMENT OF REVENUE)



TO ALL WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Dennis J. Conta, 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 December 21, 1978. These rules relate to the following:

- 1) Change in taxable year (income and franchise tax).
- 2) Reduction of delinquent interest rate under s. 71.13(1)(b), Wis. Stats. (income and franchise tax).
- 3) Reduction of delinquent interest rate under s. 71.20(5)(c), Wis. Stats. (withholding tax).
- 4) Occasional sale of nonbusiness assets (sales and use tax).
- 5) Reduction of delinquent interest rate under s. 77.62(1), Wis. Stats. (sales and use tax).

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 21st day of December, 1978.

Dennis J. Conta

ORDER OF THE DEPARTMENT OF REVENUE ADOPTING RULES

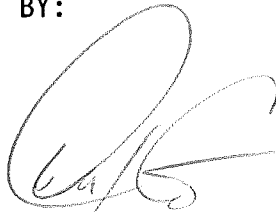
Pursuant to the authority vested in the Department of Revenue by ss. 71.11(24) (a), 71.13(1)(b), 71.20(5)(c), 77.62(1) and 227.014(2), Wis. Stats., the Department hereby adopts the following 5 rules as shown on the attached copy.

- 1) Section Tax 2.165, "Change in taxable year".
- 2) Section Tax 2.87, "Reduction of delinquent interest rate under s. 71.13(1)(b), Wis. Stats."
- 3) Section Tax 2.935, "Reduction of delinquent interest rate under s. 71.20(5)(c), Wis. Stats."
- 4) Section Tax 11.10(6)(e), relating to the occasional sale of nonbusiness assets.
- 5) Section Tax 11.98, "Reduction of delinquent interest rate under s. 77.62(1), Wis. Stats."

The rules contained herein shall take effect on March 1, 1979.

Dated this 21st day of December, 1978.

DEPARTMENT OF REVENUE
BY:



Dennis J. Conta
Secretary of Revenue

CHANGING FROM ONE TAXABLE YEAR
TO A DIFFERENT TAXABLE YEAR

Section Tax 2.165 of the Wis. Adm. Code is adopted to read:

Tax 2.165 Change in taxable year. (Sections 71.02(1)(d) and (2)(k), and 71.10(3m) and (16), Wis. Stats.). (1) DEFINITIONS. In this rule: (a) "Calendar year" means a 12 month period ending on December 31.

(b) "Fiscal year" means a 12 month period ending on the last day of any month other than December 31.

(c) "Taxable year" or "income year" means a calendar year, a fiscal year or a short period of less than 12 months resulting from a change in reporting from a calendar to a fiscal, a fiscal to a calendar, or a fiscal to a different fiscal year and is the period for which the taxable income is reported.

(2) CORPORATIONS. (a) General. A new corporation may elect the taxable year on which it will report. A taxable year must end on the last day of a month and, if accounting records are kept on a 52-53 week period, the taxable year shall be considered to end on the last day of the month closest to the end of the 52-53 week period.

(b) Change in taxable year. A corporation may not change its taxable year without first obtaining approval from the department. The request to change shall be made in writing to the Wisconsin Department of Revenue, P.O. Box 8906, Madison, Wisconsin 53708 prior to the close of the proposed new taxable year. The request shall contain the following information:

1. Name and address of corporation.
2. Taxable year presently used.
3. Proposed taxable year.
4. Effective date of change.
5. Reason for requesting the change.

(c) Computation of tax. The income for the short taxable year shall be computed on an annual basis and the tax for the short taxable year shall be a fractional portion of the tax computed on such annual income. As an example, in changing from a calendar year to a fiscal year ending September 30, with net income for the 9 month period of \$18,000, the tax on the income of the short taxable year may be computed as follows:

1. Multiply short period income by 12. $\$18,000 \times 12 = \$216,000$
2. Divide by number of months in the short period to obtain annualized income. $\$216,000 \div 9 = \$24,000$
3. Compute the tax on the annualized income. Tax on \$24,000 equals \$1,676 (1977 rates).
4. Prorate this tax to obtain the tax for the short period. $\$1,676 \times 9/12 = \$1,257.$

(3) PERSONS OTHER THAN CORPORATIONS. (a) General. A person other than a corporation is required to adopt the same taxable year for Wisconsin as for federal income tax purposes. The taxable year is established with the filing of the first income tax return.

INTEREST RATE REDUCTION FOR DELINQUENT INCOME AND FRANCHISE
TAXES UNDER S. 71.13(1)(b), WIS. STATS.

Section Tax 2.87 of the Wis. Adm. Code is adopted to read:

Tax 2.87 Reduction of delinquent interest rate under s. 71.13(1)(b), Wis. Stats. (Section 71.13(1)(b), Wis. Stats.) (1) PROCEDURES. The secretary may reduce the delinquent interest rate from 18% to 9% per year when the secretary determines the reduction fair and equitable, if the person from whom delinquent taxes are owing:

(a) Requests the reduction in writing, addressed to the Wisconsin Department of Revenue, Delinquent Tax Collection System, P.O. Box 8901, Madison, Wisconsin 53708.

(b) Clearly indicates why it is fair and equitable for the rate of interest to be reduced. Information regarding one or more of the factors under sub. (2) may be indicated.

(c) Is current in all return and report filings and tax payments for all matters other than the delinquencies for which interest reduction is being sought.

(d) Pays the taxes, reduced amount of interest and any penalties associated with them within 30 days of receiving notice from the department of the reduction.

(2) FACTORS FOR SECRETARY'S CONSIDERATION. In determining whether an interest rate reduction is fair and equitable, the secretary may consider the following factors:

(a) The taxpayer's prior record of reporting and payment to the department.

(b) The taxpayer's financial condition.

(c) Any circumstances which may have prevented payment such as death, imprisonment, hospitalization or other institutionalization.

(d) Any unusual circumstances which may have caused the taxpayer to incur the delinquency or prevent its payment.

(e) Any other factor which the secretary believes pertinent.

(3) DETERMINATION NOT APPEALABLE. The secretary's determination under this rule is not appealable.

INTEREST RATE REDUCTION FOR DELINQUENT WITHHOLDING TAXES
UNDER S. 71.20(5)(c), WIS. STATS.

Section Tax 2.935 of the Wis. Adm. Code is adopted to read:

Tax 2.935 Reduction of delinquent interest rate under s. 71.20(5)(c), Wis. Stats. (Section 71.20(5)(c), Wis. Stats.) (1) PROCEDURES. The secretary may reduce the delinquent interest rate from 18% to 9% per year when the secretary determines the reduction fair and equitable, if the person from whom delinquent taxes are owing:

(a) Requests the reduction in writing, addressed to the Wisconsin Department of Revenue, Delinquent Tax Collection System, P.O. Box 8901, Madison, Wisconsin 53708.

(b) Clearly indicates why it is fair and equitable for the rate of interest to be reduced. Information regarding one or more of the factors under sub. (2) may be indicated.

(c) Is current in all return and report filings and tax payments for all matters other than the delinquencies for which interest reduction is being sought.

(d) Pays the withholding taxes, reduced amount of interest and any penalties associated with them within 30 days of receiving notice from the department of the reduction.

(2) FACTORS FOR SECRETARY'S CONSIDERATION. In determining whether an interest rate reduction is fair and equitable, the secretary may consider the following factors:

(a) The taxpayer's prior record of reporting and payment to the department.

(b) The taxpayer's financial condition.

(c) If the taxpayer is a natural person, any circumstances which may have prevented payment such as death, imprisonment, hospitalization or other institutionalization.

(d) Any unusual circumstances which may have caused the taxpayer to incur the delinquency or prevent its payment.

(e) Any other factor which the secretary believes pertinent.

(3) DETERMINATION NOT APPEALABLE. The secretary's determination under this rule is not appealable.

OCCASIONAL SALE OF NONBUSINESS ASSETS

SECTION 1. Tax 11.10(6)(e) of the Wis. Adm. Code is adopted to read:

11.10(6)(e) Sales by a sole proprietor who is or is required to be a holder of a seller's permit of tangible personal property which is not or has not been used in the course of the person's business activities and is not the type of property sold in the course of conducting such business activities. All tangible personal property sold by a corporation or partnership holding or required to hold a seller's permit shall be considered used or sold in the course of the organization's business activities and is taxable. Examples include the following: 1. Taxpayer is a sole proprietor and a service station operator who obtained a seller's permit for the purpose of selling cigarettes and repairing motor vehicles; taxpayer sold a refrigerator and stove used in the taxpayer's residence; the gross receipts from the sale of the refrigerator and stove are not subject to the sales tax. 2. Taxpayer in the prior example sold a desk and refrigerator which were used in the service station's business activities; the gross receipts from the sale of these 2 items are subject to the sales tax.

SECTION 2. APPLICABILITY. This rule shall apply to periods open to adjustment under the statute of limitations of section 77.59 of the Wisconsin Statutes on its effective date and thereafter.

INTEREST RATE REDUCTION FOR DELINQUENT SALES AND USE
TAXES UNDER S. 77.62(1)

Section Tax 11.98 of the Wis. Adm. Code is adopted to read:

Tax 11.98 Reduction of delinquent interest rate under s. 77.62(1), Wis. Stats. (Sections 71.13(1)(b), 77.60(2) and 77.62(1), Wis. Stats.) (1) PROCEDURES. The secretary may reduce the delinquent interest rate from 18% to 9% per year when the secretary determines the reduction fair and equitable, if the person from whom delinquent taxes are owing:

(a) Requests the reduction in writing, addressed to the Wisconsin Department of Revenue, Delinquent Tax Collection System, P.O. Box 8901, Madison, Wisconsin 53708.

(b) Clearly indicates why it is fair and equitable for the rate of interest to be reduced. Information regarding one or more of the factors under sub. (2) may be indicated.

(c) Is current in all return and report filings and tax payments for all matters other than the delinquencies for which interest reduction is being sought.

(d) Pays the sales and use taxes, reduced amount of interest and any penalties associated with them within 30 days of receiving notice from the department of the reduction.

(2) FACTORS FOR SECRETARY'S CONSIDERATION. In determining whether an interest rate reduction is fair and equitable, the secretary may consider the following factors:

(a) The taxpayer's prior record of reporting and payment to the department.

(b) The taxpayer's financial condition.

(c) If the taxpayer is a natural person, any circumstances which may have prevented payment such as death, imprisonment, hospitalization or other institutionalization.

(d) Any unusual circumstances which may have caused the taxpayer to incur the delinquency or prevent its payment.

(e) Any other factor which the secretary believes pertinent.

(e) DETERMINATION NOT APPEALABLE. The secretary's determination under this rule is not appealable.