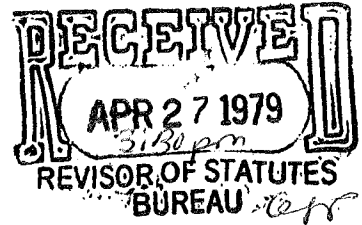


Tax 12.20 to 12.29

CERTIFICATE OF RULE ADOPTION

STATE OF WISCONSIN)
)
DEPARTMENT OF REVENUE)



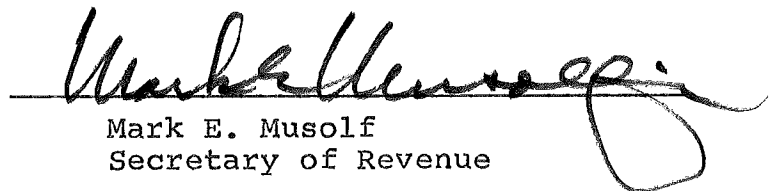
TO ALL WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Mark E. Musolf, Secretary of the Department of Revenue and custodian of the official records of said Department, do hereby certify that the annexed rule was duly approved and adopted by this Department on April 26th, 1979. This rule relates to the following:

The Administration on the Net Proceeds Tax on Metal Mining

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 26 day of April, 1979.


Mark E. Musolf
Secretary of Revenue

ORDER OF THE DEPARTMENT OF REVENUE ADOPTING RULES


Pursuant to the authority vested in the Department of Revenue by ss. 227.014(2) and Chap. 70, Wis. Stats., the Department hereby adopts the following rule as shown on the attached copy:

Section Tax 12.20 - 12.29 "The Administration on the Net Proceeds Tax on Metal Mining"

The rule contained herein shall take effect on July 1, 1979.

DEPARTMENT OF REVENUE

BY:



Mark E. Musolf
Secretary of Revenue

THE ADMINISTRATION OF THE
NET PROCEEDS OCCUPATIONAL TAX ON METAL MINING

Section Tax 12.20 of the Wisconsin Administrative Code is adopted to read:

TAX 12.20 Net proceeds occupational tax on metal mining, taxable year. The taxable year adopted by the person engaged in mining metalliferous minerals in this state for purposes of the "net proceeds occupational tax report" shall correspond to the year adopted by that person for Wisconsin franchise and income tax purposes.

Section Tax 12.21 of the Wisconsin Administrative Code is adopted to read:

TAX 12.21 Reports, due date. (s. 70.38(1), Stats.)

(1) The due date for the net proceeds tax report pursuant to s. 70.38(1), Stats. may be extended to April 1, provided that a written request stating a sufficient reason for such extension is submitted to the department prior to February 10.

(2) If the person required to file a report in accordance with s. 70.38(1), Stats. fails to file such a report within the time prescribed or as extended pursuant to sub. (1), the person shall be assessed a penalty of \$25 and such person shall not be allowed any action or proceeding to contest the imposition of such penalty.

Section Tax 12.22 of the Wisconsin Administrative Code is adopted to read:

TAX 12.22 Confidentiality of Information. Any information obtained under s. 70.375, Stats. shall be held confidential except that information provided by the taxpayer for annual report purposes which shows:

- (1) The computation of gross proceeds;
- (2) Authorized deductions from gross proceeds
- (3) Information regarding the distribution and apportionment of the tax.

Section Tax 12.23 of the Wisconsin Administrative Code is adopted to read:

TAX 12.23 Basis for depreciation and amortization. (s. 70.375(4)(k), Stats.) The basis for depreciation and amortization of the property mentioned in s. 70.375(4)(k) for mines operated during the taxable year 1977 shall be their net book value as of the beginning of that year provided that the straight line method for computing the expense was used for book purposes. If the straight line method was not used the basis shall be recomputed as if it was used.

Section Tax 12.25 of the Wisconsin Administrative Code is adopted to read:

TAX 12.25 Deductions for expenses incurred by other than person taxed. (s. 70.375(4), Stats.) (1) In the event any expense required to obtain the product to which the published price applied is incurred directly by persons other than the person upon whom the tax is imposed, such expenses shall be allowed as are the expenses under s. 70.375(4) provided the expenses are itemized and documented and are as near as may be to the kind enumerated in s. 70.375(4).

(2) No deduction shall be allowed for the cost of capital (interest and earnings) imputed or implied in respect to the expenses enumerated in s. 70.375(4)(b), Stats.

Section Tax 12.27 of the Wisconsin Administrative Code is adopted to read:

TAX 12.27 Three year averaging rule. (s. 70.375(2), Stats.) (1) For purposes of Section 70.375(2) when in the judgment of the Department there is insignificant production or no production has occurred during any month, a weighted average for the three year period shall be computed eliminating those months of insignificant or no production from both the numerator and denominator of the fraction. The weighted average

shall be computed by dividing the total significant production in the 3-year period into the sum of the following:

- (a) The product of multiplying the total of significant production for the current year by the net proceeds for that year, and
- (b) The products obtained by the same method for the two preceding years.

(2) In determining whether insignificant production has occurred, the Department shall take into consideration the following:

- (a) The production schedule for the year
- (b) The total remaining defined reserves to be mined
- (c) Prior years actual production.

(3) Definitions. "Production" means tons of natural or crude ore extracted.

NOTE: (1) An example of the computation described in sub. (1) is as follows:

Calculations:

	<u>1st Yr.</u>	<u>2nd Yr.</u>	<u>3rd Yr.</u>	<u>Total</u>
Total Production	663,000	946,000	1,335,000	
Less: Total production during months of insignificant production	<u>53,000</u>	<u>56,000</u>	<u>15,000</u>	
Total significant production:	<u>610,000</u>	<u>890,000</u>	<u>1,320,000</u>	<u>2,820,000</u>
Net Proceeds	\$400,000	\$500,000	\$ 800,000	
The weighted average = $\$ (400,000 \times 610,000 + 500,000 \times 890,000 + 800,000 \times 1,320,000 \div (610,000 + 890,000 + 1,320,000)) = \$618,794$				

Section Tax 12.28 of the Wisconsin Administrative Code is adopted to read:

TAX 12.28 Review of assessments, claims for refunds. Additional assessments and claims for refunds for excess net proceed tax payments are subject to the same procedure for review and final determination as additional income tax assessments and claims for refunds under provisions of Chapter 71 as far as the same may be applicable.

Section Tax 12.29 of the Wisconsin Administrative Code is adopted to read:

TAX 12.29 Interest. For purposes of s. 70.385(2), Stats., interest shall accrue at the rate of 9 percent per annum beginning on the original due date.