

CR 83-45

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CERTIFICATE

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STATE OF WISCONSIN )  
                                  ) SS  
DEPARTMENT OF REVENUE)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Michael Ley, Secretary of the Department of Revenue and custodian of the official records of said department do hereby certify that the annexed rule relating to income and franchise taxation, was duly approved and adopted by this department on July 19, 1983.

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 125 South Webster Street in the city of Madison, this 19<sup>TH</sup> day of July, 1983.

*Michael Ley*

Michael Ley  
Secretary of Revenue

10-1-83

ORDER OF THE DEPARTMENT OF REVENUE

REPEALING, AMENDING AND CREATING RULES

To repeal Tax 2.11(1)(d), (2)(b) and (3)(a), 2.42, 2.43, 2.955(2)(a) and (b) and (3)(b), 2.98(2), 2.99, 2.991 and 2.992; to renumber Tax 2.11(3)(b) and (c), 2.955(3)(c) and 2.98(3); to renumber and amend Tax 2.98(2)(b); to amend Tax 1.001(intro.), 1.01, 1.10(title), (1)(a) and (b)(4) and (2)(intro.), (a) and (c), 1.11(5)(intro.), 1.13(title) and (1)(b), 2.03, 2.04(title), (1), (3), (4) and (6), 2.045, 2.05, 2.06, 2.085(2), 2.09(title) and (3), 2.11(title) and (2)(a), 2.12(1)(title) and (a), 2.16(1)(a), 2.19(1), 2.26(5), (6) and (7), 2.44, 2.45, 2.73(title) and (3), 2.83(1), 2.87(1)(intro.), 2.92(1) and (2), 2.935(1)(intro.), 2.95(title), (4)(a) and (b) and (5)(b)1.a., 2.955(2)(c) and (3)(d) and (4), 2.96(1), (2)(a) and (c), (3)(a) and (c), (4) and (5); to repeal and recreate Tax 2.13(2), 2.88(1), (3) and (4), 2.89, 2.95(2) and (5)(b)2.a. and b., 2.955(5) and 2.98(2)(a)1 as renumbered; and to create Tax 1.11(5)(d), 2.04(7), 2.11(4) and 2.92(3), relating to returns, records, gross income and general administration of income and franchise taxation.

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Analysis by the Department of Revenue

This rule order interprets chapter 71 of the Wisconsin Statutes. Its provisions are not substantive, but rather update the various rules in chapters Tax 1 and 2 to delete obsolete material, revise the rules to recognize court decisions and law changes which affect the rules, correct or update language, format, addresses, references, and form numbers, and to clarify or update procedures. A brief description of each section of the rule order follows:

SECTION 1. Chapter Tax 14 of the Wis. Adm. Code is added to the list of chapters to which the definitions in rule Tax 1.001 apply.

SECTION 2. The format of Tax 1.01 is revised and the addresses of the headquarter offices in each of the 4 assessment districts are deleted, because they are not necessary.

SECTION 3. Tax 1.10 is amended to clarify and update procedures for depositing and processing taxes with the depository bank and to include motor fuel, special fuel and general aviation fuel under the rule.

SECTIONS 4 and 5. Tax 1.11(5) is amended to recognize s. 71.11(44)(gm), Stats., which was created by Chapter 20, Laws of 1981, permitting the Department of Revenue to supply the address of a debtor to an agency certifying a debtor's debt for refund set-off under s. 71.105, Stats.

SECTION 6. Tax 1.13 is amended to reflect Chapter 289, Laws of 1977, which repealed and recreated s. 78.80(3), repealed s. 78.83 and created s. 139.38(6) of the statutes to provide that the confidentiality provisions relating to income and gift tax returns also apply to motor fuel, special fuel and cigarette tax returns. Chapter 20, Laws of 1981, also applied such provisions to general aviation fuel tax returns.

SECTION 7. Tax 2.03 is amended to reformat the rule, add additional forms designated for the use of corporations and to correct an address.

SECTIONS 8 and 9. Tax 2.04 is amended to delete references to obsolete forms WT-9 and WT-9X. A copy of federal Form W-2 is now accepted in lieu of Form WT-9 and copies of federal Form 1087 or 1099 may be filed in lieu of Wisconsin Form 9b. A new subsection (7) is created to provide that informational returns reporting items such as interest, dividends, rents and royalties are not required to be filed by corporations which file combined federal and state informational returns with the federal Internal Revenue Service because this information will be obtained from that agency.

SECTION 10. Tax 2.045 is amended to delete reference to an obsolete form and to increase the minimum contract price which must be exceeded before information must be reported about entertainers or athletes performing in Wisconsin. The minimum amount was increased from \$1,950 to \$3,200 by Chapter 317, Laws of 1981.

SECTION 11. Tax 2.05 is amended to correct an address.

SECTION 12. Tax 2.06 is amended to revise the format, correct terminology, delete reference to an obsolete form and insert an address to which forms may be mailed or delivered. Also, the exception to the requirement for filing an information return provided in proposed new subsection (7) of Tax 2.04 for corporations is added to the rule for partnerships and persons other than corporations.

SECTION 13. Tax 2.085(2) is amended to correct an address.

SECTION 14. Tax 2.09 is amended to add statutory references following the title and to provide that in the reproduction of tax forms, black ink may be substituted for colored ink.

SECTIONS 15-20. Tax 2.11 is revised to add a statutory reference, to repeal obsolete portions applicable to old years, to create a new subsection (4) which reflects the change in s. 71.04(3), Stats., enacted by Chapter 221, Laws of 1979, prohibiting a corporate deduction for sales and use taxes used as a manufacturing sales tax credit under s. 71.043(2) and (3), Stats., and to update the example in the "Note" following the rule.

SECTION 21. The title to Tax 2.12(1) is revised because the existing title does not generally apply to the contents of the subsection. Subsection (1) also is amended to reflect the provisions of s. 71.11 (21m), Stats.

SECTION 22. Tax 2.13(2) is repealed and recreated to delete obsolete material and move the example from the body of the rule. In addition the rule is modified to recognize that expenses to move from Wisconsin are deductible if the taxpayer retains his or her Wisconsin domicile.

SECTION 23. Tax 2.16(1)(a) is amended to delete the reference to federal income and excess profits taxes as set forth in s. 71.02(1)(c), Stats. Federal income and excess profits taxes no longer are deductible, and Chapter 20, Laws of 1981, amended s. 71.02(1)(c) to delete any reference to such taxes.

SECTION 24. Tax 2.19(1) is amended to substitute the more appropriate word "reported" for "returned" in two places.

SECTION 25. Tax 2.26(5), (6) and (7) are amended to update the wording to reflect that the rule applies to both franchise and income taxes.

SECTION 26. Rules Tax 2.42 and 2.43 apply to taxable years prior to 1973. Since they no longer are needed, they are repealed.

SECTION 27. Tax 2.44 is amended to correct terminology and add a mailing address.

SECTION 28. Tax 2.45 is amended to add interstate professional sports clubs to other types of organizations to which the special apportionment provisions of the rule do not apply.

SECTION 29. Tax 2.73 is amended to correct the rule's statutory reference and to reflect the provisions of s. 71.03(1)(g), Stats., as amended by Chapter 20, Laws of 1981.

SECTION 30. Chapter 132, Laws of 1979, amends s. 71.333(3), Stats., to require that an election to liquidate under s. 71.333 must be filed with the Department of Revenue. Rule Tax 2.83, relating to requirements for filing written elections in certain corporate liquidations, is amended to recognize this statute change in the rule.

SECTIONS 31, 32, 33 and 36. Tax 2.87, 2.88 and 2.89 are revised to reflect the new interest rates applicable to unpaid or underpaid income and franchise taxes enacted by Chapter 20, Laws of 1981, and to move information about prior rate changes to footnotes to the rules.

SECTIONS 34 and 35. Tax 2.92 relates to withholding tax exemptions. Subsection (1) is amended to clarify that an employe need not file a Wisconsin withholding tax exemption form with his or her employer in addition to filing a federal form if the employe claims the same number of exemptions as are claimed and allowable for federal purposes. Subsection (2) is amended to delete reference to an obsolete form WT-4E, which has been eliminated by combining it with Form WT-4. A new subsection (3) is created to reflect the provisions of Chapter 1, Laws of 1979, which amended s. 71.20(22), Stats., to provide that an employe and employer may agree to withhold a lesser amount of income tax from the employe's wages than indicated in the Wisconsin withholding tables and to provide certain requirements and penalties.

SECTIONS 37-41. Tax 2.95 is revised to delete an obsolete description of the federal law regarding installment sales, which the federal Installment Sales Revision Act of 1980 substantially changed. Rather than cite the federal treatment in the rule, the basis for Wisconsin's treatment is set forth. In addition, subsection (4)(a) is amended to correct language and clarify longstanding policy that gain and interest income on an installment sale by a Wisconsin resident of intangibles are taxable by Wisconsin only so long as the seller is a Wisconsin resident at the time installment payments are received. In addition, subsection (5)(b)1a is amended to delete an old reference, and (5)(b)2 is repealed and recreated to correct improper numbering of rule subparagraphs and clarify wording.

SECTIONS 42-47. Tax 2.955 is revised to delete obsolete material in subsections (2)(a) and (b) and (3)(b), renumber certain paragraphs due to repeals of other paragraphs, add "county" to the listing of local taxes for which a credit may not be claimed, delete a reference to a specific location on the Wisconsin return for claiming a credit, and to update an example and move it from the body of the rule to a footnote. In addition, subsection (2)(c), before renumbering, is amended to eliminate a conflict between that subsection and subsection (5), relating to the year in which a credit for taxes paid to another state may be claimed on a Wisconsin income tax return. Subsection (2)(c) states the credit is allowable for "tax paid to another state in the preceding taxable year"; whereas, subsection (5), which is the interpretation followed by the Department, indicates the credit is allowed for the year in which the out-of-state income also is includable in income taxable by Wisconsin.

SECTION 48. Tax 2.96 is amended to recognize Chapter 20, Laws of 1981, which amended s. 71.10(5)(a), Stats., to provide for a 6 month extension of time for cooperatives and domestic international sales corporations to file returns, to eliminate the 10 day requirement for filing copies of a federal extension, and to raise the interest rate on unpaid non-delinquent taxes to 12%.

SECTION 49-52. Tax 2.98 is revised to delete portions of the rule which describe federal treatment of disaster losses and, in describing the Wisconsin tax treatment of such losses, references to specific portions of the federal law are deleted. As years pass, such specific references may become incomplete or incorrect and thereby be misleading.

SECTION 53. Three rules describing how to compute certain items of income and deductions which are treated differently for Wisconsin and federal income tax purposes due to the timing of amendments to the federal Internal Revenue Code for taxable years 1975, 1976 and 1977 are repealed, since they no longer have general applicability.

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Pursuant to authority vested in the Department of Revenue by section 71.11(24)(a), Stats., the Department of Revenue hereby repeals, amends and creates rules contained in chapters Tax 1 and 2 which interpret chapter 71, Stats., as follows:

SECTION 1. Tax 1.001(intro.) is amended to read:

Tax 1.001 DEFINITION. In chapters Tax 1 to 12 and 14, unless otherwise specified:

SECTION 2. Tax 1.01 is amended to read:

Tax 1.01 ASSESSMENT DISTRICTS. (s. 73.05, Stats.) The secretary of revenue has divided the state into the following income tax assessment districts:

(1) APPLETON DISTRICT. Office:--Courthouse-Annex (a) Headquarters.  
Appleton.

(b) Counties Served.

- |                       |                      |
|-----------------------|----------------------|
| <u>1.</u> Brown       | <u>11.</u> Marinette |
| <u>2.</u> Calumet     | <u>12.</u> Marquette |
| <u>3.</u> Door        | <u>13.</u> Menominee |
| <u>4.</u> Florence    | <u>14.</u> Oconto    |
| <u>5.</u> Fond du Lac | <u>15.</u> Outagamie |
| <u>6.</u> Forest      | <u>16.</u> Shawano   |
| <u>7.</u> Green Lake  | <u>17.</u> Sheboygan |
| <u>8.</u> Kewaunee    | <u>18.</u> Waupaca   |
| <u>9.</u> Langlade    | <u>19.</u> Waushara  |
| <u>10.</u> Manitowoc  | <u>20.</u> Winnebago |

(2) EAU CLAIRE DISTRICT. Office:--State-Office-Building (a) Headquarters.

Eau Claire.

(b) Counties Served.

- |                    |                       |                        |                     |
|--------------------|-----------------------|------------------------|---------------------|
| <u>1.</u> Adams    | <u>11.</u> Eau Claire | <u>21.</u> Pierce      | <u>31.</u> Washburn |
| <u>2.</u> Ashland  | <u>12.</u> Iron       | <u>22.</u> Polk        | <u>32.</u> Wood     |
| <u>3.</u> Barron   | <u>13.</u> Jackson    | <u>23.</u> Portage     |                     |
| <u>4.</u> Bayfield | <u>14.</u> Juneau     | <u>24.</u> Price       |                     |
| <u>5.</u> Buffalo  | <u>15.</u> LaCrosse   | <u>25.</u> Rusk        |                     |
| <u>6.</u> Burnett  | <u>16.</u> Lincoln    | <u>26.</u> St. Croix   |                     |
| <u>7.</u> Chippewa | <u>17.</u> Marathon   | <u>27.</u> Sawyer      |                     |
| <u>8.</u> Clark    | <u>18.</u> Monroe     | <u>28.</u> Taylor      |                     |
| <u>9.</u> Douglas  | <u>19.</u> Oneida     | <u>29.</u> Trempealeau |                     |
| <u>10.</u> Dunn    | <u>20.</u> Pepin      | <u>30.</u> Vilas       |                     |

(3) MADISON DISTRICT. Office:--Hill-Farms-State-Office-Building (a)

Headquarters. Madison.

(b) Counties Served.

- |                    |                 |                     |                   |
|--------------------|-----------------|---------------------|-------------------|
| <u>1.</u> Columbia | <u>5.</u> Grant | <u>8.</u> Jefferson | <u>11.</u> Rock   |
| <u>2.</u> Crawford | <u>6.</u> Green | <u>9.</u> LaFayette | <u>12.</u> Sauk   |
| <u>3.</u> Dane     | <u>7.</u> Iowa  | <u>10.</u> Richland | <u>13.</u> Vernon |
| <u>4.</u> Dodge    |                 |                     |                   |

(4) MILWAUKEE DISTRICT. Office:--State-Office-Building (a) Headquarters.

Milwaukee.

(b) Counties Served.

- |                     |                      |
|---------------------|----------------------|
| <u>1.</u> Kenosha   | <u>5.</u> Walworth   |
| <u>2.</u> Milwaukee | <u>6.</u> Washington |
| <u>3.</u> Ozaukee   | <u>7.</u> Waukesha   |
| <u>4.</u> Racine    |                      |

NOTE TO REVISOR: Delete the Note following Tax 1.01

SECTION 3. Tax 1.10(title), (1)(a) and (b)4 and (2) are amended to read:

Tax 1.10 DEPOSITORY BANK REQUIREMENTS FOR WITHHOLDING, MOTOR FUEL, GENERAL AVIATION FUEL AND SPECIAL FUEL TAX DEPOSIT REPORTS. (ss. 71.20(4) and 78.84, Stats.)

(1) DEPOSIT REPORTS RECEIVED WITH PROPER PAYMENT. (a) The depository bank shall inscribe the date received, amount of payment and a consecutively assigned validation number upon each ~~withholding~~ deposit report ~~(Form-WT-6)~~ received which is accompanied by payment in the amount of the stated tax liability. The deposits received and validated for each day shall be combined into a single deposit to the account of the state treasurer. The processed deposit reports shall be kept in sequence within batches for each business day. The batches for each business day shall be sent daily by ~~armored-carrier~~ special courier to the ~~department-of-revenue's~~ department's collection section in Madison. A validation tape and batch card shall accompany each batch, and each day's transmittal shall include one recapitulation sheet and a copy of the daily deposit slip.

(1)(b)4. A completed deposit slip that includes the document count shall be sent to the state treasurer for each day's deposit with a copy to be sent to the department. Deposit totals shall be reported to the state treasurer ~~by telephone~~ daily ~~before 9:00 a.m.~~ in accordance with procedures provided to the depository bank by the state treasurer's office.

(2) EXCEPTIONS. ~~Exceptions are~~ Non-processible documents or remittances, or both, as described in writing to the depository bank by the department's collection section, shall be exceptions to the treatment provided in sub. (1) and shall not be validated. They Instead, they shall be sent

to the department's collection section with the envelopes in which they were received. ~~The following are considered exceptions:~~

~~(a) Deposit reports received without proper remittance.~~

~~(b) Substitute deposit reports.~~

~~(c) Remittances not accompanied by deposit reports.~~

SECTION 4. Tax 1.11(5)(intro.) is amended to read:

Tax 1.11(5) No Except as provided in par. (d), no information may be divulged to employes of this state under ss. 71.11(44)(c)7 or 77.61(5)(b)8, Stats., unless the following requirements are first complied with:

SECTION 5. Tax 1.11(5)(d) is created to read:

Tax 1.11(5)(d) Under s. 71.11(44)(gm), Stats., the department may supply the address of a debtor to an agency certifying a debt of the debtor under the refund set-off provisions of s. 71.105, Stats.

SECTION 6. Tax 1.13(title) and (1)(b) are amended to read:

Tax 1.13 POWER OF ATTORNEY. (ss. 71.11(44)(c)5, 77.61(5)(b)5a, 78.80(3) and 139.38(6), Stats.) (1)(b) The power of attorney requirement applies to income, franchise, withholding, gift, sales and use, motor fuel, general aviation fuel, special fuel and cigarette tax matters of individuals, partnerships and corporations and homestead credit matters.

SECTION 7. Tax 2.03 is amended to read:

Tax 2.03 CORPORATION RETURNS. (s. 71.10(1), Stats.) (1) For the purpose of filing franchise or income tax returns, the secretary of revenue has designated the following forms for the use of corporations:

(a) Form 4. Return of income for the calendar or fiscal year.

(b) Form 4A. Balance sheets as of beginning and end of taxable year; analysis of surplus account; reconciliation of book income with net income reported.

- (c) Form 4B. Apportionment data (when applicable to the corporation).
- (d) Form 4C. Separate accounting data (when applicable to the corporation).
- (e) Form 4-ES. Declaration of estimated tax by corporations.
- (f) Form 4I. Return of income for insurance company.
- (g) Form 4S. Shareholders' tax-option (subchapter S) corporation modifications or share of income (loss).
- (h) Form 4U. Underpayment of estimated tax by corporations.
- (i) Form 4X. Amended corporation franchise or income tax return.
- (j) Form 5. Optional return of income for the calendar or fiscal year. ~~(To~~ This return is to be used only by corporations whose entire net income is taxable in Wisconsin or by those reporting on the apportionment method ~~).~~

(2) All returns, statements, schedules and information required to be filed or furnished by corporations shall be mailed to the ~~Corporation Section of the~~ Wisconsin Department of Revenue, P.O. Box 8908, Madison, Wisconsin 53708 or delivered to the ~~Corporation-Section~~ department's Audit Bureau at 4638 University Avenue, Madison, Wisconsin.

SECTION 8. Tax 2.04(title), (1), (3), (4) and (6) are amended to read:  
Tax 2.04 INFORMATION RETURNS AND WAGE STATEMENTS. (ss. 71.04(1) and 71.10(1), (8m) and (8n), Stats.) (1) All corporations carrying on activities within this state, whether taxable or not under ch. 71, Stats., shall file with the department of revenue, on or before January 31 of each year on ~~forms WT-9 or~~ federal form W-2 or Wisconsin form 9b or on such other forms as ~~may be~~ approved by the department, statements of payments made within the preceding calendar year to residents of Wisconsin of salaries, wages, bonuses, commissions, retirement pay, fees or other remuneration for services whether subject to withholding or not, and to non-residents of all payments for the performance of personal services in Wisconsin, whether

subject to withholding or not. A copy of federal form 1087 or 1099, as appropriate, may be filed in lieu of Wisconsin form 9b.

(3) Form WT-7, ~~{Employers Annual Reconciliation of Wisconsin Income Tax Withheld from Wages}~~, ~~should~~ shall accompany ~~forms-WT-9~~ the wage statements submitted.

(4) ~~Statements~~ Except as provided in sub. (7), statements of payments to residents of Wisconsin within the preceding calendar year of interest and dividends, including dividends paid in capital stock, and payments of all rents and royalties on property regardless of location, and payments to residents and non-residents of Wisconsin of rents and royalties on property located in Wisconsin shall be filed ~~at the place hereinbefore referred to~~ on or before March 15 of each year on forms 9b or other approved forms. The forms must be filed on the date indicated even if the corporation keeps its records on a fiscal year other than a calendar year.

(6) ~~Each corporation must file with forms-8, 9b or approved substitute forms, forms-9X showing the number of reports made on forms-8, 9b or approved substitute forms. (See also Wis. Adm. Code section Tax-2.05.)~~ Items required to be reported on wage statements ~~forms-WT-9~~ or forms 9b may be disallowed as deductions from the corporation's gross income upon failure to make proper report thereof.

SECTION 9. Tax 2.04(7) is created to read:

Tax 2.04(7) Corporations which elect to file a combined federal and state information return with the internal revenue service reporting items enumerated in sub. (4) will not be required to file a separate information return with the Wisconsin department of revenue. Under the combined federal and state reporting system, the internal revenue service will forward this information to the department of revenue.

Note to Revisor: Delete the Note following Tax 2.04.

SECTION 10. Tax 2.045 is amended to read:

Tax 2.045 INFORMATION RETURNS; FORM 9C FOR EMPLOYERS OF NONRESIDENT ENTERTAINERS, ENTERTAINMENT CORPORATIONS OR ATHLETES. (ss. 71.02(1)(e) and (2)(p) and 71.10(18), Stats.) Every resident person or firm which employs or engages the services of a nonresident entertainer, a nonresident athlete or group of athletes, or a domestic or foreign entertainment corporation, for performance within this state for a contract price exceeding ~~\$7,950~~ \$3,200 or which has receipt, custody or control of the proceeds of an entertainment or sporting event within this state, shall file with the department a statement reporting information about the entertainer, athlete or entertainment corporation within 90 days of the event. ~~Such~~ The statement shall be made on ~~Form~~ form 9c even though the employer may file ~~Form~~-WT-9 federal form W-2 or Wisconsin form 9b with the department as required by ~~sections~~ ss. Tax 2.04 and 2.06.

Note to Revisor: Delete the 2nd paragraph of the Note following section Tax 2.045.

SECTION 11. Tax 2.05 is amended to read:

Tax 2.05 INFORMATION RETURNS, FORMS 8 FOR CORPORATIONS. (s. 71.10 (1), Stats.) All corporations doing business within this state, whether subject to the franchise or income tax or not, are required to file with the department of revenue by mailing to the ~~Corporation-Section-of-the~~ Wisconsin Department of Revenue, P.O. Box 98 8908, Madison, Wisconsin ~~53701~~ 53708 or delivery to the ~~Corporation-Section~~ Audit Bureau, 4638 University Avenue, Madison, Wisconsin on or before March 15 of each year on forms 8, or other approved forms, as prescribed by the secretary of revenue, statements of ~~such~~ transfers of capital stock ~~as have been~~ made by residents of Wisconsin during the preceding calendar year.

SECTION 12. Tax 2.06 is amended to read:

Tax 2.06 INFORMATION RETURNS REQUIRED OF PARTNERSHIPS AND PERSONS OTHER THAN CORPORATIONS. (ss. 71.10(8m), (8n) and (15) and 71.11(25), Stats.) (1) COMPENSATION FOR SERVICES. Information returns reporting remuneration paid for services, whether or not within the definition of "wages" in s. 71.19(1), Stats., ~~must~~ shall be filed on or before January 31 of each year on ~~forms-WT-9~~ federal form W-2 or Wisconsin form 9b or on such other form as may be approved by the department. Form WT-7, ("Employer's Annual Reconciliation of Wisconsin Income Tax Withheld from Wages"), ~~should~~ shall accompany ~~forms-WT-9-or-other-approved-forms~~ wage statements submitted. These forms shall be mailed to the Wisconsin Department of Revenue, P.O. Box 34, Madison, Wisconsin 53786 or delivered to the department at 4638 University Avenue, Madison.

(2) OTHER INCOME. Informational returns reporting other items, ~~such as~~ including interest paid or rent paid, ~~must~~ shall be filed on or before April 15 of each year on Wisconsin forms 9b or on such other ~~form~~ forms as ~~may be~~ approved by the department. Items required to be reported on informational returns ~~will~~ shall be disallowed as deductions from gross income if not properly reported. ~~Such~~ These returns ~~should~~ shall be mailed to the Wisconsin Department of Revenue, P.O. Box 59, Madison, Wisconsin ~~53707~~ 53785 or delivered to the department at 4638 University Avenue, Madison.

(3) EXCEPTION. Payors who elect to file a combined federal and state information return with the internal revenue service reporting items enumerated in sub. (2) are not required to file a separate Wisconsin form 9b with the department, as described in s. Tax 2.04(7).

SECTION 13. Tax 2.085(2) is amended to read:

Tax 2.085(2) Forms required to be filed under ~~subsection~~ sub. (1) shall be mailed to the Wisconsin Department of Revenue, P.O. Box ~~80~~ 59, Madison, Wisconsin ~~53707~~ 53785.

SECTION 14. Tax 2.09(title) and (3) are amended to read:

Tax 2.09 REPRODUCTION OF INCOME TAX FORMS (s. 71.10(1)(intro.), (2)(b) and (3)(a), Stats.)

Tax 2.09(3) ~~Since all of the official forms are printed in black ink, such printing must be reproduced in black.~~ In the reproduction of tax forms, black ink may be substituted for colored ink.

SECTION 15. Tax 2.11(title) is amended to read:

Tax 2.11 CREDIT FOR SALES AND USE TAX PAID ON FUEL AND ELECTRICITY.  
(ss. 71.04(3) and 71.043, Stats.)

SECTION 16. Tax 2.11(1)(d) is repealed.

SECTION 17. Tax 2.11(2)(a) is amended to read:

Tax 2.11(2)(a) ~~--1973 and subsequent taxable years--~~. Section 71.043(2), Stats., provides that "The tax imposed upon or measured by corporation net income of the taxable year 1973 and subsequent taxable years pursuant to s. 71.01(1) or (2), Stats., may be reduced by an amount equal to the sales and use tax under ch. 77, Stats., paid by the corporation in such taxable year on fuel and electricity consumed in manufacturing tangible personal property in this state..."

SECTION 18. Tax 2.11(2)(b) and (3)(a) are repealed.

SECTION 19. Tax 2.11(3)(b) and (c) are renumbered (a) and (b).

SECTION 20. Tax 2.11(4) is created to read:

Tax 2.11(4) SALES AND USE TAXES NOT DEDUCTIBLE. Under s. 71.04(3), Stats., sales and use taxes paid during the taxable year 1980 and thereafter are not deductible from gross income if the taxes may be used as provided in s. 71.043(2) and (3) to reduce a corporation's income or franchise tax.

Note to Revisor: Delete the existing Note following section Tax 2.11 and insert the following:

Note: An example of the computation and application of the credit follows:

Computation of Income or Franchise Tax Payable after Sales Tax Credit

	1980	1981
a. Income (franchise) tax payable before sales tax credit	\$ 1,000.00	\$10,000.00
b. Sales tax credit of current year available (schedule below)	\$ 3,846.15	\$ 3,846.15
c. Current year's credit allowable	\$ 1,000.00	\$ 3,846.15
d. Carry forward of unused 1980 credit	\$(2,846.15)	\$ 2,846.15
e. Total credit allowable in 1981 (c + d)		\$ 6,692.30
f. Income (franchise) tax payable after sales tax credit	\$ -0-	\$ 3,307.70

Computation of Sales Tax Credit Available

	Annual Total 1980 & 1981
Cost of fuel and electricity directly consumed in manufacturing in Wisconsin (including tax)	<u>\$100,000.00</u>
Sales tax credit available in 1980 & 1981: \$100,000 ÷ 1.04 = \$96,153.85 x 4% =	<u>\$ 3,846.15 (1)</u>

(1) An alternative method of computation, which produces the same result, is to divide \$100,000 by 26.

SECTION 21. Tax 2.12(1)(title) and (a) are amended to read:

Tax 2.12(1) GENERAL. (a) The department shall accept amended returns to correct Wisconsin income tax returns previously filed. Amended Wisconsin returns also shall be filed with the department if either amended federal returns are filed and the changes therein affect the amount of Wisconsin income reportable or Wisconsin franchise or income tax payable, or amended returns are filed with another state and a credit has been allowed against Wisconsin taxes for taxes paid to that state and the changes affect the amount of income reportable or Wisconsin franchise or income tax payable. The amended Wisconsin returns shall be filed within 90 days after the date the amended federal returns or amended returns of other states are filed with those agencies.

NOTE: Refer to s. Tax 2.105 for additional information.

SECTION 22. Tax 2.13(2) is repealed and recreated to read:

Tax 2.13(2) TREATMENT OF MOVING EXPENSES INCURRED IN MOVING FROM WISCONSIN. Moving expenses may be deducted in arriving at federal adjusted gross income for federal income tax purposes. Under s. 71.05(1)(a)7, Stats., in determining Wisconsin adjusted gross income an add modification shall be made for "moving expenses incurred to move from this state". This add modification applies when the taxpayer becomes domiciled in another state, i.e., becomes a nonresident for Wisconsin tax purposes, either on the day he or she moves to the other state or prior to the move. However, the add modification is not required if the taxpayer retains his or her Wisconsin domicile after moving to another state and continues to be subject to Wisconsin's taxing jurisdiction.

EXAMPLE: The following example illustrates the add modification for moving expenses for a taxpayer moving from Wisconsin to New York when the taxpayer's Wisconsin domicile is not retained:

Wisconsin Gross Income	\$18,000
New York Gross Income	600
Moving Expenses to New York	<u>(4,000)</u>
Federal Adjusted Gross Income	\$14,600
* Add Modification for Moving Expenses to New York	4,000
Subtract Modification: New York Gross Income	<u>(600)</u>
Wisconsin Adjusted Gross Income	<u>\$18,000</u>

\* The \$4,000 of moving expenses to New York is entered as an add modification on the Wisconsin income tax return, Form 1.

SECTION 23. Tax 2.16(1)(a) is amended to read:

Tax 2.16(1)(a) A change in the method of accounting by corporations shall be made under section 71.11(8)(b), Stats., which reads as follows: "In computing a corporation's taxable income for any taxable year, commencing after December 31, 1953, if such computation is under a method of accounting different from the method under which the taxpayer's taxable income for the preceding taxable year was computed, then there shall be taken into account those adjustments which are determined to be necessary solely by reason of the change in order to prevent amounts from being duplicated or omitted, except there shall not be taken into account any adjustment in respect of any taxable year to which this section does not apply, ~~and except that this rule shall not modify or change the rule as to federal income and excess profits taxes set forth in s. 71.02(1)(e).~~"

SECTION 24. Tax 2.19(1) is amended to read:

Tax 2.19(1) Subject to the approval of the department of revenue, 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~~ reported on the instalment 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% of the selling price. On the instalment basis there shall be ~~returned~~ reported as income from the instalment sale in any income year that proportion of the instalment 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.

SECTION 25. Tax 2.26(5), (6) and (7) are amended to read:

Tax 2.26(5) There shall be applicable for Wisconsin franchise or income tax purposes, in addition to those regulations of the United States internal revenue service made generally applicable by ~~subsection~~ sub. (3) hereof, that regulation, authorized by section 1321 of the internal revenue code, concerning involuntary liquidation and replacement of inventories, except, however, that income adjustments for the difference between the replacement cost and the original inventory cost of the base stock inventory liquidated shall be made to the net income of the year in which the replacement is made instead of to the net income for the year of liquidation. ~~(-5)-effective June-5, 1946~~.

(6) Except as provided in ~~subsection~~ sub. (7), any corporation which has been computing its inventory for Wisconsin franchise or income tax purposes in accordance with section 472 of the United States internal revenue code and which has been authorized or directed by the United States internal revenue service to change its method of inventory valuation for federal income tax purposes shall also change its method of inventory valuation for Wisconsin franchise or income tax purposes. To correlate its Wisconsin basis with the federal basis, the opening inventory for the income year in which the change is made shall be reported on the basis previously accepted and approved whereas the closing inventory shall be on the new method of valuation. No adjustment is to be made to the closing inventory of the preceding taxable year. Notice of the change in method shall be filed with the return on which it is effective and shall be supported by a copy of the authorization or order to change inventory method for federal income tax purposes.

(7) Any corporation which has been authorized or directed by the United States internal revenue service to treat the cutting of timber as a sale or exchange of timber for purposes of computing its federal income tax liability and has included in its inventory for federal income tax purposes, the excess of the fair market value of ~~such~~ the timber over the adjusted basis thereof, may exclude from its inventory, for Wisconsin franchise or income tax purposes, the excess of the fair market value of ~~such~~ the timber over the adjusted basis thereof, or may, with the consent of the Wisconsin department of revenue, include ~~such~~ the excess in its inventory for Wisconsin franchise or income tax purposes subject to ~~such~~ the conditions as-said the department may prescribe.

SECTION 26. Tax 2.42 and 2.43 are repealed.

SECTION 27. Tax 2.44 is amended to read:

Tax 2.44 PERMISSION TO CHANGE BASIS OF ALLOCATION. (s. 71.07 (2), Stats.) Except when income must be reported on the apportionment basis, permission to make a change either from separate accounting to apportionment, or vice versa ~~must~~ shall be obtained in writing from the department of revenue upon written application setting forth in detail the reasons why the desired change will more clearly reflect the taxpayer's Wisconsin income. Such application ~~must be filed before the end of the income year for which the change is desired~~ shall be mailed to the Wisconsin Department of Revenue, P.O. Box 8906, Madison, Wisconsin 53708 before the end of the tax year for which the change is desired.

SECTION 28. Tax 2.45 is amended to read:

Tax 2.45 APPORTIONMENT IN SPECIAL CASES. (s. 7.07(5), Stats.) When the business of any person, other than an interstate professional sports club or "financial organization" or "public utility," as defined in section 71.07(2) (d), Wis. Stats., within Wisconsin is an integral part of a unitary business conducted within and without Wisconsin, but because of unusual or unique circumstances the portion of the income of such person derived from business transacted in Wisconsin cannot be ascertained with reasonable certainty by use of the apportionment formula provided in ~~section~~ s. 71.07(2), Wis. Stats., ~~(or by separate accounting in view of the unitary nature of the business)~~, the department will substitute in the place of some or all of the statutory apportionment factors such other factor or factors as will reasonably apportion to Wisconsin the business income properly assignable to Wisconsin. In any case in which an apportionment of business income is made pursuant to this regulation the taxpayer, at the time of the assessment, will be apprised of the factors used in the formula adopted.

SECTION 29. Tax 2.73(title) and (3) are amended to read:

Tax 2.73 INVOLUNTARY CONVERSION BY CORPORATIONS (s. 71.03(1)(g)3, Stats.)

Tax 2.73(3)(a) This For 1980 and preceding taxable years, this section does not apply when insurance money received on the conversion of Wisconsin assets is used in replacement outside of Wisconsin. In such this case, the gain or loss must shall be reported in the year of conversion.

(b) For 1981 and subsequent taxable years, this section does not apply when insurance money received on the conversion of nonbusiness assets located in Wisconsin is used in replacement with similar property outside of Wisconsin. Also, this section does not apply when insurance money received on the conversion of business assets located in Wisconsin is used in replacement with similar property outside of Wisconsin, and at the time of replacement, the taxpayer is not subject to taxation under ch.71, Stats. In these cases the gain or loss shall be reported in the year of conversion.

SECTION 30. Tax 2.83(1) is amended to read:

Tax 2.83(1) To qualify for the benefits of section 333 of the ~~Internal Revenue-Code~~ internal revenue code in computing Wisconsin taxable income, a qualified electing shareholder, other than a corporate shareholder ~~must~~ shall file with the department federal ~~Form~~ form 964 in accordance with the instructions contained thereon within 30 days of the adoption of the plan of liquidation ~~or-furnish-proof-to-the-department-that-Form-964-was-filed with-the-Internal-Revenue-Service-within-such-30-day-period.~~

SECTION 31. Tax 2.87(1)(intro.) is amended to read:

Tax 2.87(1) PROCEDURES. The secretary may reduce the delinquent interest rate from 18% to 9% 12% per year when the secretary determines the reduction fair and equitable, if the person from whom delinquent taxes are owing:

SECTION 32. Tax 2.88(1), (3) and (4) are repealed and recreated to read:

Tax 2.88(1) INTEREST ON UNPAID TAXES WHICH ARE NOT DELINQUENT. Unpaid individual income or corporate franchise or income taxes which are not delinquent but which are assessed by the department on or after August 1, 1981 shall bear interest computed at the rate of 12% per year from the due date of the taxes to the date paid or delinquent.

(3) DELINQUENT TAXES. Any individual income or corporate franchise or income tax delinquencies shall include interest at the rate of 1.5% per month from the date on which the taxes became delinquent until the taxes are paid.

(4) EXTENSION PERIODS. If an extension of time is granted for filing an individual income or a corporate franchise or income tax return, any taxes owing with the return are subject to interest during the extension period at the rate of 12% per year. However, if the return is not filed or the taxpayer files but fails to pay the tax by the end of the extension period, the taxes owing become delinquent and shall be subject to delinquent interest under sub. (3) from the end of the extension period until paid.

NOTE TO REVISOR: Delete the Note at the end of Tax 2.88 and substitute the following:

NOTE: 1. For unpaid non-delinquent taxes due prior to November 1, 1975, interest was computed at the rate of 6% per year from the due date of the taxes to October 31, 1975, and at the rate of 9% per year from November 1, 1975 to the date paid or delinquent.

2. For unpaid non-delinquent taxes due on or after November 1, 1975 and assessed by the Department of Revenue before August 1, 1981, interest was computed at the rate of 9% per year from the due date of the taxes to the date paid or delinquent.

3. Any individual income or corporate franchise or income taxes which were delinquent before November 1, 1975 were subject to delinquent interest at the rate of 1% per month from the date the tax became delinquent to October 31, 1975 and at 1.5% per month from November 1, 1975 until paid.

SECTION 33. Tax 2.89 is repealed and recreated to read:

Tax 2.89 PENALTY FOR UNDERPAYMENT OF ESTIMATED TAX. (ss. 71.21(11) and 71.22(8), Stats.) Any penalty imposed against an individual or corporate taxpayer for the underpayment of estimated tax shall be at the rate of 12% per year on the amount of underpayment for the period of underpayment.

Note: This rate was changed from 9% to 12% for penalties assessed on or after August 1, 1981.

SECTION 34. Tax 2.92(1) and (2) are amended to read:

Tax 2.92 WITHHOLDING TAX EXEMPTIONS. (ss. 71.20(9)(e), (14), (16) and (22), Stats.) (1) An employe may claim the same number of withholding exemptions for Wisconsin as claimed are allowable for federal withholding purposes. An employe who elects to have federal the same number of Wisconsin withholding exemptions ~~apply-for-Wisconsin-withholding-purposes~~ as are allowable for federal purposes shall notify his or her employer of this election. An employe making this election is not required to complete a Wisconsin withholding exemption certificate, Form form WT-4. An employe who claims fewer a different number of withholding exemptions for Wisconsin than for federal withholding purposes shall provide his or her employer with a completed Wisconsin withholding exemption certificate, Form form WT-4.

(2) An employe who had incurred no Wisconsin income tax liability for the preceding taxable year and anticipates no liability for a current taxable year shall be exempt from withholding if the employe provides his or her employer with a completed ~~Form WT-4E~~ ~~("Exemption from Withholding of Wisconsin Income Tax")~~ form WT-4, "Employee's Wisconsin Withholding Exemption Certificate". For this purpose, a tax liability is "incurred" if the employe had for the preceding year, or anticipates for the current year, a net Wisconsin income tax due, {i.e., gross tax less personal exemptions on a Wisconsin return}. If an employe is married, the net tax of the employe's spouse shall not be considered in determining if the employe may claim this exemption.

SECTION 35. Tax 2.92(3) is created to read:

Tax 2.92(3)(a). Effective April 1, 1979, an employe may enter into a written agreement with his or her employer to withhold a lesser amount of tax than indicated in the withholding tax tables, if the employe determines the lesser amount approximates the employe's anticipated income tax liability for the year. Form WT-4A, "Wisconsin Employee Withholding Agreement", shall be used for this purpose and a completed copy of the form shall be sent by the employe to the department within 10 days after it is filed with the employer. If the employe fails to notify the department within the required 10 days, he or she shall be subject to a penalty of \$10, as provided by s. 71.20(22)(c), Stats.

(b) The agreement between the employe and employer shall be renewed each year. For calendar year taxpayers, the agreement expires on April 30 of the year immediately following the year in which it was entered into. For fiscal year taxpayers, the agreement expires 4 months following the close of the fiscal year in which entered into. To renew the agreement, an employe shall provide a new form WT-4A to his or her employer and submit

a copy of the completed form to the department as provided in par. (a). If a new form WT-4A is executed before the expiration dates described in the paragraph, it shall supersede the previous agreement.

(c) If the department determines that an agreement would result in an insufficient amount of tax being withheld, the department may void the agreement by notification to the employer and employee.

(d) Section 71.20(16), Stats., provides that any employee who enters into an agreement with the intent to defeat or evade the proper withholding of tax, shall be subject to a penalty equal to the difference between the amount required to be withheld and the amount actually withheld for the period that the incorrect agreement was in effect.

(e) Under s. 71.20(22)(e), Stats., any employee who willfully supplies an employer with false or fraudulent information regarding an agreement with the intent to defeat or evade the proper withholding of tax may be imprisoned not more than 6 months or fined not more than \$500, plus the costs of prosecution, or both.

Note to Revisor: Amend the Note following section Tax 2.92 to read:

Note: Forms WT-4 and WT-4A may be obtained by mail request to Wisconsin Department of Revenue, P.O. Box 8903, Madison, Wisconsin 53708.

SECTION 36. Tax 2.935(1)(intro.) is amended to read:

Tax 2.935(1) PROCEDURES. The secretary may reduce the delinquent interest rate from 18% to 9% 12% per year when the secretary determines the reduction fair and equitable, if the person from whom delinquent taxes are owing:

SECTION 37. Tax 2.95(title) is amended to read:

Tax 2.95 REPORTING OF INSTALLMENT SALES BY NATURAL PERSONS AND FIDUCIARIES (ss. 71.02(2)(b) and 71.07(1), Stats.)

SECTION 38. Tax 2.95(2) is repealed and recreated to read:

Tax 2.95(2) LAW. The Wisconsin tax treatment of installment sales by natural persons and fiduciaries is determined under the internal revenue code in effect under s. 71.02(2)(b), Stats.

SECTION 39. Tax 2.95(4)(a) and (b) are amended to read:

Tax 2.95(4)(a) Resident seller. If the seller is a Wisconsin resident, the ~~portion~~ portions of each installment payment that ~~represents~~ represent gain and interest income from the sale which are received while the seller is a Wisconsin resident are taxable by Wisconsin.

(b) Nonresident seller. If the seller is not a Wisconsin resident, the ~~portion~~ portions of each installment payment that ~~represents~~ represent gain and interest income from the sale are not taxable by Wisconsin.

SECTION 40. Tax 2.95(5)(b)1.a. is amended to read:

Tax 2.95(5)(b)1.a. If the seller is a Wisconsin resident, the portion of each installment payment that represents gain is not taxable by Wisconsin regardless of the year in which received (~~see rule Tax-2.30~~). Interest income from the sale is taxable by Wisconsin.

SECTION 41. Tax 2.95(5)(b)2a and b are repealed and recreated to read:

Tax 2.95(5)(b)2a. If the sale occurred while the seller was a Wisconsin resident and the seller is a Wisconsin resident at the time installment payments are received, the portions of each of these installment payments that represent gain and interest income from the sale are taxable by Wisconsin. However, if the seller no longer is a Wisconsin resident when installment payments are received, the portions of each of these installment payments that represent gain and interest income from the sale are not taxable by Wisconsin.

b. If the sale occurred while the seller was not a Wisconsin resident and the seller is a Wisconsin resident at the time installment payments are received, the portion of each of the installment payments that represents gain is not taxable by Wisconsin, but interest income from the sale is taxable. However, if the seller is not a Wisconsin resident at the time installment payments are received, the portions of each of these installment payments that represent gain and interest income from the sale are not taxable by Wisconsin.

SECTION 42. Tax 2.955(2)(a) and (b) are repealed.

SECTION 43. Tax 2.955(2)(c) is amended to read:

Tax 2.955(2)~~(e)~~ For taxable years 1978 and thereafter, except as provided in sub. (3), an income tax credit may be claimed by a Wisconsin resident individual, estate or trust for any net income tax paid to another state ~~in the preceding taxable year~~ upon income of the individual, estate or trust taxable by such state.

SECTION 44. Tax 2.955(3)(b) is repealed.

SECTION 45. Tax 2.955(3)(c) is renumbered (b).

SECTION 46. Tax 2.955(3)(d) and (4) are amended to read:

~~(3)(d)~~ (c) Income tax paid to a county, city, village, town or foreign country.

(4) HOW TO CLAIM A CREDIT. The amount of income tax credit claimed shall be entered on the line entitled "Net income paid to other states" on ~~side one of~~ Wisconsin income tax ~~returns~~ return Forms form 1 and 1A. The credit shall not exceed the Wisconsin net tax. To verify the credit claimed, the following information shall be attached to Form 1 or 1A in the following situations:

SECTION 47. Tax 2.955(5) is repealed and recreated to read:

Tax 2.955(5) YEAR IN WHICH TO CLAIM INCOME TAX CREDIT. The credit for income tax paid to another state shall be claimed on the Wisconsin return for the year in which the out-of-state income is considered taxable Wisconsin income.

NOTE TO REVISOR: Add the following Note to the end of s. Tax 2.955.

NOTE: An example of the time for claiming the credit referred to in sub. (5) of s. Tax 2.955 follows:

A Wisconsin resident receives income of \$4,000 in 1980 from rental property located in Iowa. The person files a 1980 declaration of estimated tax of \$200 with Iowa, with \$150 of declaration payments being made in 1980 and the fourth quarter payment of \$50 being made in January 1981. The Iowa income of \$4,000 is reported as income on the 1980 Iowa and Wisconsin returns. The 1980 Iowa income tax return shows the following:

	<u>1980 Iowa Return</u>
Iowa Rental Income	<u>\$4,000</u>
Iowa Net Tax (amount to be claimed as a credit on 1980 Wisconsin return)	\$ 185
Declaration Payments	<u>\$ 200</u>
Refund	<u>\$ 15</u>

The taxpayer may claim a "Credit for net income tax paid to other states" of \$185 on the 1980 Wisconsin return, even though a part of such tax was paid in 1981.

SECTION 48. Tax 2.96(1), (2)(a) and (c), (3)(a) and (c), (4) and (5) are amended to read:

Tax 2.96 EXTENSION OF TIME TO FILE CORPORATION FRANCHISE OR INCOME TAX RETURNS. (s. 71.10(5)(a), Stats.) (1) GENERAL. Corporation franchise or income tax returns, ~~(Forms 4 and 5),~~ are due on or before the 15th day of the 3rd month following the close of a corporation's taxable year unless an extension of time for filing has been granted. ~~Such~~ The returns and ~~inventory reports (Form 10) due on and after April 24, 1976~~ may be filed within the same extension period allowed for filing corresponding federal income tax returns under the internal revenue code. In the alternative, ~~for such returns;~~ a corporation may obtain an extension from the department for a period not to exceed 30 days, or not to exceed 6 months in the case of a cooperative filing a return or a domestic international sales corporation, if the extension is requested prior to the original due date of the return.

(2) PROCEDURE. (a) The 30-day or 6-month extension from department. A request for a 30-day or 6-month extension, ~~(Form IC-830),~~ from the department shall be filed in duplicate by the taxpayer prior to the original due date of the tax return. A payment submitted with the extension request will be acknowledged on the copy of the extension request which is returned to the taxpayer.

(c) Additional federal extensions. If an additional extension of time has been granted by the internal revenue service, a copy of both sides of the extension, ~~(Form 7005),~~ showing the action and signature of the district director, shall be ~~filed with the department within 10 days of the date the approved form is received by the taxpayer~~ attached to the Wisconsin franchise or income tax return for that return to be considered timely filed. ~~Timely filing of this form shall extend the due date of the Wisconsin return for the same period. A copy of Form 7005 shall also be attached to the Wisconsin return when filed.~~

(3) INTEREST CHARGES AND LATE FILING FEES. (a) Any additional tax due with the complete return which is not paid by the original due date is subject to interest at 9% 12% per year during the extension period and 1½% per month from the end of the extension period until the date of payment.

(c) A ~~Corporation~~ corporation ~~returns~~ return ~~and inventory reports~~ filed after the extension period are each is subject to a \$10 late filing fee.

(4) CONSOLIDATED RETURNS. Because Wisconsin does not permit the filing of consolidated returns, a copy of the automatic federal extension, ~~{Form 7004},~~ and any additional federal extension, Form 7005, shall be attached to the Wisconsin franchise or income tax return of each member of an affiliated group filing a Wisconsin tax return. ~~A copy of any approved additional federal extension (Form 7005) shall be submitted for each such corporation within 10 days of its receipt by the taxpayer and a copy of Form 7005 shall be attached to the Wisconsin return when it is filed.~~

(5) DOMESTIC INTERNATIONAL SALES CORPORATIONS. Since a Domestic International Sales Corporation's (DISC's) federal annual information return, ~~{Form 1120 DISC},~~ is not due for federal purposes until the 15th day of the 9th month following the end of the taxable year and the DISC's Wisconsin return, ~~{Form 4 or 5},~~ is due on or before the 15th day of the 3rd month following the end of the taxable year, a federal extension for a DISC cannot apply to the Wisconsin return. If a complete Wisconsin return cannot be filed by the due date, ~~a tentative return may be filed by such date or a 30-day extension may be requested under section 71.10(5)(a), Wis.-Stats.~~ the corporation may obtain an extension from the department for a period not to exceed 6 months, if the extension is requested prior to the original due date of the return. ~~A tentative return then shall be filed before the end of the extension period to avoid the imposition of late filing penalties.~~

SECTION 49. Tax 2.98(2) is repealed.

SECTION 50. Tax 2.98(3) is renumbered (2).

SECTION 51. Tax 2.98(2)(a)1 as renumbered is repealed and recreated to read:

Tax 2.98(2)(a)1. The Wisconsin income tax treatment for individuals is determined under the federal internal revenue code in effect under s. 71.02(2)(b), Stats.

SECTION 52. Tax 2.98(2)(b) as renumbered is amended to read:

Tax 2.98(2)(b). Corporations. The Wisconsin corporation tax law is contained ~~(in chapter 71, Wis. Stats.)~~, and is not referenced to the federal law in regard to disaster losses. Therefore, the election provisions for individuals in the internal revenue code section 165(h) are not available to corporations for Wisconsin franchise/income franchise and income tax purposes.

SECTION 53. Tax 2.99, 2.991 and 2.992 are repealed.

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The rules, amendments and repeals contained in this order shall take effect as provided in s. 227.026(1)(intro.), Stats.

Dated: *July 19, 1983*

DEPARTMENT OF REVENUE

By: *Michael Ley*

Michael Ley  
Secretary of Revenue



State of Wisconsin

DEPARTMENT OF REVENUE

July 20, 1983

OFFICE LOCATED AT  
125 SOUTH WEBSTER STREET

MAILING ADDRESS  
POST OFFICE BOX 8933  
MADISON, WISCONSIN 53708

Orlan L. Prestegard  
Revisor of Statutes  
411 West, State Capitol  
Madison, Wisconsin 53702

RECEIVED

JUL 22 1983

Revisor of Statutes  
Bureau

Re: Clearinghouse Rule 83-45

Dear Mr. Prestegard:

Enclosed are a certified copy and an extra copy of an Order of the Department of Revenue adopting Clearinghouse Rule 83-45.

These materials are filed with you pursuant to s. 227.023(1), Wis. Stats.

Sincerely,

A handwritten signature in cursive script that reads "Michael Ley".

Michael Ley  
Secretary of Revenue

ML:psw  
405201

Enclosures

cc: Douglas J. LaFollette, Secretary of State  
Prentice Hall, Inc.  
Commerce Clearing House, Inc.