

CR 88-178

CERTIFICATE

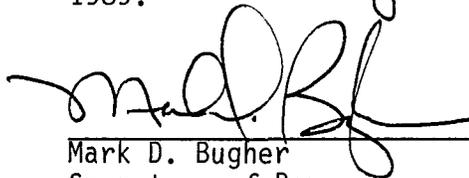
STATE OF WISCONSIN )  
 ) SS  
DEPARTMENT OF REVENUE )

**RECEIVED**  
MAY 26 1989  
2:40 pm  
Revisor of Statutes  
Bureau

I, Mark D. Bugher, Secretary of the Department of Revenue and custodian of the official records certify that the annexed rule, relating to income and franchise taxation was duly approved and adopted by this department on May 22, 1989.

I further certify that this copy has been compared by me with the original on file in this department and that it is a true copy of the original, and of the whole of the original.

IN TESTIMONY WHEREOF, I have hereunto set my hand at 125 South Webster Street in the city of Madison, this 22nd day of May, 1989.

  
\_\_\_\_\_  
Mark D. Bugher  
Secretary of Revenue

LEG/MO21159L

April 25, 1989

8-1-89

ORDER OF THE DEPARTMENT OF REVENUE  
RENUMBERING, AMENDING, AND CREATING RULES

To renumber Tax 3.09(intro.)(1), (2), (3) and (4) and Tax 3.82(intro.), (1), (2), (3), (4), (5) and (6); to amend as renumbered Tax 3.09(2)(intro.) and (b) and Tax 3.82(1)(intro.); to amend Tax 1.001(intro.), Tax 2.14, Tax 3.098 and Tax 3.82(title); and to create Tax 3.09(2)(title) and Tax 3.82(1)(g), (2) and (3) relating to the definition of department, personal exemptions, taxation of military compensation, railroad retirement supplemental annuities, and tax evasion through affiliated interests.

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Analysis by the Department of Revenue

Statutory authority: s. 71.80(1)(c), Stats.

Statutes interpreted: ss. 71.01(3)(f), 71.05(6)(b)3, 71.09(6p)(a), 71.10(1), and 71.30(2) and (8)(a) and (b), Stats.

The changes proposed in this Order affect income and franchise tax rules.

SECTION 1. Tax 1.001(intro.) is amended to add reference to additional chapters of the administrative rules.

SECTION 2. Tax 2.14 is amended due to the repeal of personal exemptions beginning with taxable year 1986 by 1985 Wisconsin Act 29.

SECTIONS 3 to 6. Tax 3.09(intro.), (1), (2), (3) and (4) are renumbered, (2)(intro.) and (b) as renumbered are amended, (2) (title) is created and a new (1) is created as a result of repeal of s. 71.01(3)(f), Wis. Stats., by 1985 Wisconsin Act 29 effective for taxable year 1986 and thereafter.

SECTION 7. Tax 3.098 is amended as a result of a revision to Chapter 71, Stats., by 1987 Wisconsin Act 312 and a renumbering and amending of 45 U.S.C.A. s. 288c by Public Law 98-76.

SECTIONS 8 to 11. Tax 3.82(title) is amended, (intro.), (1), (2), (3), (4), (5) and (6) are renumbered, (1)(intro.) as renumbered is amended and (1)(g), (2) and (3) are created to update statutory language as a result of revisions to Chapter 71 by 1987 Wisconsin Act 312 and to include additional cases that apply that have either been heard or may be heard on this issue in the future.

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

Tax 1.001 DEFINITION. In chs. Tax 1 to 12 and 14, 16, 17 and 18, unless otherwise specified:

SECTION 2. Tax 2.14 is amended to read:

Tax 2.14 AGGREGATE PERSONAL EXEMPTIONS. (s. 71.09(6p)(a) and (b), Stats.)

The For taxable years prior to 1986, the aggregate personal exemptions allowable

April 25, 1989

under s. 71.09(6p)(a) and (b), Stats., when each files a return, may be divided between husband and wife according to their choice.

SECTION 3. Tax 3.09(intro.), (1), (2), (3) and (4) are renumbered Tax 3.09(2)(intro.), (a), (b), (c) and (d).

SECTION 4. Tax 3.09(1) is created to read:

Tax 3.09(1). APPLICABILITY. This section applies to compensation received prior to the 1986 tax year, due to the repeal of s. 71.01(3)(f), Stats., by Chapter 29, Laws of 1985.

SECTION 5. Tax 3.09(2)(title) is created to read:

Tax 3.09(2)(title) COMPENSATION.

SECTION 6. Tax 3.09(2)(intro.) and (b) as renumbered are amended to read:

Tax 3.09(2)(intro.) ~~For purposes of~~ In determining 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), Stats.:

(b) Compensation received as retirement pay by retired officers and enlisted personnel of the armed services from the United States shall not qualify for this exemption except as provided under ~~subsection (4)~~ par. (d).

SECTION 7. Tax 3.098 is amended to read:

Tax 3.098 RAILROAD RETIREMENT SUPPLEMENTAL ANNUITIES. (s. 71.05(6)(b)3, Stats.). Railroad retirement supplemental annuities paid under 45 ~~U.S.C.A.s. 288e~~ U.S.C.S.s. 231m are exempt from the Wisconsin taxable income of their recipients.

Note to the revisor: The "Note" currently after Tax 3.098 should be deleted and the "Note" below should be inserted.

Note: The Railroad Retirement Act of 1974 as amended by P.L. 98-76 (45 U.S.C.S.s. 231m), effective August 12, 1983, provides that:

"(a) Except as provided in subsection (b) of this section and the Internal Revenue Code of 1954 [26 USCS §§ 1 et seq.], notwithstanding any other law of the United States, or of any State...no annuity or supplemental annuity shall be...subject to any tax...

(b)(1) This section shall not operate to exclude the amount of any supplemental annuity paid to an individual under section 2(b) of this Act





**State of Wisconsin** ● **DEPARTMENT OF REVENUE**

125 SOUTH WEBSTER STREET ● P.O. BOX 8933 ● MADISON, WISCONSIN 53708 ● 608-266-6466

**Tommy G. Thompson**  
Governor

**Mark D. Bugher**  
Secretary of Revenue

May 23, 1989

**RECEIVED**

MAY 26 1989

Revisor of Statutes  
Bureau

Orlan L. Prestegard  
Revisor of Statutes  
30 West Mifflin Street, Suite 702  
Madison, Wisconsin 53703

Re: Clearinghouse Rule 88-178

Dear Mr. Prestegard:

Enclosed are a certified copy and an extra copy of an Order of the Department of Revenue promulgating rules relating to income and franchise taxation.

These materials are filed with you pursuant to s. 227.20 (1), Wis. Stats.

Sincerely,

Mark D. Bugher  
Secretary of Revenue

MDB:VLG:bem  
Enclosure  
LEG/MO21159K

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



**State of Wisconsin** ● **DEPARTMENT OF REVENUE**

125 SOUTH WEBSTER STREET ● P.O. BOX 8933 ● MADISON, WISCONSIN 53708 ● 608-266-6466

**Tommy G. Thompson**  
Governor

**Mark D. Bugar**  
Secretary of Revenue

May 23, 1989

Douglas LaFollette  
Secretary of State  
Room 271, GEF-1  
Madison, WI 53702

**RECEIVED**

MAY 26 1989

Revisor of Statutes  
Bureau

Dear Secretary LaFollette:

Enclosed are a Certificate and an Order of the Department of Revenue adopting Clearinghouse Rule 88-178.

These materials are filed with you pursuant to s. 227.20, Wis. Stats.

Sincerely,

A handwritten signature in black ink, appearing to read 'M.D. Bugar', written over a horizontal line.

Mark D. Bugar  
Secretary of Revenue

MDB:VLG:bem  
Enclosure  
LEG/M021159J

cc: Revisor of Statutes