

**WISCONSIN DEPARTMENT OF REVENUE  
DIVISION OF INCOME, SALES, AND EXCISE TAX**

**NOTICE OF PROPOSED GUIDANCE DOCUMENTS**

Pursuant to sec. 227.112, Wis. Stats., the Wisconsin Department of Revenue, Division of Income, Sales, and Excise Taxes hereby seeks comment on the proposed guidance document listed in the table below.

**SUBMITTING PUBLIC COMMENTS**

Public comments on proposed or adopted guidance documents may be submitted online at: <https://www.revenue.wi.gov/Pages/contactUs/proposed-Guidance.aspx>.

**DEADLINE FOR SUBMISSION**

The period for public comment for proposed guidance documents ends 21 days after publication in the Administrative Register, unless the Governor approves a shorter commenting period.

<b>Document Number</b>	<b>Document Title</b>
<b>100019</b>	Audits – Common Questions

State of Wisconsin  
Department of Revenue

## Audits

**This is a proposed guidance document. The document has been submitted to the Legislative Reference Bureau for publication in the Administrative Register for public comment as provided by sec. 227.112(1), Wis. Stats.**

1. What should I expect if I am audited by the Wisconsin Department of Revenue?
2. What should I do if I disagree with the changes to my return made by the Wisconsin Department of Revenue?

**Start Here**

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**1. What should I expect if I am audited by the Wisconsin Department of Revenue?  
*An Office Audit usually involves the following steps:***

- a. The department reviews tax returns and credit claims to determine if the correct amounts were reported
- b. We may request more information or receipts to clarify or support some items
- c. An audit will conclude with either:
  - An assessment notice explaining the amount due, showing the tax, interest and penalty (if any), or
  - A refund notice explaining the amount of tax and interest (if any) to be refunded
  - No change

For a more detailed description of an office audit, refer to [☞ Publication 511, Office Audit of Wisconsin Income Tax Returns](#).

***A Field Audit usually involves the following steps:***

- a. The department sends a letter notifying the taxpayer that the taxpayer's tax returns have been selected for examination. The letter requests you call the auditor to set the date and time of the initial meeting. At this meeting, the auditor will want to discuss the nature of the business, the accounting or record keeping system used, and other related matters. You may also receive a pre-audit questionnaire.
- b. An auditor will perform a detailed examination of the tax returns and the taxpayer's books and records to determine if the correct amounts were reported on the tax returns. If possible, the audit will be conducted at the taxpayer's place of business. In some instances the auditor will obtain information from third-party sources.
- c. Upon completing the examination, the auditor may determine that adjustments should be made which result in an amount due or a refund. The auditor discusses the proposed audit report in a final conference and a complete copy of the proposed report is given to the taxpayer and/or the taxpayer's representative at that time. The taxpayer is then asked to sign the Notice of Proposed Audit Report form indicating either full or partial agreement or total disagreement with the proposed adjustments.

- d. The department will notify the taxpayer by mail of the results of the field audit. If there are adjustments, the taxpayer will receive an assessment or refund notice. If there is no tax due and no refund, a letter will be sent explaining that there is no change in the tax liability.

For a more detailed description of the field audit, assessment, and refund processes refer to [Publication 501](#), *Field Audit of Wisconsin Tax Returns*.

## 2. **What should I do if I disagree with the changes to my return made by the Wisconsin Department of Revenue?**

If you disagree, you may do one of the following:

- Pay the full amount due without filing any appeal and then consider whether to appeal later by filing a claim for refund of the amount you paid. **Note:** For all tax types except sales and use tax, the claim must be filed within four years of the audit notice date. See "[How to File a Claim for Refund of a Paid Assessment](#)" below. For information on sales and use tax claims for refund, see [Publication 216](#), *Filing Claims for Refund of Sales or Use Tax*.
- File an appeal with the Department of Revenue within 60 days of receiving the notice. This is explained in "[Appeal to the Department of Revenue](#)" below.  
**Note:** To stop the accumulation of interest on amounts owed, you may either:
  - Deposit the entire amount of the additional assessment, including interest and penalty, if any, with the Department of Revenue when filing the appeal or at any time while the appeal is pending.  
You will be paid interest at 3% per year on any portion of the deposit which is later refunded to you.
  - Pay any portion of an assessment with which you agree. Such payment shall be considered an admission of the validity of that portion of the assessment and may not be recovered in an appeal or any other action or proceeding.

### **The Appeal Process**

You have six levels of appeal available to you, to be taken in this order:

- Wisconsin Department of Revenue - Resolution Unit
- Wisconsin Tax Appeals Commission
- Circuit Court
- Court of Appeals
- Wisconsin Supreme Court
- U.S. Supreme Court

**Note:** With regard to taxpayers who file joint individual income tax returns which the department adjusts, an appeal by one spouse is considered an appeal by both spouses. Either spouse may appeal an action relating to a joint return. However, a spouse may not appeal an assessment or a denial of a claim for refund issued with respect to a separate return filed by the other spouse.

The Department of Revenue will notify spouses jointly that they may deposit with the department the amount of an additional assessment being appealed to stop the further accrual of interest. If the spouses have different addresses and if either spouse notifies the department in writing of those addresses, the Department of Revenue will send a duplicate notice regarding the deposit procedure.

### ***Appeal to the Department of Revenue***

Any taxpayer (or the taxpayer's representative) may appeal to the Department of Revenue if the taxpayer disagrees with a notice of assessment or refund. Follow the instructions in your notice.

An appeal **must** be:

- In writing, stating the specific reasons for objecting to the adjustments and including supporting documents
- Filed online, faxed, or mailed to the Wisconsin Department of Revenue
- Actually received by the department within the 60 days, or mailed in a properly addressed envelope with postage prepaid, which is postmarked before midnight of the 60th day and received by the department within 5 days of the 60th day

If an appeal is not filed with the department within the required 60-day period, the department's action is final. If an assessment was received, it must be paid. The only recourse then is to file a claim for refund. This is explained in ["How to File a Claim for Refund of a Paid Assessment"](#).

Appeals may be handled through the mail or by a conference in Madison, Milwaukee, Eau Claire, or Appleton. Taxpayers may represent themselves or may be represented by another person, such as an attorney or an accountant.

The Department of Revenue will notify the taxpayer in writing of its decision on the appeal.

See [Publication 506](#), *Taxpayers' Appeal Rights of Audit Adjustments* for more detailed information.

### ***Appeal to the Wisconsin Tax Appeals Commission***

The Wisconsin Tax Appeals Commission is entirely separate from the Department of Revenue.

If a taxpayer disagrees with a decision from the Department of Revenue and wishes to contest it, an appeal must be filed with the Commission. The appeal must be filed within 60 days of the taxpayer's receipt of the department's decision.

**Note:** If the taxpayer chose not to deposit the taxes with the department prior to the time of filing an appeal with the Commission, the taxpayer may, at any time while the appeal is pending before the Commission or a court, elect to either deposit the total taxes and interest with the Department of Revenue Resolution Unit or pay the portion of the assessment not being appealed.

### ***Appeal to the Courts: Circuit Court, Court of Appeals, and Supreme Court***

A taxpayer or the Department of Revenue may appeal a Tax Appeals Commission decision to the Circuit Court within 30 days after the date of mailing of the Commission's decision. The taxpayer or the department may then appeal the Circuit Court decision to the Court of Appeals, and the Court of Appeals decision to the Wisconsin Supreme Court.

### **How to File a Claim for Refund of a Paid Assessment**

For tax types other than sales and use, a claim for refund must:

- Be filed on an amended return
- Be filed within four years from the notice date

- Include your name and address
- Include your social security number, federal employer identification number, or account number
- Include your reasons for requesting a refund

See [Publication 216](#), *Filing Claims for Refund of Sales or Use Tax*, for information on sales and use tax claims for refund.

- For all tax types except Excise, send the appropriate amended return to:  
Wisconsin Department of Revenue  
Audit Bureau  
MS 5-144  
PO Box 8906  
Madison, WI 53708-8906
- Send your claim for refund of paid excise tax assessments to:  
Wisconsin Department of Revenue  
PO Box 8900  
Madison, WI 53708-8900

If you are entitled to a refund, we will figure interest and include it in your refund check.

### **What You Can Do if Your Refund Claim Is Denied**

File an appeal with the Resolution Unit within 60 days of receiving the denial notice as explained in "[Appeal to the Department of Revenue](#)" above.

## **Applicable Laws and Rules**

This document provides statements or interpretations of the following laws and regulations in effect as of September 26, 2019: Sections 71.74, 71.75, 71.77, 71.88, 71.89, 71.90, 73.01, 73.015, 73.03, 77.59, 77.76, 77.96, 77.9964, 78.69, 78.80, 139.03, 139.092, 139.094, 139.315, 139.355, 139.365, 139.39, 227.57, 227.58, 808.04, 808.05, 809.60, 809.61 and 809.62, Wis. Stats.

Laws enacted and in effect after September 26, 2019, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to September 26, 2019, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a), Wis. Stats.

### **FOR QUESTIONS OR COMMENTS CONTACT:**

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Email additional questions to [DORIncome@wisconsin.gov](mailto:DORIncome@wisconsin.gov)

Guidance Document Certification: <https://www.revenue.wi.gov/Pages/Certification-Statement.aspx>

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