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WISCONSIN ADMINISTRATIVE CODE

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Chapter Tax 2

INCOME TAXATION, RETURNS, RECORDS AND GROSS INCOME

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Tax 2.01 Residence. (Section 71.01, Wis. Stats.) (1) Income of teachers, traveling salesmen, federal employes or officials, and others whose profession or occupation necessitates temporary absence from their residence for five months or more of the income year is taxable in Wisconsin if residence is maintained in this state, regardless of their place of employment.

(2) The residence of a wife is that of her husband unless there is affirmative evidence to the contrary or unless the husband and wife are permanently separated. The residence of a minor child, unless emancipated, is that of its father, or of the mother, if the father is deceased.

(3) Individuals claiming a change of residence from Wisconsin to another state shall file a "declaration of residence" with the assessor of incomes for the district in which the return for the preceding income year was filed and furnish such other information as the assessor may require.

Tax 2.02 Income year. (Section 71.01, Wis. Stats.) The term "income year" shall mean the calendar year or the corresponding fiscal year upon which basis the net income is computed. In cases where a fractional part of a year is made the basis for computing net income, such period is considered the "income year."

102/ **Tax 2.03 Corporation returns.** For the purpose of filing income tax returns, the tax commissioner has designated the following forms for the use of corporations:
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- Form 4 Return of income for the calendar or fiscal year.
- Form 4A Balance sheets as of beginning and end of taxable year; analysis of surplus account; reconciliation of book income with net income reported.
- Form 4B Apportionment data (when applicable to the corporation).
- Form 4C Separate accounting data (when applicable to the corporation).

All returns, statements, schedules and information required to be filed or furnished by corporations shall be filed with the department of taxation at its offices in the State Office Building at Madison.

Note: Blank forms may be obtained from the department at the State Office Building address.

Tax 2.04 Information returns; forms 9, 9b and 9x for corporations. (Sections 71.04 (1) and (2) and 71.10 (1), Wis. Stats.) All corporations doing business within this state, whether subject to the income tax or not, shall file with the department of taxation at its office in the State Office Building at Madison on or before March 15 of each year on Forms 9 as prescribed by the tax commissioner, statements of payments made within the preceding calendar year to residents of Wisconsin of salaries, wages, bonuses, retirement pay and fees. Statements of payments to residents of Wisconsin within the preceding calendar year of interest and dividends, including dividends paid in capital stock, and payments to residents and non-residents of Wisconsin of rents and royalties on property in Wisconsin shall be filed at the same time and place on Forms 9b. These forms must be filed by March 15 of each year regardless of the fact that the corporation keeps its records on a fiscal year basis. Salaries, wages, bonuses, retirement pay, fees and other compensation paid to an employee or officer (active or retired) need not be reported if they aggregate less than \$600.00; and no one of interest, dividends, rents or royalties needs be reported if it is less than \$100.00. Each corporation must file with forms 8, 9 or 9b, form 9x showing the number of reports made on forms 8, 9 and 9b. (See also Tax 2.05) Items required to be reported on Forms 9 or 9b may be disallowed as deductions from the corporation's gross income upon failure to make proper report thereof.

Note: Blank forms may be obtained from the department at the State Office Building address.

(Corporations failing to file Forms 9 or 9b as prescribed by law shall be subject to a fine of not less than \$50.00 nor more than \$500.00.) (See section 71.11 (45), Wis. Stats.)

History: 1-2-56; am. Register, February, 1958, No. 26, eff. 3-1-58.

Tax 2.05 Information returns, forms 8 for corporations. (Section 71.10 (1), Wis. Stats.) All corporations doing business within this state, whether subject to the income tax or not, are required to file with the department of taxation at its offices in the State Office Building at Madison on or before March 15 of each year on forms 8 as prescribed by the tax commissioner, statements of such transfers of capital stock as have been made by residents of Wisconsin during the preceding calendar year.

Note: Blank forms may be obtained from the department at the State Office Building address.

(Corporations failing to file such statements shall be subject to a fine of not less than \$50 nor more than \$500. (See section 71.11 (45), Wis. Stats.)

Tax 2.06 Information returns for individuals. (Sections 71.05 (1), 71.05 (2) and 71.05 (3), Wis. Stats.) Reports of payments made by individuals may be made a part of the income tax return or may be made on forms 9 and 9b. The items referred to in the statutes will be disallowed as deductions from gross income if not properly reported.

Note: Blank forms may be obtained from the office of the assessor of incomes in which the reports are required to be filed.

History: 1-2-56; am. Register, February, 1958, No. 26, eff. 3-1-58.

Tax 2.07 Income tax returns of dissolved corporations. (Section 71.10 (1), Wis. Stats.) The officers of a corporation which has been dissolved during the income year must file a corporate income tax return for such year and for any year thereafter in which there is corporate income. The final return must indicate the disposition of all corporate assets.

Tax 2.08 Returns of persons other than corporations. (1) For the purpose of filing income tax returns, the commissioner of taxation has designated the following forms for the use of persons other than corporations:

- Form 1 For all individuals except married women.
- Form 1a Optional (short) form for all individuals with adjusted gross income of less than \$5,000.00 except married women.
- Form 1B For persons having a business or profession.
- Form 1-Fc For farmers on the cash basis.
- Form 1-Fi For farmers on an inventory or accrual basis.
- Form 1W For wives having separate incomes.
- Form 1Wa Optional (short) form for married women with adjusted gross income of less than \$5,000.00. (Form 1B, 1-Fc or 1-Fi is filed with Form 1, 1W, 1Wa or 1a)
- Form 2 For trustees, executors, administrators and others acting in a fiduciary capacity, but excluding guardians. (Guardians should report on Form 1.)
- Form 3 For partnerships and joint ventures.

(2) Information returns required of persons other than corporations are specified in Tax 2.06 and Tax 3.63. See also Tax 3.07.

(3) All returns, reports, statements and information required to be filed, furnished or reported by natural persons or partnerships, shall be filed in the office of the assessor of incomes for the district in which the natural person resides, or in which the partnership has its principal business office. Natural persons who are not residents of this state shall file with the assessor of incomes from whose district

they derive income from business therein transacted or property therein located, and when they derive income from more than one district, they shall consistently file in the office of the assessor of incomes for one of such districts unless notified by the department of taxation to file with the assessor of another district.

Note: Blank forms may be obtained from the office of the assessor of incomes in which the returns are required to be filed.

History: 1-2-56; am. Register, February, 1958, No. 26, eff. 3-1-58.

Tax 2.09 Reproduction of forms. Subject to the conditions set forth under this rule, the official Wisconsin income tax return forms may be reproduced and the reproductions filed with the department in lieu of the corresponding official forms:

(1) The reproductions must be made by photo-offset, photo-engraving or by some similar photographic process. They may be reproduced on one side or both sides of the paper.

(2) The reproductions must be on paper of substantially the same color, weight and texture, and of quality at least as good as that used in the official forms. Forms 1-Fc, 1-Fi, 1W, 1Wa, 2 and 3 may not, therefore, be reproduced on white paper.

(3) Since all of the official forms are printed in black ink, such printing must be reproduced in black.

(4) The size of the reproductions, both as to dimensions of the paper and image reproduced thereon, must be the same as that of the official form.

(5) All signatures required on returns which are filed with the department must be original, affixed subsequent to the reproduction process.

History: 1-2-56; am. Register, February, 1958, No. 26, eff. 3-1-58.

Tax 2.10 Optional tax table (see page 9).

Tax 2.14 Separate income tax returns for husband and wife. If husband and wife each has a gross income of \$600.00 or more or if each has some net income when their combined net income is \$1,400.00 or more, each must file a separate return. (See *Amerpohl vs Tax Commission*, 225 Wis. 62.) The aggregate personal exemption of \$14.00 allowable when each files a return may be divided between the two according to their choice.

History: 1-2-56; am. Register, February, 1958, No. 26, eff. 3-1-58.

Tax 2.15 Methods of accounting. (Section 71.11 (8), Wis. Stats.) No uniform method of accounting can be prescribed for all taxpayers, and the law contemplates that each taxpayer may return his income in accordance with the method of accounting regularly employed in keeping his books. If no method of accounting is regularly employed or if the method employed does not clearly reflect the income, the department of taxation may prescribe the method to be used. A method of accounting will not be regarded as clearly reflecting the income unless all items of gross income and all deductions are treated with reasonable consistency.

Tax 2.16 Changes in method of accounting. (Section 71.11 (8), Wis. Stats.) No change in the method of accounting used in reporting income may be made without first obtaining the written permission of the tax commissioner or the assessor of incomes, as the case may be. Applications for such change must set forth clearly the nature of the business, the method of accounting used in keeping the books, and the reasons for changing the method of reporting. In changing from a cash basis of accounting to an accrual basis of accounting, income accrued but not yet collected as of the close of the year of change shall be added to income actually received in cash during the year,

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