Chapter Tax 2

INCOME TAXATION, RETURNS, RECORDS AND GROSS INCOME

Tax 2.021 Proration of surtax Tax 2.03 Corporation returns forms 9 and 9x for corpora- rationsTax 2.04In for mation returns; forms 8 for corporations forms 8 for corporations forms 8 for corporations fax 2.05Tax 2.06Carriers consin real estateTax 2.06Information returns of dis- solved corporations matividuelsTax 2.56Insumate dividends and stock rightsTax 2.07Solved corporations onder than corporations than corporations than corporations Tax 2.10 Optional tax table Tax 2.11 Optional tax table Tax 2.11 Cash method of acc- countingTax 2.61Solved corporations tax 2.10 Optional tax table Tax 2.16 Changes in method of acc- countingTax 2.63Dividends on stock sold "short" Tax 2.64Tax 2.15Methods of accounting trax 2.20Caccounting for acceptance corporations, dealers in securitiesTax 2.71Sales of capital assets on trax 2.72Exchanges of property not made pursuant to a plan of rereganization trax 2.73Tax 2.22Accounting for caceptance corporations for ealers in securitiesTax 2.71Recoveries Tax 2.72Tax 2.23Accounting for farmers and dairymen Tax 2.24Accounting for farmers and dairymen Tax 2.24Tax 2.84Improvements on leased real estate.Tax 2.44Separate accounting frax 2.44Separate accounting frax 2.44Tax 2.45Tax 2.84Tax 2.44Per mission to change basis of allocation of in- comeTax 2.87Tax 2.87Tax 2.45Nonapportionment method fax 2.43Apportionment in special casesTax 2.87 <tr <tr="">T</tr>	Tax 2.01 Tax 2.02	Residence Income year	Tax 2.46	Apportionment of business income of interstate air
 forms 9 and 9x for corporations Tax 2.05 In formation returns, forms 8 for corporations Tax 2.06 Information returns of distinger dividuals Tax 2.07 Income tax returns of discover decorporations Tax 2.10 Optional tax table Tax 2.11 Tax table, Tax 2.12 Methods of accounting Tax 2.13 Methods of accounting Tax 2.14 Separate income tax returns for husband and wife Tax 2.16 Changes in method of accounting Tax 2.19 Instalment method of accounting Tax 2.19 Instalment method of accounting Tax 2.20 Accounting for acceptance corporations, dealers in securities Tax 2.21 Accounting for dealers in securities Tax 2.22 Accounting for farmers and dairymen Tax 2.23 Accounting for farmers and dairymen Tax 2.24 Accounting for farmers and dairymen Tax 2.24 Accounting for retail merchants Tax 2.24 Accounting for retail merchants Tax 2.24 Accounting for retail merchants Tax 2.24 Accounting for tarmers and dairymen Tax 2.24 Apportionment method Tax 2.45 Apportionment m	Tax 2.03	Corporation returns	Tax 2.51	
forms 8 for corporations Information returns for individualsproceeds received Annuity payments Dividends on stock sold "short"Tax 2.06Income tax returns of persons other than corporationsTax 2.61Dividends on stock sold 	104 2.01	forms 9 and 9x for corpo-	Tax 2.53	Stock dividends and stock
Tax 2.06Information returns for individualsTax 2.67Annuity paymentsTax 2.07Income tax returns of dis- solved corporationsTax 2.60Dividends on stock soldTax 2.08Returns of persons other than corporationsTax 2.61Tax 2.61Building and loan divi- dends on installment sharesTax 2.10Reproduction of forms turns for husband and wifeTax 2.63Dividends accrued on stockTax 2.11Tax table, turns for husband and wifeTax 2.65Tax 2.63Dividends accrued on stockTax 2.16Changes in method of ac- countingTax 2.64Tax 2.67Wages, salaries and other compensations receivedTax 2.17Cash method of ac- countingTax 2.71Sales of capital assets on deferred paymentsTax 2.20Accounting for acceptance corporations, dealers in commercial paper, mort- gage discount companiesTax 2.72Exchanges of property not made pursuant to a plan of reorganizationTax 2.23Accounting for centrac- torsTax 2.73Involuntary conversion Tax 2.74Tax 2.75Tax 2.24Accounting for centrac- torsAccounting for farmers and dairymenTax 2.81Damages received Tax 2.81Tax 2.44Separate accounting methodTax 2.84Mileage received Tax 2.84Tax 2.85Ac compontions fur- nished, as part of compen- sationTax 2.44Per mission to change basis of allocation of in- comeTax 2.85Ac contributions for line ex-Tax 2.45Apportionment in special casesApportionment in sp	Tax 2.05	Information returns, forms 8 for corporations		Insurance dividends and
 Tax 2.08 Returns of persons other than corporations Tax 2.09 Reproduction of forms Tax 2.09 Reproduction of forms Tax 2.00 Optional tax table Tax 2.11 Tax table. Tax 2.12 Methods of accounting Tax 2.15 Methods of accounting Tax 2.16 Changes in method of accounting Tax 2.17 Cash method of accounting Tax 2.18 Accrual method of accounting Tax 2.19 Instalment method of accounting for acceptance counting for acceptance comportations, d ealers in commercial paper, mortage discount companies and small loan companies Tax 2.21 Accounting for categrane for farmers and dairymen Tax 2.22 Accounting for farmers and dairymen Tax 2.23 Accounting for farmers and dairymen Tax 2.24 Apportionment method Tax 2.44 Permission to change Tax 2.45 Apportionment in special come Tax 2.44 Permission to change Tax 2.45 Apportionment in special cases Tax 2.46 Apportionment in special cases Tax 2.46 Contributions for line extend to the space contracts cases Tax 2.46 Apportionment in special cases Tax 2.46 Apportionment method tax 2.47 Apportionment c		individuals		Dividends on stock sold
 than corporations Tax 2.09 Reproduction of forms Tax 2.10 Optional tax table Tax 2.11 Tax table Tax 2.11 Tax table Tax 2.12 Methods of accounting Tax 2.15 Methods of accounting Tax 2.16 Changes in method of accounting Tax 2.17 Cash method of accounting Tax 2.18 Accrual method of accounting Tax 2.19 Instalment method of accounting for acceptance counting for acceptance and small loan companies and small loan companies and small loan companies Tax 2.23 Accounting for farmers and dairymen Tax 2.24 Accounting for farmers and dairymen Tax 2.24 Accounting for farmers and dairymen Tax 2.25 Accounting for retail merchants Tax 2.26 "Last in, first out" method of ax 2.28 Mileage received Tax 2.24 Accounting for retail merchants Tax 2.41 Separate accounting method of ax 2.81 Nonapportionment method fax 2.42 Apportionment method fax 2.43 Nonapportionment method fax 2.44 Apportionment method fax 2.44 Apportionment in special cases Tax 2.45 Apportionment in special cases 		solved corporations	Tax 2.61	Building and loan divi-
Tax2.10Optional tax table TaxTax table TaxTax table TaxTax table 		than corporations		shares
Tax 2.11Tax table, Separate income tax re- turns for husband and wifeTax 2.13Tax come tax re- turns for husband and wifeTax 2.67Wages, salaries and other compensations receivedTax 2.15Methods of accounting Tax 2.16Changes in method of ac- countingTax 2.69Tax 2.69Tax 2.69Tax 2.16Changes in method of ac- countingTax 2.17Cash method of ac- countingTax 2.17Gain or loss on capital assets; basis of determin- ingTax 2.18Accrual method of ac- countingTax 2.71Sales of capital assets on deferred paymentsTax 2.19Instalment method of ac- countingTax 2.72Exchanges of property not method for productive use or investmentTax 2.20Accounting for acceptance corporations, dealers in commercial paper, mort- gage discount companiesTax 2.72Exchanges of property not method for productive use or investmentTax 2.22Accounting for dealers in securitiesTax 2.73Involuntary conversion Tax 2.74Tax 2.23Accounting for farmers and dairymenTax 2.74Merchandise taken from stock for personal useTax 2.24Accounting generally methodTax 2.81Damages received Tax 2.82Tax 2.43Nonapportionment method fax 2.44Tay 2.81Damages received Tax 2.82Tax 2.44Per mission to change basis of allocation of in- comeTax 2.86Accounting for change fax 2.87Tax 2.45Apportionment in special casesAccounting for incentracts fax 2.86Tax 2.86Tax				
 Tax 2.14 Separate fncome tax returns for husband and wife Tax 2.15 Methods of accounting Tax 2.16 Changes in method of accounting Tax 2.17 Cash method of accounting Tax 2.18 Accrual method of accounting Tax 2.19 Instalment method of accounting Tax 2.20 Accounting for acceptance corporations, dealers in commercial paper, mortgage discount companies Tax 2.21 Accounting for contractors Tax 2.22 Accounting for dealers in securities Tax 2.23 Accounting for farmers and dairymen Tax 2.24 Accounting for farmers and dairymen Tax 2.24 Accounting for retail merchants Tax 2.43 Nonapportionment method fax 2.43 Nonapportionment method cof inventorying Tax 2.44 Permission to change basis of allocation of income Tax 2.45 Apportionment in special cases 				
turns for husband and wife Tax 2.15 Methods of accounting Tax 2.16 Changes in method of ac- counting Tax 2.17 Cash method of acc- counting Tax 2.18 Accrual method of ac- counting Tax 2.19 Instalment method of ac- counting for acceptance corporations, dealers in commercial paper, mort- gage discount companies and small loan companies and small loan companies Tax 2.22 Accounting for contrac- tors Tax 2.23 Accounting for farmers and dairymen Tax 2.24 Accounting for retail mer- chants Tax 2.25 Accounting generally Tax 2.44 Nonapportionable income Tax 2.44 Nonapportionable income Tax 2.45 Apportionment method Tax 2.45 Apportionment in special cases		Separate income tax re-	1011 1101	
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 Tax 2.17 Cash method of accounting Tax 2.18 Accrual method of accounting for acceptance corporations, dealers in commercial paper, mortgage discount companies and small loan companies and small for farmers and dairymen techamts tax 2.23 Accounting generally Tax 2.26 "Last in, first out" method Tax 2.44 Nonaportionable income Tax 2.44 Nonaportionable income Tax 2.45 Apportionment method come Tax 2.45 Apportionment in special cases Tax 2.45 Apportionment in special cases 		Changes in method of ac-	Ta:: 2.70	assets; basis of determin-
Tax 2.18Accrual method of accounting countingTax 2.19Instalment method of accounting for acceptance corporations, dealers in commercial paper, mort- gage discount companies and small loan companies and small loan companies rax 2.21Tax 2.21Tax 2.72Exchanges of property not made pursuant to a plan of reorganizationTax 2.20Accounting for acceptance 	Tax 2.17	Cash method of account-	Tax 2.71	Sales of capital assets on
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Tax 2.20Accounting for acceptance corporations, dealers in gage discount companies and small loan companiesheld for productive use or investmentTax 2.21Accounting for contrac- torsTax 2.73Involuntary conversion Tax 2.75Tax 2.22Accounting for contrac- torsTax 2.76Refunds of taxes Tax 2.77Tax 2.23Accounting for farmers and dairymenTax 2.78Merchandise taken from stock for personal use Tax 2.78Tax 2.24Accounting for retail mer- chantsTax 2.80Improvements on leased real estate, income to les- sorTax 2.41Separate accounting methodTax 2.42Separate accounting methodTax 2.43Nonapportionment method comeTax 2.44Permission to change basis of allocation of in- comeTax 2.86Life insurance premium paid for officers and em- ployesTax 2.45Apportionment in special casesTax 2.87Contributions for ine ex-	Tax 2.19	Instalment method of ac-	flow 9.7791	of reorganization
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Tax 2.21Accounting for contractorsTax 2.78Merchandise taken from stock for personal useTax 2.22Accounting for dealers in securitiesTax 2.78Merchandise taken from stock for personal useTax 2.23Accounting for farmers and dairymenTax 2.78Improvements on leased real estate, income to lessorTax 2.24Accounting generallyTax 2.81Damages receivedTax 2.42"Last in, first out" methodTax 2.42Separate accounting methodTax 2.44Permission to change basis of allocation of incomeTax 2.45Apportionment in special casesTax 2.45Apportionment in special casesTax 2.86Tax 2.86Tax 2.45Apportionment in special casesTax 2.86Tax 2.87Tax 2.45Apportionment in special casesTax 2.87Tax 2.86Tax 2.45Apportionment in special casesTax 2.86Tax 2.87Tax 2.45Apportionment in special casesTax 2.86Tax 2.86Tax 2.45Apportionment in special casesTax 2.86Tax 2.86Tax 2.45Apportionment in special casesTax 2.86Tax 2.86			Tax 2.75	
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Tax 2.25Accounting generally Tax 2.26Tax 10, first out" method of inventoryingTax 2.82Mileage received Tax 2.83Tax 2.41Separate accounting method Tax 2.42Tax 2.42Separate accounting method Tax 2.43Tax 2.43Nonapportionable income basis of allocation of in- comeTax 2.84Mileage received Tax 2.83Tax 2.44Permission to change basis of allocation of in- comeTax 2.86Life insurance premium ployesTax 2.43Nonapportionable income basis of allocation of in- comeTax 2.86Accommodations fur- nished, as part of compen- sationTax 2.45Apportionment in special casesTax 2.87Contributions for line ex-	Tax 2.24	Accounting for retail mer-	TTox 9.81	sor
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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."

Tax 2.021 Proration of surtax. (Section 71.17 (4) Wis. Stats.) When by reason of a change in the income year and by reason of the 48 month limitation of the 20% surtax (Chapters 10 and 335, Laws of 1955; Chapter 488, Laws of 1957; and Chapter 19, Laws of 1959) it becomes necessary to prorate the surtax of a taxable period, such surtax shall first be computed on the income of the period and the result then multiplied by a fraction the denominator of which is the number of months in the taxable period and the numerator of which is 48 minus the number of months in prior periods during which the 20% surtax was applicable.

EXAMPLE

(1) Returns for the period:

January 1, 1955 to July 31, 1955	. 7	months
August 1, 1955 to July 31, 1956		
August 1, 1956 to July 31, 1957		
August 1, 1957 to July 31, 1958	. 12	months
Total	. 43	months

August 1, 1958 to July 31, 1959 _____ 12 months Numerator equals 48 minus 43 equals 5.

Denominator equals 12.

Fraction equals 5/12 applicable to 20% surtax computed on income of the period August 1, 1958 to July 31, 1959.

History: Cr. Register, January, 1960, No. 49, eff. 2-1-60.

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:

- 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.

Register, January, 1960, No. 49

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

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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.

Optional (short) form for all individuals with ad-Form 1a justed gross income of less than \$5,000.00 except married women.

For persons having a business or profession. Form 1B

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, photoengraving 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.

Register, January, 1960, No. 49