

# STATEMENT OF SCOPE

## Department of Revenue

**Rule No.:** Chapters Tax 1, 2, 3, and 9

**Relating to:** Income, franchise, and excise tax provisions

**Rule Type:** Permanent

### **1. Detailed description of the objective of the proposed rule:**

The objectives of the rule are to:

- Revise s. Tax 1.11 to remove reference to gift and inheritance tax and revise the listing of persons who may examine tax returns to include persons who have a material interest in obtaining the outstanding liability secured by a tax warrant, as provided by 2015 Wis. Act 216, and for the State Auditor and the employees of the legislative audit bureau as provided by 2013 Wisconsin Act 8.
- Revise ss. Tax 2.02 and 2.955 to reflect there is no longer a reciprocity agreement between Wisconsin and Minnesota.
- Revise s. Tax 2.12 to reflect that, for taxable years beginning on or after January 1, 2015, Form 1X is no longer available to file a claim for refund.
- Revise ss. Tax 2.39 and 2.475 to remove reference to sleeping car companies as provided by 2015 Wis. Act 216.
- Amend s. Tax 2.955 to clarify that, under s. 71.07 (7), Stats., a partner in a partnership or member of a limited liability company treated as a partnership who is a resident of Wisconsin may claim the credit for taxes paid to other states.
- Correct a reference in s. Tax 3.01 (7) (b) 1.
- Revise s. Tax 3.05 to reflect the repeal by 2015 Wis. Act 55 of the job creation deduction under ss. 71.05 (6) (b) 47m., 71.26 (1) (h), and 71.45 (1) (c), Stats., for taxable years beginning on or after January 1, 2015.
- Delete s. Tax 3.095 (4) 2., reference to higher education bonds. Create s. Tax 3.095 (4) (a) 22. to reflect an exemption under s. 71.05 (1) (c) 6p., Stats., as created by 2015 Wis. Act 60, for interest received on bonds or notes issued by a sponsoring municipality to assist a local exposition district created under subch. II of ch. 229, Stats.
- Amend s. Tax 9.69 (5) (intro.) to be consistent with s. 995.12 (2) and (4), Stats., which require records be kept for 5 years.

**2. Description of existing policies relevant to the rule, new policies proposed to be included in the rule, and an analysis of policy alternatives:**

Existing policies are as set forth in the rules. Additional language is needed to reflect the statutory provisions described above. If the rules are not changed, they will be incorrect in that they will not reflect current law or current department policy.

**3. Detailed explanation of statutory authority for the rule (including the statutory citation and language):**

Under s. 71.80 (1) (c), Stats., the department may make such regulations as it shall deem necessary in order to carry out chapter 71 of the Wisconsin Statutes, relating to income and franchise taxes. This provision applies to the revision of ss. Tax 2.02, 2.12, 2.955, and 3.05.

Sections 139.38 (1) and 139.82 (1), Stats., provide the records of cigarette manufacturers and tobacco products manufacturers, respectively, shall be kept in a manner prescribed by the department. These provisions apply to the revision of s. Tax 9.69 (5) (intro.).

**4. Estimate of amount of time that state employees will spend developing the rule and of other resources necessary to develop the rule:**

The department estimates it will take approximately 100 hours to develop the rule.

**5. List with description of all entities that may be affected by the proposed rule:**

Tax professionals, businesses, and others who rely on clear, current, and concise rules

**6. Summary and preliminary comparison with any existing or proposed federal regulation that is intended to address the activities to be regulated by the proposed rule:**

There is no existing or proposed federal regulation that is intended to address the activities to be regulated by the rule.

**7. Anticipated economic impact of implementing the rule (note if the rule is likely to have a significant economic impact on small businesses):**

No economic impact is anticipated.

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