



# TAX REPORT

SALES/USE TAX

WISCONSIN DEPARTMENT OF REVENUE

1-83

## NEW SALES TAX VARIABLE DISCOUNT BEGINS IN 1983

Many retailers will begin using a new variable rate discount of 2%-1%-1/2% in filling out their monthly sales and use tax returns for January, 1983 and subsequent monthly, quarterly or annual reporting periods. A new law passed by the Wisconsin Legislature provides for a 2% discount on the first \$10,000 of sales tax payable during the taxable year, a 1% discount on the second \$10,000 of tax payable during the taxable year and a 1/2% discount on the tax payable which exceeds \$20,000 during the year. The discount on a sales and use tax return is not allowed if the payment of tax is not made by the due date.

### Who Uses the 2%-1%-1/2% Discount

The new 2%-1%-1/2% discount should be used by the following:

- (a) If your taxable year is on a calendar year basis (from January 1 through December 31) your monthly, quarterly or annual sales and use tax returns relating to the 1983 calendar year should have the discount computed under the variable rate of 2%-1%-1/2%. This discount will also be used for calendar years 1984 and thereafter.
- (b) If your taxable year is on a fiscal year basis (it ends in a month other than December) use the 2%-1%-1/2% discount for all returns relating to your fiscal year which begins in 1983 and ends in 1984. (Example: Returns relating to fiscal year February 1, 1983 to January 31, 1984 should use the 2%-1%-1/2% discount.) The schedule below will help you determine which returns are subject to the old 1% discount as compared to the new 2%-1%-1/2% discount.

### Who Uses the 1% Discount

The 1% discount applies only to the following:

- (a) persons who have a fiscal year, and,
- (b) to those returns with a monthly, quarterly or annual reporting period which falls within a **fiscal year ending in 1983**. For example, if you have a fiscal year from April 1, 1982 to March 31, 1983, your returns for any monthly, quarterly or annual reporting periods ending in January, February or March of 1983 are subject to the 1% discount. Returns for any periods **beginning** in April, 1983 and thereafter will have the 2%-1%-1/2% discount.

### SCHEDULE FOR PERSONS WITH A FISCAL YEAR

If you are on a fiscal year basis (even though you file returns for monthly, quarterly or annual reporting periods within that fiscal year) this schedule should help you determine which returns will have the 1% discount as compared to the new 2%-1%-1/2% discount.

1% Discount Applies To Returns With Reporting Periods Ending In:	2%-1%-1/2% Discount Applies To Returns With Reporting Periods Beginning In And After:
February, 1982 - January, 1983 Fiscal Year .....	February, 1983
March, 1982 - February, 1983 Fiscal Year .....	March, 1983
April, 1982 - March, 1983 Fiscal Year .....	April, 1983
May, 1982 - April, 1983 Fiscal Year .....	May, 1983
June, 1982 - May, 1983 Fiscal Year .....	June, 1983
July, 1982 - June, 1983 Fiscal Year .....	July, 1983
August, 1982 - July, 1983 Fiscal Year .....	August, 1983
September, 1982 - August, 1983 Fiscal Year .....	September, 1983
October, 1982 - September, 1983 Fiscal Year .....	October, 1983
November, 1982 - October, 1983 Fiscal Year .....	November, 1983
December, 1982 - November, 1983 Fiscal Year .....	December, 1983

NOTE: Retailers who have a monthly reporting period also received a copy of this same Tax Report with their January, 1983 sales and use tax return. This copy is intended as a reminder for those retailers.

### How To Compute The 2%-1%-1/2% Discount

The discount is 2% of the first \$10,000 of sales tax payable for the taxable year, 1% of the second \$10,000 of tax payable for the year and 1/2% of the tax payable which exceeds \$20,000 for the year. However, no discount is allowed if payment of the tax on any return is made after the due date.

The examples below illustrate how to compute the 2%-1%-1/2% discount.

- Retailer with tax payable of less than \$10,000 for the year.

Retailer files on a quarterly basis and has \$250 of tax payable (line 4A of the sales and use tax return) in each of the four quarters in 1983. The retailer claims a discount of \$5 (\$250 tax payable x 2% = \$5 discount) on each of the quarterly returns filed for the 1983 calendar year, provided the tax was paid by the due date of each return. If the tax on the return for the quarter ending June, 1983 was not paid by the due date, the \$5 discount would not be allowed on that return.

- Retailer with tax payable of more than \$10,000 for the year.

Retailer files monthly returns and has a total tax payable (line 4A of return) of \$15,000 for the entire 1983 calendar year. The tax due on the April, June and October returns is not paid by the due date. The discount is computed as follows:

(1) Monthly Return For	(2) Tax Payable (line 4A of Return)	(3) Cumulative Tax Payable for Year	(4) Discount Rate	(5) Amount of Discount (col. 2 x col. 4)
January	\$ 1,000	\$ 1,000	2%	\$ 20
February	2,000	3,000	2%	40
March	1,500	4,500	2%	30
April	1,000	5,500	No Discount	(A)
May	500	6,000	2%	10
June	3,000	9,000	No Discount	(A)
July	3,000	12,000	2% & 1%	40 (B)
August	1,000	13,000	1%	10
September	500	13,500	1%	5
October	500	14,000	No Discount	(A)
November	500	14,500	1%	5
December	500	15,000	1%	5
Total for Year	<u>\$15,000</u>	<u>\$15,000</u>		<u>\$165</u>

(A) No discount is allowed for April, June, and October because payment of the tax was made after the due date.

(B) The discount for July is computed as follows:

Tax Payable	Discount Rate	Amount of Discount
\$1,000	2%	\$20
2,000	1%	20
Total for Month <u>\$3,000</u>		<u>\$40</u>

Of the \$3,000 tax payable for July, \$1,000 was part of the first \$10,000 tax payable for 1983 (subject to 2% discount) and \$2,000 was part of second \$10,000 of tax payable for 1983 (subject to 1% discount).

### Any Questions

If you have any questions about the 2%-1%-1/2% discount, contact any Department of Revenue office.