

CT-117: CIGARETTE DISTRIBUTOR BAD DEBT DEDUCTION FOR UNCOLLECTIBLE WISCONSIN CIGARETTE TAX

(file with Form CT-100 or CT-105)

Name				Tax Account Number			Month/Year (MM YYYY)		
Line No.	Column A Sales Invoice		Column B Sold To		Column C Type of Customer	Column D Date Wrote Off as Uncollectible	Column E WISCONSIN STAMPED Single Cigarettes	Column F Tax Rate* (as of date in Column A)	Column G Uncollectible Cigarette Tax (Column E x Column F)
	Date	Number	Name and Address	FEIN / SSN					
1					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer				
2					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer				
3					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer				
4					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer				
5					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer				
6					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer				
7					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer				
8					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer				
9					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer				
10					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer				
11					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer				
12					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer				
13					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer				
14					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer				
15					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer				
16	Total – Add lines 1 through 15 and enter total of Column G on Form CT-100, line 16 or CT-105, line 17 ▶								

HOW TO FILE

This schedule must be filed electronically as an attachment to Form CT-100 or CT-105. These forms are located at www.revenue.wi.gov/html/cigt1.html.

WHAT IS A BAD DEBT

To be eligible for a bad debt deduction, a debt must meet the definition of "bad debt" provided for in sec. 139.362(1), Wis. Stats. "Bad debt" means the excise taxes attributable to any portion of a debt that is related to a sale of cigarettes on which the distributor paid the tax under sec. 139.32, Wis. Stats., that is not otherwise deductible or excludable and that has become worthless or uncollectible.

1. Applies to cigarette tax bad debts written off on or after September 1, 2005.
Exception: Promotional/free cigarettes on which tax was reimbursed by the manufacturer.
2. Cigarette tax must be written off as uncollectible before claiming a deduction, provided such amount is eligible to be deducted under section 166 of the Internal Revenue Code for federal income tax purposes.

Bad debt does not include finance charges, interest on the wholesale price of cigarettes, uncollectible amounts on property that remains in the distributor's possession until the full purchase price is paid, any collection expenses, debts sold or assigned to third parties for collection or repossessed property.

BAD DEBT TAX RATES

Period	Rate per cigarette
October 1, 2001 to December 31, 2007	3.85¢
January 1, 2008 to August 31, 2009	8.85¢
September 1, 2009 and thereafter	12.6¢

Due date – The deduction must be claimed on the return filed for the month in which the bad debt was written off as uncollectible and eligible as a bad debt deduction for federal income tax purposes.

Recovery of Uncollectible Cigarette Taxes from Customers – Uncollectible cigarette taxes deducted in a prior month which is subsequently recovered from customers must be paid to the department on the return filed for the month in which the payment was received. Repayment includes, but is not limited to cash, credit cards or cash register receipts, assigned stocks, tangible property or real estate, or beneficiary payment, etc. Enter the total repayment amount attributable to the cigarette taxes on CT-100, line 17 (in-state distributor) or CT-105, line 18 (out-of-state distributor). Attach a copy of the form that was previously filed noting the appropriate entry(ies) where you previously claimed the deduction(s) for each payment received.

REQUIRED ATTACHMENTS

1. A copy of the original invoice for the sale of cigarettes that represents bad debt for each of the bad debts listed above.
2. Evidence that the cigarettes were delivered to the purchaser (e.g., a bill of lading signed by the purchaser).
3. Evidence that the purchaser of the cigarettes did not pay the distributor and that the distributor used reasonable collection practices to collect the debt. (Proof of reasonable collection practices includes copies of delinquency letters, legal action, invoices showing a past due amount, and/or copies of US Certified Mail cards showing the person signed for the letter/invoice and/or refused to accept the letter/invoice). **Note:** The delivery of cigarettes on credit to a purchaser who is delinquent on a previous delivery of cigarettes may result in the department requiring additional evidence that the permittee used reasonable collection practices to collect the debt.
4. Explain the circumstances behind why the debt was determined to be worthless. For example, the purchaser had declared bankruptcy or legal action to collect would probably not result in payment of any part of the debt.

Failure to provide this information and documentation will result in the deduction being disallowed and an assessment being issued for any additional tax, interest and penalty due.

RECORDS

Keep a complete copy of the return, including this schedule, and all records used in preparing the return for a minimum of four years. The records must be kept at the permit location and in a place and manner easily accessible for review by department representatives.

ASSISTANCE

You can access the department's web site 24 hours a day, seven days a week, at www.revenue.wi.gov. From this web site, you can:

- Complete electronic fill-in forms
- Download forms, schedules, instructions, and publications
- View answers to frequently asked questions
- E-mail us comments or request help
- Access My Tax Account

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