

CT-117 Instructions: Cigarette Distributor Bad Debt Deduction For Uncollectable Wisconsin Cigarette Tax

Who May File

A cigarette distributor licensed in Wisconsin who has uncollectible Wisconsin Cigarette tax debt that has been written off as a bad debt for federal income tax purposes.

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.

Filing Method

This schedule must be filed electronically through MyTaxAccount (MTA) or by using a department approved XML schema.

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.

Effective September 1, 2009 and thereafter, the Wisconsin cigarette tax rate is 12.6 cents per single cigarette (\$25.20 per carton).

Completing This Schedule

Use a single line for each invoice and provide all requested information for each entry.

Required Attachments

Attach the following items to your XML or MTA return.

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 U.S. 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.

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.

Records

Keep a complete copy of the return, including this schedule, and all records used in preparing the return for a minimum of five 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 website 24 hours a day, 7 days a week, at revenue.wi.gov. From this website, you can:

- Access MyTaxAccount (MTA)
- Download instructions and publications
- View answers to commonly asked questions
- Email us for assistance

Mailing Address
Excise Tax Unit
WI Dept of Revenue
PO Box 8900
Madison WI 53708-8900

Phone: (608) 266-6701
Fax: (608) 261-7049
Email: DORExciseTaxpayerAssistance@wisconsin.gov
Website: revenue.wi.gov

Physical Address
2135 Rimrock Road
Madison WI 53713

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* 12.6 cents per single cigarette	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			12.6 cents per stick	
2					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer			12.6 cents per stick	
3					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer			12.6 cents per stick	
4					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer			12.6 cents per stick	
5					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer			12.6 cents per stick	
6					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer			12.6 cents per stick	
7					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer			12.6 cents per stick	
8					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer			12.6 cents per stick	
9					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer			12.6 cents per stick	
10					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer			12.6 cents per stick	
11					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer			12.6 cents per stick	
12					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer			12.6 cents per stick	
13					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer			12.6 cents per stick	
14					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer			12.6 cents per stick	
15					<input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer			12.6 cents per stick	
16	• Total – Add lines 1 through 15 and enter total of Column G on Form CT-100, line 17 or CT-105, line 18 ▶								