

TT-117: Tobacco Products Distributor Bad Debt Deduction for Uncollectible Wisconsin Tobacco Products Taxes

(Attach this schedule to Form TT-100)

Legal Name	Tax Account Number	Month/Year (MM YYYY)
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TAX RATES

1. This schedule applies to tobacco products (excluding cigarettes) sold for resale on or after September 1, 2005. **Exception:** Promotional/free tobacco products on which tax was reimbursed by the manufacturer.
2. Tobacco products tax must be uncollectible before claiming a deduction, provided such amount is deductible under section 166 of the Internal Revenue Code for federal income tax purposes.

Tax Type	Prior to January 1, 2008	January 1, 2008 to August 31, 2009	September 1, 2009 and thereafter
Tobacco Products	25% of manufacturer's established list price to distributors	50% of manufacturer's established list price to distributors	71% of manufacturer's established list price to distributors
Moist Snuff		\$1.31 per ounce	100% of manufacturer's established list price to distributors
Cigars		Lesser of 50% of manufacturer's established list price to distributors or \$0.50 per cigar	Lesser of 71% of manufacturer's established list price to distributors or \$0.50 per cigar

Line No.	Column A Sales Invoice		Column B Sold To		Column C Type of Customer	Column D Date Wrote Off as Uncollectible	Column E Tobacco Products Manufacturer's List Price	Column F Tax Rate as of Date in Col. A (tax rates above)	Column G Uncollectible Tobacco Products Tax (Col. E x Col. 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	Total – Add lines 1 through 12 and enter total of Column G on Form TT-100, line 16 ▶								

INSTRUCTIONS

GENERAL INFORMATION

To be eligible for a bad debt deduction, a debt must meet the definition of “bad debt” provided for in sec.139.801(1), Wis. Stats. Bad debt means the excise taxes attributable to any portion of a debt that is related to a sale of tobacco products on which the distributor paid the tax under sec.139.76 Wis. Stats., that is not otherwise deductible or excludable and that has become worthless or uncollectible. Bad debt does not include financing charges, interest on the wholesale price of tobacco products, 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, and repossessed property.

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 deductible as bad debt for federal income tax purposes.

Recovery of Uncollectible Tobacco Products Taxes from Customers

– Uncollectible tobacco products taxes deducted on a prior month’s return, which you subsequently recover 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 card or cash register receipts, assigned stocks, tangible property or real estate, or beneficiary payment, etc. Enter the total repayment attributable to the tobacco products taxes on TT-100, line 17. Attach a copy of Form TT-117 previously filed noting the appropriate entry(ies) where you previously claimed the deduction(s) for each payment received.

A person claiming a bad debt deduction on this schedule must provide the required information and attach the following:

1. A copy of the original invoice for the sale of tobacco products that represents bad debt for each of the bad debts claimed.
2. Evidence that the tobacco products were delivered to the purchaser (e.g., a bill of lading signed by the purchaser).
3. Evidence that the purchaser of the tobacco products 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/invoices and/or refused to accept the letter/invoice. Note: The delivery of tobacco products on credit to a purchaser who is delinquent on a previous delivery of tobacco products may result in the department requiring additional evidence that the permittee used reasonable collection practices to collect the debt.

4. An explanation of why the debt was uncollectible. For example, the borrower 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 this deduction being disallowed.

RECORD KEEPING

You must keep a complete copy of your return, including this schedule, and all records used in preparing the return for a minimum of four years. 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

Madison office location

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Madison WI 53713

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E-mail: excise@revenue.wi.gov

Mailing Address

Excise Tax Section 6-107
Wisconsin Department of Revenue
PO Box 8900
Madison WI 53708-8900

When communicating with this department, include your 15-digit Wisconsin account number, FEIN or SSN.