

portraits in proper condition. The society may permit any or all of such portraits to be exhibited in such state buildings for such periods of time as it may deem feasible.

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CHAPTER 318.

AN ACT to revise and renumber sections 71.01 through 71.61 of the statutes, relating to the normal income tax, teachers' retirement fund surtax, and privilege dividend tax.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. Sections 71.01 through 71.61 of the statutes are revised and renumbered to read:

71.01 IMPOSITION OF TAX; EXEMPT INCOME. (1) NORMAL TAX. There shall be assessed, levied, collected and paid a tax on all net incomes as hereinafter provided, by every person residing within the state or by his personal representative in case of death; and by every nonresident of the state, upon such income as is derived from property located or business transacted within the state, except as hereinafter exempted. Every natural person domiciled in the state of Wisconsin, and every other natural person who maintains a permanent place of abode within the state or spends in the aggregate more than seven months of the income year within the state, shall be deemed to be residing within the state for the purposes of determining liability for income taxes and surtaxes. This section shall not be construed to prevent or affect the correction of errors or omissions in the assessment of income for former years in the manner provided in sections 71.11 (16) and 71.11 (20).

(2) TEACHERS' RETIREMENT FUND SURTAX. (a) In addition to any other taxes imposed by Chapter 71, and the surtax imposed by section 5 of chapter 5 of the laws of the special session of 1919, there shall be levied, collected, and paid upon the incomes of all individuals, copartnerships and fiduciaries, except as otherwise provided by law, a surtax on taxable income assessable under the provisions of chapter 71 or any amendment that may hereinafter be made to chapter 71, computed as provided in section 71.09 (3).

(b) In addition to any other taxes imposed by chapter 71, and the surtax imposed by section 5 of chapter 5 of the laws of the special session of 1919, there shall be levied, collected, and paid upon the incomes of corporations, joint stock companies or associations, or common law trusts, except as otherwise provided by law, a surtax on taxable income assessable under the provisions of chapter 71 or any amendment that may hereinafter be made to chapter 71, computed as provided in section 71.09 (4).

(c) The surtax provided for herein shall be based upon the taxable income assessable as hereinafter defined, and shall apply to the income received during the calendar year ending December 31, 1920, or corresponding fiscal year, and to the taxable income assessable annually thereafter, and shall be assessed and collected in the same manner as the income taxes provided for in chapter 71, except as otherwise herein provided.

(d) The term "taxable income assessable" as used in this section shall be construed to mean the amount to which the rates provided for in sections 17.09 (1) and (2) are applied in the computation of the income taxes provided for in chapter 71.

(3) EXEMPT INCOME. There shall be exempt from taxation under this chapter income as follows, to wit:

(a) Income of mutual savings banks, mutual loan corporations, building and loan associations, insurance companies, steam railroad corporations, sleeping car companies, freight line companies as defined in section 76.39, and corporations organized under sections 185.01 to 185.22, and of all religious, scientific, educational, benevolent or other corporations or associations of individuals not organized or conducted for pecuniary profit.

(b) Income received by the United States, the state and all counties, cities, villages, school districts or other political units of this state.

(c) Income of co-operative associations or corporations engaged in marketing farm products for producers, which turn back to such producers the net proceeds of the sales of their products; provided, that such corporations or associations have at least twenty-five stockholders or members delivering such products and that their dividends have not, during the preceding five years, exceeded eight per cent per annum; also income of associations and corporations engaged solely in processing and marketing farm products for one such co-operative association or corporation and which do not charge for such marketing and

processing more than a sufficient amount to pay the cost of such marketing and processing and eight per cent dividends on their capital stock and to add five per cent to their surplus.

(d) All income received during the year 1942 and subsequent thereto from the United States for service as a member of the armed forces thereof including therein members of Women's Auxiliary organizations created by Congress. This paragraph shall be effective for the duration of the present war plus 6 months after the termination thereof as determined by the President of the United States or the Congress of the United States.

(e) A trust created by any employer as a part of a stock bonus, pension or profit-sharing plan for the exclusive benefit of some or all of his employes, to which contributions are made by such employer, or employes or both, for the purpose of distributing to such employes the earnings and principal of the fund accumulated by the trust, or investing said funds in various forms of insurance or annuity contracts for the benefits of participants, in accordance with such plan, shall not be taxable under this chapter, but any amount actually distributed or made available to any distributee shall be taxable to him in the year in which so distributed or made available to the extent that it exceeds the amount paid in by him; provided, however, that this exemption shall not apply if the employer's contribution under such plan is not deductible under this chapter. This subsection shall be applicable to the calendar year 1944, or the corresponding fiscal year, and each such year thereafter.

(f) Whenever any bank has been placed in the hands of the banking commission for liquidation under the provisions of section 220.08, no tax under this chapter shall be levied, assessed or collected on account of such bank, which shall diminish the assets thereof so that full payment of all depositors cannot be made. Whenever the banking commission certifies to the department of taxation that the tax or any part thereof levied and assessed under this chapter against any such bank will so diminish the assets thereof that full payment of all depositors cannot be made, the said department shall cancel and abate such tax or part thereof, together with any penalty thereon, and shall certify its action to the county treasurer of the county, and the assessor of incomes of the district, wherein such bank is located. This subsection shall apply to taxes levied and assessed subse-

quent to the time the bank was taken over by the banking commission, which taxes have not been paid.

71.02 DEFINITIONS. (1) The term "net income" as used in this chapter shall mean "gross income" less allowable deductions.

(2) The term "person", as used in this act, shall mean and include natural persons, fiduciaries and corporations, and the word "corporation" shall mean and include corporations, joint stock companies, associations or common law trusts organized or conducted for profit, unless otherwise expressly stated.

(3) The terms "paid" or "actually paid", as used in this chapter, are to be construed in each instance in the light of the method used in computing taxable income whether on the accrual or receipt basis; provided, that the deduction for federal income and excess profits taxes shall be confined to cash payments made within the year covered by the income tax return.

(4) All fiscal years ending between the July first preceding and the June thirtieth following the close of a calendar year shall correspond to such calendar year for the purposes of this chapter, and no fiscal year shall end on any date other than the last day of any month.

71.03 GROSS INCOME: INCLUSIONS, EXCLUSIONS, REORGANIZATIONS. (1) INCLUSIONS. The term "gross income", as used in this act, shall include:

(a) All wages, salaries or fees derived from services, including services performed for the United States or any agency or instrumentality thereof.

(b) All rent of Wisconsin real estate.

(c) All interest derived from money loaned or invested in notes, mortgages, bonds or other evidence of debt of any kind whatsoever.

(d) All dividends derived from stocks provided, that the term "dividends" as used in this section shall be held to mean all dividends derived from stocks whether paid to its shareholders in cash or property of the corporation.

1. For the purpose of this section every distribution is presumed to be made out of earnings or profits to the extent thereof, and from the most recently accumulated earnings or profits.

2. All dividends received by any person paid in any property other than cash shall be valued at the fair market value of such property on the date of the distribution.

3. When property other than cash is distributed by a corporation in payment of a dividend other than a dividend or distribution in liquidation the profit or loss that arises in so disposing of such property, shall be that of the corporation and shall be measured by the difference between the fair market value of such property at the time of such disposition and the income tax cost thereof to said corporation.

(e) Amounts distributed in liquidation of a corporation shall be treated as payment in exchange for the stock, and the gain or loss to the distributee resulting from such exchange shall be determined under the provisions of this paragraph and section 71.03 (1) (g). No amounts received in liquidation shall be taxed as a gain until the distributee shall have received amounts in liquidation in excess of his cost or other income tax basis provided in section 71.03 (1) (g), and any such excess shall be taxed as gain in the year in which received. Losses upon liquidation shall be recognized only in the year in which the corporation shall have made its final distribution. For the purposes of this paragraph a corporation shall be considered to be liquidating when it begins to dispose of the assets with which it carried on the business for which it was organized and begins to distribute the proceeds from the disposition of such assets, or the assets themselves, whether or not such disposition and distribution is made pursuant to resolution for dissolution; provided, that any distribution of current earnings of a corporation shall not be considered to be a distribution in liquidation unless the corporation making such distribution has ceased or is about to cease carrying on the business for which it was organized.

(f) The sale of stock received as a dividend and exempt from tax at the time of its receipt under section 71.03 (2) (e), may result in a gain or loss for income tax purposes, and the gain or loss from the sale of such stock and from the sale of the stock with respect to which it was issued, shall be determined as provided in this paragraph and in section 71.03 (1) (g). For the purpose of determining the profit or loss on the sale or other disposition of stock received as a stock dividend or of the stock with respect to which such stock dividend was issued, the cost or other basis of the old and of the new shares shall be such proportion of the previous cost or other basis of the old stock as is properly allocable to each, under regulations prescribed by the department of taxation. If before or after the distribution of any stock

dividend the corporation proceeds to cancel or redeem its stock at such time and in such manner as to make the distribution and cancellation or redemption in whole or in part essentially equivalent to the distribution of a taxable dividend, the amount so distributed in redemption or cancellation of the stock to the extent that it represents a distribution of earnings or profits accumulated after January 1, 1911, shall be treated as a taxable dividend as herein defined.

(g) All profits derived from the transaction of business or from the sale or other disposition of real estate or other capital assets; provided, that for the purpose of ascertaining the gain or loss resulting from the sale or other disposition of property, real or personal, acquired prior to January 1, 1911, the fair market value of such property as of January 1, 1911, shall be the basis for determining the amount of such gain or loss; and, provided, further, that the basis for computing the profit or loss on the sale of property acquired by gift after 1922 but prior to July 31, 1943, shall be the same as it would have been had the sale been made by the last preceding owner who did not acquire it by gift; and in case the taxing officers are unable to ascertain the cost of the property to such prior owner, if acquired after January 1, 1911, then the basis shall be the value thereof at or about the time it was acquired by him, and such value shall be determined from the best information obtainable. However, with respect to all gifts made after July 31, 1943, the basis for computing gain or loss resulting from the sale or other disposition of said property acquired by gift shall be the fair market value of said property at the time of the said gift or the valuation on which a gift tax has been paid or is payable. In computing profit or loss on the sale of property acquired by descent, devise, will or inheritance, or on the sale of property in a decedent's estate, since January 1, 1911, the appraised value of such property in the administration of the estate of the deceased owner as of the date of his death shall be on the basis for determining the amount of such profit or loss. The cost, or other basis mentioned above, shall be diminished by the amount of the deduction for exhaustion, wear and tear and depletion which have, since the acquisition of the property, been allowed as deductions under all Wisconsin income tax laws; and such basis shall also be diminished by the amounts of all income deferred by the taxpayer and used to reduce property, and all anticipated losses on

such property which have been deducted from taxable income. If property, exclusive of inventories (as raw materials, goods in process and finished goods), as a result of its destruction in whole or in part by fire or other casualty, theft or seizure, or an exercise of power of requisition or condemnation or the threat or imminence thereof, is involuntarily converted into money which is within one year in good faith, under regulations prescribed by the department of taxation, expended in the replacement of the property destroyed or in the acquisition of other property similar or related in service or use to the property so destroyed, or in the establishment of a replacement fund which, within 2 years from date of the fire or other casualty is actually expended to replace the property destroyed or in the acquisition of other property similar or related in service or use to the property destroyed, no gain shall be recognized, and in the case of gain the property so replaced or acquired, for purposes of depreciation and all other purposes of taxation, shall be deemed to take the place of the property so destroyed. If any part of the money is not so expended, the gain, if any, shall be recognized, but in an amount not in excess of the money which is not so expended. A replacement of property by an insurance company shall be deemed to be an expenditure by the taxpayer of insurance moneys received by him from the insurance company for the purposes of this subsection. If shares of stock in a corporation acquired subsequent to January 1, 1934, are sold from lots acquired at different dates or at different prices, the basis for determining gain or loss shall be that of the specific shares sold. If the identity of the lots cannot be determined, the stock sold shall be charged against the earliest acquisitions of such stock. The basis for determining gain or loss on sales of stock acquired prior to January 1, 1934, shall be the average cost of all such shares of the same stock, determined in accordance with the regulations of the department of taxation in effect on January 1, 1934.

(h) The period within which fire or other casualty losses occurring since January 1, 1941, must be replaced, may be extended at the discretion of the commissioner of taxation for good cause shown beyond the two-year period specified in paragraph (g) for a period not to exceed two years after the termination of the present war as proclaimed by the President or the Congress. When such period has been extended by the commissioner

any tax previously paid as specified in paragraph (g) upon the proceeds of insurance covering a loss occurring since January 1, 1941, shall be refunded in the manner provided in section 71.10 (10).

(i) All royalties derived from mines or the possession or use of franchises or legalized privileges of any kind.

(j) Life insurance paid to the insured, and insurance paid to a corporation or partnership upon policies on the lives of its officers, partners or employes, after deducting from such insurance the cash surrender value thereof on January 1, 1911, and all net premiums paid thereafter and not deducted on Wisconsin income tax returns.

(k) Individuals carrying on business in partnership shall be liable for income tax only in their individual capacity. There shall be included in computing the income of each partner his distributive share, whether distributed or not, of the net income of the partnership for the income year.

(1) And all other gains, profits or income of any kind derived from any source whatever except such as hereinafter exempted.

(2) EXCLUSIONS. There shall be exempt from taxation under this chapter the following:

(a) Pensions received from the United States.

(b) All inheritances, devises, bequests and gifts received during the year.

(c) All insurance received by any person or persons in payment of a death claim by any insurance company, fraternal benefit society or other insurer, except insurance paid to a corporation or partnership upon the policies on the lives of its officers, partners or employes.

(d) Any earnings or profits accumulated, or increase in value of property accrued, before January 1, 1911, may be distributed exempt from tax, after the earnings and profits accumulated after January 1, 1911, have been distributed, but any such tax-free distribution shall be applied against and reduce the cost or other income tax basis provided in section 71.03 (1) (g). If such or any similar tax-free distributions exceed such cost or other income tax basis, any excess shall be included in the gross income of the year in which received.

(e) A dividend paid by a corporation in its own capital stock shall not be subject to income tax as a dividend at the time of its receipt by a stockholder.

(3) REORGANIZATIONS. (a) No gain or loss shall be recognized if stock or securities in a corporation a party to a reorganization are, in pursuance of the plan of reorganization, exchanged solely for stock or securities in such corporation or in another corporation a party to the reorganization.

(b) No gain or loss shall be recognized if a corporation a party to a reorganization exchanges property, in pursuance of the plan of reorganization, solely for stock or securities in another corporation a party to the reorganization.

(c) No gain or loss shall be recognized if property is transferred to a corporation by one or more persons solely in exchange for stock in such corporation, and immediately after the exchange such person or persons are in control of the corporation; but in case of an exchange by two or more persons this paragraph shall apply only if the amount of the stock received by each is substantially in proportion to his interest in the property prior to the exchange.

(d) If there is distributed, in pursuance of a plan of reorganization, to a stockholder in a corporation a party to the reorganization, stock or securities in such corporation or in another corporation a party to the reorganization, without the surrender by such shareholder of stock or securities in such a corporation, no gain to the distributee from the receipt of such stock or securities shall be recognized.

(e) The distribution, in pursuance of a plan of reorganization, by a corporation a party to the reorganization, of its stock or securities, or stock or securities in a corporation a party to the reorganization, shall not be considered a distribution of earnings or profits for the purpose of determining the taxability of subsequent distributions by the corporation.

(f) The term "reorganization" means (a) a merger or consolidation (including the acquisition by one corporation of at least a majority of the voting stock and at least a majority of the total number of shares of all other classes of stock of another corporation, or substantially all the properties of another corporation), or (b) a transfer by a corporation of all or a part of its assets to another corporation if immediately after the transfer the transferor or its stockholders or both are in control of the corporation to which the assets are transferred, or (c) a recapitalization, or change in the form of capitalization, or (d)

a mere change in identity, form or place of organization, however effected.

(g) The term "a party to a reorganization" includes a corporation resulting from a reorganization and includes both corporations in the case of an acquisition by one corporation of at least a majority of the voting stock and at least a majority of the total number of shares of all other classes of stock of another corporation.

(h) As used in this section the term "control" means the ownership of at least eighty percent of the voting stock and at least eighty percent of the total number of shares of all other classes of stock of the corporation.

(i) No gain or loss shall be recognized upon the receipt by a corporation of property distributed in complete liquidation of another corporation in conformity with all the requirements of this subdivision. The corporation receiving such property must be, continuously from the date of the adoption of the plan of liquidation until the receipt of the property, the owner of stock in such other corporation, possessing at least eighty percent of the total combined voting power of all classes of stock and the owner of at least eighty percent of the total number of shares of all other classes of stock except nonvoting preferred stock. Such other corporation must have been organized prior to the enactment of this subdivision and must have made no distribution in liquidation to the receiving corporation prior to the enactment hereof. The property may be distributed in one or a series of distributions, but the final distribution must occur within one year from the adoption of the plan of liquidation and within one year from the first distribution. The assumption of liabilities of such other corporation by its stockholders, including the receiving corporation, shall not prevent a distribution from being considered as final. The adoption of a resolution authorizing the distribution of all of the assets of a corporation in complete cancellation or redemption of all of its stock shall be considered an adoption of a plan of liquidation even though such resolution specifies no time for the completion of the transfer of the property.

(j) If property involved in transactions described in section 71.03 (3) (a) and (b) was acquired by a corporation in connection with a reorganization the basis for determining gain or loss, depletion or depreciation shall be the same as it would be

in the hands of the transferor. This paragraph shall be applicable only when the transaction involved was treated for income tax purposes as provided in section 71.03 (3) (a) and (b).

(k) If property was acquired by a corporation by the issuance of its stock or securities in connection with a transaction described in section 71.03 (3) (c) the basis shall be the same as it would be in the hands of the transferor. This paragraph shall be applicable only when the transaction involved was treated for income tax purposes as provided in section 71.03 (3) (c).

(l) If the property consists of stock or securities distributed to a taxpayer in connection with a transaction described in section 71.03 (3) (d) the basis in the case of the stock in respect of which the distribution was made shall be apportioned as in the case of stock dividends. This paragraph shall be applicable only when the transaction involved was treated for income tax purposes as provided in section 71.03 (3) (d).

(m) The basis of property received by a corporation without the recognition of gain or loss under section 71.03 (3) (i) shall be the same as it would be in the hands of the transferor, and for the purpose of making the adjustments to such basis required by section 71.03 (1) (g) the corporation receiving the property shall be considered as having been the owner thereof while the property was in the hands of the transferor.

71.04 DEDUCTIONS FROM GROSS INCOME OF CORPORATIONS. Every corporation, joint stock company or association shall be allowed to make from its gross income the following deductions:

(1) Payments made within the year for wages of employes and salaries of officers if reasonable in amount, for services actually rendered in producing such income; provided, there be reported the name, address and amount paid each such employe or officer residing within this state to whom a compensation of seven hundred dollars or more shall have been paid during the assessment year.

(2) Other ordinary and necessary expenses and cash bonuses to employes, actually paid within the year out of the income in the maintenance and operation of its business and property, including a reasonable allowance for depreciation by use, wear and tear of property from which the income is derived and in the case of mines and quarries an allowance for depletion of ores

and other natural deposits on the basis of their actual original cost in cash or the equivalent of cash; and including also interest paid during the year in the operation of the business from which its income is derived; provided, the debtor reports the amount so paid, the form of the indebtedness, together with the names and addresses of the parties to whom interest was paid in the manner provided in section 71.10 (1).

(3) Taxes other than special improvement taxes paid during the year upon the business or property from which the income taxed is derived, including therein taxes imposed by the state of Wisconsin and the government of the United States as income, excess or war profits and capital stock taxes, including taxes on all real property which is owned and held for business purposes whether income producing or not, provided that such portion of the deduction for federal income and excess profits taxes as may be allowable shall be confined to cash payments made within the year covered by the income tax return, and provided further that deductions for income taxes paid to the United States government shall be limited to taxes paid on net income which is taxable under this chapter; and provided further that income taxes imposed by the state of Wisconsin shall accrue for the purpose of this subsection only in the year in which such taxes are assessed.

(3a) The deduction for all United States income, excess or war profits and defense taxes shall be limited to a total amount not in excess of 10 per cent of the taxpayer's net income of the calendar or fiscal year as computed without the benefit of the deduction for said United States income, excess or war profits and defense taxes, and before the deductions of amounts permitted by subsection (5) of this section. In no event shall any taxpayer be permitted hereunder a total deduction in excess of the actual amount of United States income, excess or war profits and defense taxes paid, and otherwise deductible.

(4) Dividends, except those provided in section 71.03 (1) (e) and 71.03 (2) (d), received from any corporation conforming to all of the requirements of this subsection. Such corporation must have filed income tax returns as required by law and the income of such corporation must be subject to the income tax law of this state. The principal business of the corporation must be attributable to Wisconsin and for the purpose of this subsection any corporation shall be considered as having its prin-

principal business attributable to Wisconsin if fifty per cent or more of the entire net income or loss of such corporation after adjustment for tax purposes (for the year preceding the payment of such dividends) was used in computing the average taxable income provided by chapter 71, except that deductibility of dividends received in the year 1926 shall be governed by the assessment of the income of the year 1925. If the net incomes of several affiliated corporations have been combined for the purpose of determining the amount of income subject to taxation under the statute, the location of the principal business of such group shall determine the taxable status of dividends paid, but inter-company dividends passing between affiliated corporations whose incomes are included in the taxable income of the group, shall not be assessed as group income.

(5) Contributions or gifts made within the year to the state or any political subdivision thereof for exclusively public purposes, or to any corporations, community chest fund, foundation, or associations, operating within this state, organized and operated exclusively for religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net income of which inures to the benefit of any private stockholder or individual, to an amount not in excess of ten per centum of the taxpayer's net income of the calendar or fiscal year as computed without the benefit of this subsection.

(6) Amounts contributed for the given period to the unemployment reserve fund established in section 108.16 of the statutes, but not the amounts paid out of said fund.

(7) Losses actually sustained within the year and not compensated by insurance or otherwise, provided that no loss resulting from the operation of business conducted without the state, or the ownership of property located without the state, may be allowed as a deduction, and provided further that no loss may be allowed on the sale of property purchased and held for pleasure or recreation and which was not acquired or used for profit, but this proviso shall not be construed to exclude losses due to theft or to the destruction of property by fire, flood or other casualty. No deduction shall be allowed under this subsection for any loss claimed to have been sustained in any sale or other disposition of shares of stock or securities where it appears that within thirty days before or after the date of such

sale or other disposition the taxpayer has acquired (otherwise than by bequest or inheritance) or has entered into a contract or option to acquire substantially identical property, and the property so acquired is held by the taxpayer for any period after such sale or other disposition. Reserves for contingent losses or liabilities shall not be deducted.

(8) All amounts which any assets of a bank, trust company or any corporation subject to state or federal regulations are reduced in valuation within the taxable year pursuant to direction or order of any state or federal authority having power to make such direction or order. No deduction allowed hereunder shall exceed the amount which would have been deductible had the asset been sold for an amount equal to the value to which it is written down. The amount of any deduction allowed hereunder shall reduce the cost or other basis of the asset and any amount recovered with respect to such asset which exceeds such adjusted cost or basis shall be taxed in the year in which received or accrued.

(9) The amount any asset has been charged down or off by any corporation upon the demand or order of any state or federal regulatory authority, body, agency or commission or of the examining committee of any state bank in accordance with the provisions of section 221.09 shall be allowed as a deduction from gross income if the taxpayer so elects; the taxpayer must specify whether it so elects or elects to defer the actual deduction allowable if a loss is incurred upon the liquidation of the asset or any portion thereof, but the method selected must be followed without change and notice of the election must be given the assessing authority.

(10) Amounts distributed to patrons in any year, in proportion to their patronage of the same year, by any corporation, joint stock company or association doing business on a co-operative basis (hereinafter called "company"), whether organized under chapter 185 or otherwise, shall be returned as income or receipts by said patrons but may be deducted by such company as cost, purchase price or refunds; provided that no such deduction shall be made for amounts distributed to the stockholders or owners of such company in proportion to their stock or ownership, nor for amounts retained by such company and subject to distribution in proportion to stock or ownership as distinguished from patronage.

(11) Amounts expended for the purchase of seeds and tree plants for planting, and for preparing land for planting and for planting and caring for, maintenance and fire protection of forest crops on "Forest Crop Lands" under the provisions of chapter 77, but the taxpayer may elect to defer the deduction of such amounts until the crop or the property, or any portion thereof, is sold or disposed of; except that the method so elected must be followed without change; and notice of the election of such method must be given to the assessing authority that such election is made.

71.05 DEDUCTIONS FROM INCOMES OF PERSONS OTHER THAN CORPORATIONS. Persons other than corporations, in reporting incomes for purposes of taxation, shall be allowed the following deductions:

(1) Payments made within the year for wages or other compensation for services actually rendered in carrying on the profession, occupation or business from which the income is derived. But no deductions shall be made for any amount paid for services actually rendered in the carrying on of the profession, occupation or business from which the income is derived unless there be reported the name and address and amount paid each person to whom a sum of \$700 or more shall have been paid for services during the assessment year. Except as provided in subsection (9) of this section, no deduction shall be allowed under this section for any amounts expended for personal, living or family expenses.

(2) The ordinary and necessary expenses actually paid within the year in carrying on the profession, occupation or business from which the income is derived, including a reasonable allowance for depreciation by use, wear and tear of the property from which the income is derived, and in the case of mines and quarries an allowance for depletion of ores and other natural deposits on the basis of their actual original cost in cash or the equivalent of cash.

(3) Interest paid within the year on existing indebtedness; provided, the debtor reports the amount so paid, the form of the indebtedness, together with the name and address of the creditor. But no interest shall be allowed as a deduction if paid on an indebtedness created for the purchase, maintenance or improvement of property, or for the conduct of a business, unless

the income from such property or business would be taxable under this chapter.

(4) Taxes other than inheritance and special improvement taxes upon the property or business from which the income hereby taxed is derived paid by such persons during the year, including therein taxes imposed by the state of Wisconsin or the United States government as income taxes; provided, that such portion of the deduction for federal income taxes as may be allowable shall be confined to cash payments made within the year covered by the income tax return; and provided further, that deductions for income taxes paid to the United States government shall be limited to taxes paid on net income which is taxable under this chapter; and provided further that income taxes imposed by the state of Wisconsin shall accrue for the purposes of this subsection only in the year in which such taxes are assessed.

(4a) The deduction for all United States income, excess or war profits and defense taxes shall be limited to a total amount not in excess of 3 per cent of the taxpayer's net income of the calendar or fiscal year as computed without the benefit of the deduction of said United States income, excess or war profits and defense taxes, and before the deductions of amounts permitted by subsection (6) of this section. In no event shall any taxpayer be permitted hereunder a total deduction in excess of the actual amount of United States income, excess or war profits and defense taxes paid, and otherwise deductible.

(5) Dividends, except those provided in sections 71.03 (1) (e) and 71.03 (2) (d) received from any corporation conforming to all of the requirements of this subsection. Such corporation must have filed income tax returns as required by law and the income of such corporation must be subject to the income tax law of this state. The principal business of the corporation must be attributable to Wisconsin and for the purpose of this subsection any corporation shall be considered as having its principal business attributable to Wisconsin if fifty per cent or more of the entire net income or loss of such corporation after adjustment for tax purposes for the year preceding the payment of such dividends was used in computing the average taxable income provided by chapter 71, except that deductibility of dividends received in the year 1926 shall be governed by the assessment of the income of the year 1925. If the net incomes

of several affiliated corporations have been combined for the purpose of determining the amount of income subject to taxation under the statute, the location of the principal business of such group shall determine the taxable status of dividends paid, but intercompany dividends passing between affiliated corporations whose incomes are included in the taxable income of the group, shall not be assessed as group income.

(6) Contributions or gifts made within the year to any national organization of veterans of the armed forces of the United States or subordinate unit thereof, or to the state or any political subdivision thereof for exclusively public purposes, or to any corporation, community chest fund, foundation or association operating within this state, organized and operated exclusively for religious, charitable, scientific or educational purposes, or for the prevention of cruelty to children or animals, no part of the net income of which inures to the benefit of any private stockholder or individual, to an amount not in excess of 10 per cent of the taxpayer's net income of the calendar or fiscal year as computed without the benefit of this subsection.

(7) Amounts contributed for the given period to the unemployment reserve fund established in section 108.16 of the statutes, but not the amounts paid out of said fund.

(8) Losses actually sustained within the year and not compensated by insurance or otherwise, provided that no loss resulting from the operation of business conducted without the state, or the ownership of property located without the state, may be allowed as a deduction, and provided further that no loss may be allowed on the sale of property purchased and held for pleasure or recreation and which was not acquired or used for profit, but this proviso shall not be construed to exclude losses due to theft or to the destruction of the property by fire, flood or other casualty. No deduction shall be allowed under this subsection for any loss claimed to have been sustained in any sale or other disposition of shares of stock or securities where it appears that within thirty days before or after the date of such sale or other disposition the taxpayer has acquired (otherwise than by bequest or inheritance) or has entered into a contract or option to acquire substantially identical property and the property so acquired is held by the taxpayer for any period after such sale or other disposition. Reserves for contingent losses or liabilities shall not be deducted.

(9) Payment for expenses for hospital, nursing, medical, surgical, dental, and other healing services and for drugs and medical supplies incurred by the taxpayer on account of sickness or of personal injury to himself or his dependents in excess of \$50 but not more than \$500.

(10) Any and all sums not to exceed eight hundred dollars paid by any person whose total income shall be three thousand dollars or less by way of alimony to a former spouse and not to exceed four hundred dollars each for the support of minor children under any order or decree of any court.

(11) Amounts expended for the purchase of seeds and tree plants for planting, and for preparing land for planting and for planting and caring for, maintenance and fire protection of forest crops on "Forest Crop Lands" under the provisions of chapter 77, but the taxpayer may elect to defer the deduction of such amounts until the crop or the property, or any portion thereof, is sold or disposed of; except that the method so elected must be followed without change; and notice of the election of such method must be given to the assessing authority that such election is made.

(12) For other provisions relating to deductions of estates or trusts see section 71.08 (3) and (12).

71.06 BUSINESS LOSS CARRY FORWARD. If a taxpayer in any year subsequent to the year 1932, sustains a net business loss, such loss, to the extent not offset by other items of income of the same year, may be offset against the net business income of the subsequent year and, if not completely offset by the net business income of such year, the remainder of such net business loss may be offset against the net business income of the following year. For the purposes of this section, net business income shall consist of all the income attributable to the operation of a trade or business regularly carried on by the taxpayer, less the deduction of business expenses allowed in sections 71.04 and 71.05.

71.07 SITUS OF INCOME; ALLOCATION AND APPORTIONMENT. (1) For the purposes of taxation income from mercantile or manufacturing business, not requiring apportionment under section 71.07 (2) shall follow the situs of the business from which derived. Income derived from rentals and royalties from real estate or tangible personal property, or from the operation of any farm, mine or quarry, or from the sale of

real property or tangible personal property shall follow the situs of the property from which derived. All other income, including royalties from patents, income derived from personal services, professions and vocations and from land contracts, mortgages, stocks, bonds and securities or from the sale of similar intangible personal property, shall follow the residence of the recipient, except as provided in section 71.08.

(2) Persons engaged in business within and without the state shall be taxed only on such income as is derived from business transacted and property located within the state. The amount of such income apportionable to Wisconsin may be determined by an allocation and separate accounting thereof, when, in the judgment of the department of taxation, that method will reasonably reflect the income properly assignable to this state, but otherwise in the following manner: There shall first be deducted from the total net income of the taxpayer such part thereof (less related expenses, if any) as follows the situs of the property or the residence of the recipient; provided, that in the case of incomes which follows the residence of the recipient, the amount of interest and dividends deductible under this provision shall be limited to the total interest and dividends received which are in excess of the total interest (or related expenses, if any) paid and allowable as a deduction under section 71.04 during the income year. The remaining net income shall be apportioned to Wisconsin on the basis of the ratio obtained by taking the arithmetical average of the following three ratios:

1. The ratio of the tangible property, real, personal, and mixed, owned and used by the taxpayer in Wisconsin in connection with his trade or business during the income year to the total of such property of the taxpayer owned and used by him in connection with his trade or business everywhere. Cash on hand or in the bank, shares of stock, notes, bonds, accounts receivable, or other evidence of indebtedness, special privileges, franchises, good will, or property the income of which is not taxable or is separately allocated, shall not be considered tangible property nor included in the apportionment.

2. In the case of persons engaged in manufacturing or in any form of collecting, assembling, or processing goods and materials within this state, the ratio of the total cost of manufacturing, collecting, assembling, or processing within this state to the total cost of manufacturing, or assembling, or processing

everywhere. The term "cost of manufacturing, collecting, assembling, or processing within this state and everywhere", as used herein, shall be interpreted in a manner to conform as nearly as may be to the best accounting practice in the trade or business. Unless in the opinion of the department of taxation the peculiar circumstances in any case justifies a different treatment, this term shall be generally interpreted to include as elements of cost within this state the following:

a. The total cost of all goods, materials, and supplies used in manufacturing, assembling, or processing within this state regardless of where purchased.

b. The total wages and salaries paid or incurred during the income year in this state in such manufacturing, assembling, or processing activities.

c. The total overhead or manufacturing burden properly assignable according to good accounting practice to such manufacturing, assembling, or processing activities within this state.

3. In the case of trading, mercantile, or manufacturing concerns the ratio of the total sales made through or by offices, agencies, or branches located in Wisconsin during the income year to the total net sales made everywhere during said income year.

(3) Where, in the case of any person engaged in business within and without the state of Wisconsin and entitled to an apportionment of his income as herein provided, it shall be shown to the satisfaction of the department of taxation, that the use of any one of the three ratios above provided for gives an unreasonable or inequitable final average ratio because of the fact that such person does not employ, to any appreciable extent in his trade or business in producing the income taxed, the factors made use of in obtaining such ratio, this ratio may, with the approval of the department of taxation, be omitted in obtaining the final average ratio which is to be applied to the remaining net income.

(4) As used in this section the word "sales" shall extend to and include exchange, and the word "manufacturing" shall extend to and include mining and all processes of fabricating or of curing raw materials.

(5) If the income of any such person properly assignable to the state of Wisconsin cannot be ascertained with reasonable certainty by either of the foregoing methods, then the same shall

be apportioned and allocated under such rules and regulations as the department of taxation may prescribe.

(6) Liability to taxation for income which follows the residence of the recipient in the case of persons, other than corporations, who move into or out of the state within the year shall be determined for such year by the ratio of time which the residence of such taxpayer in the state bears to the entire calendar or fiscal year. The deductions for personal exemptions provided for in section 71.09 (6) shall be prorated on the basis of the time of residence within and without the state. The net income of such person assignable to the state for such year shall be used in determining the income subject to assessment under this chapter.

71.08 FIDUCIARIES—RETURNS AND ASSESSMENTS.

(1) Every executor and administrator shall file an income tax return with the assessor of incomes of the county in which the decedent resided at the time of his death, or in the county in which the executor or administrator resides if the decedent was a nonresident, in all cases where the decedent, if living, would have been required to file such return, and shall so file such return, if notified by the assessor of incomes to make a report to him. Such executor or administrator shall include in such return:

(a) All income received by the decedent during that portion of the year covered by the return preceding the demise of the decedent.

(b) All receipts by him from the estate of the deceased during the year covered by the return, if such receipts would have been taxable as income to the decedent, had he survived.

(c) All receipts by him during the year from the estate of the deceased accrued at the date of death of the decedent but not reported by the decedent on the accrual basis, if such receipts would have been taxable as income to the decedent had he survived and made the return.

(2) If any person has been reporting income from any transaction on a deferred basis, the executor or administrator of the estate of such person shall during the administration of the estate of such person, account for the income arising from such transaction on the same basis as such transaction was reported by the decedent prior to his death and in the same manner as the decedent would have accounted for such income, had he sur-

vived and made the return. If all of such deferred income has not been reported and accounted for in the income tax returns before the executor or administrator is discharged, he shall report in his last income tax return as, income the present value of such deferred income as yet unreported.

(3) The first return of an executor or administrator shall be filed in the form and manner and within the time that a return should have been filed by the decedent had he survived. Subsequent returns of such executor or administrator shall be filed in the form and within the time that the returns of income are required from persons other than corporations. The first return of such executor or administrator shall include the income received by the decedent during the portion of the year preceding the demise of deceased and also items specified in sections 71.08 (1), 71.08 (2) and 71.08 (5). In computing the net income of an estate, a deduction shall be allowed for amounts paid as premiums on fidelity bonds of the executor or administrator.

(4) The same personal exemption shall be deducted from the tax of the executor or administrator as would have been deductible from the tax of the decedent under section 71.09 (6) had he survived and made the return, except that,

(a) No personal exemption under section 71.09 (6) (a) and 71.09 (6) (b) for the decedent shall be allowed except for the year of death.

(b) If the decedent was a single person at the time of his death and was actually supporting children under the age of eighteen years, or was actually supporting any other person or persons dependent upon him for support, the personal exemption deductible under section 71.09 (6) (c) and (d) shall be allowed to the executor or the administrator until such children shall reach the age of eighteen years or until such other person shall cease to be dependent.

(c) If the decedent was a married person at the date of his demise and if after his demise his widow is the head of a family as defined in section 71.09 (6) (b), the same personal exemption shall be allowed to the executor or administrator as is allowed to the head of a family under section 71.09 (6) (b). If such decedent was actually supporting children under the age of eighteen or any other person or persons dependent upon him for support, the same personal exemption shall be allowed to

the executor as would have been allowed to any other head of a family under section 71.09 (6) (c) and (d) for such children and dependent person until such children shall reach the age of eighteen years or until such other person shall cease to be dependent.

(5) During the period of the administration of the estate the executor shall include in his return the income of the wife of the deceased if living and the income of all children under eighteen years of age, together with the income of any persons actually supported by and dependent upon the estate for support.

(6) The assessor of incomes shall certify the tax on the income of any decedent or on the income of his executor or administrator, as other taxes are certified, and the executor or administrator shall pay such tax when due.

(7) Guardians shall make returns of income to the assessor of incomes of the county in which their wards reside, which returns shall be made at the same time as returns of persons other than corporations are made, and shall show all the income from all sources received by or for the respective wards whom they represent. The net income of a guardian shall be ascertained in the same manner as the income of other persons is ascertained and shall be subject to the same deductions for personal exemptions which the ward would have been entitled to had he made the return, provided that if any of such wards are under 18 years of age and are the children of a person required by this chapter to file an income tax return, the personal exemption under section 71.09 (6) (c) shall be allowed to the guardian. The taxable income of any ward shall be assessed to the guardian making the report and such guardian shall pay the taxes assessed when due.

(8) Trustees of trust estates created by will or by contract or by declaration of trust or implication of law shall annually make a return of all income received by them as such to the assessor of incomes of the county in which the trust or estate is being administered, showing the total taxable income received by them during the year, the names and addresses of distributees and the amounts severally distributable to them whether distributed or not, and also the amounts to be accumulated by them for unknown or unborn or undisclosed beneficiaries or for other reasons. The net income received by such

trustees shall be ascertained in the same manner as the net income of persons other than corporations, except that the personal exemptions under section 71.09 (6) (a), (b), (c) and (d) shall not be allowed to such trustee. Distributees who receive or who are entitled to receive any part of such net income shall return the same as income to the assessor of incomes in the district in which they respectively reside, together with all other income received by them and shall be assessed thereon as provided by this chapter. Such of said distributees as are non-residents of this state shall be assessed on such income as they receive from the trust estate as the income of nonresidents is assessed. No personal exemption shall be allowed either resident or nonresident distributees unless they make a claim therefor in their income tax returns made in accordance with the terms of this act showing the total net income.

(9) All nondistributable, or contingently distributable income not distributed shall be assessed to the trustee in the same manner as income of persons other than corporations is assessed, except that the personal exemptions under section 71.09 (6) shall not be allowed to such trustee.

(10) All income taxes levied against the income of beneficiaries shall be a lien on that portion of the trust estate or interest therein from which the income taxed is derived, and such taxes shall be paid by the fiduciary, if not paid by the distributee, before the same becomes delinquent. Every person who as a fiduciary under the provisions of this chapter pays an income tax, shall have all the rights and remedies of reimbursement for any taxes assessed against him or paid by him in such capacity, as is provided in subsections (1) and (2) of section 70.19.

(11) An executor, administrator, guardian or trustee applying to a court having jurisdiction for a discharge from his trust and a final settlement of his accounts, before his application shall be granted, shall file with the assessor of incomes of the county in which the trust or estate is being administered a return of all incomes received in his representative capacity during the time between the last preceding January first and the date of his application for discharge and also similar returns of income received by the deceased during each of the years open to audit under section 71.11 (21) if such returns have not heretofore been filed. Upon the receipt of such re-

turns, the assessor of incomes shall immediately determine the amount of taxes to become due and shall certify such amount to the court and the court shall thereupon enter an order directing the executor, administrator, trustee or guardian, as the case may be, to pay to the department of taxation the amount of tax, if any, found due by the assessor of incomes, and take his receipt therefor. The certificate of the assessor of incomes shall contain the names of the taxing districts to which the tax is attributable under section 71.14 (6), and a copy thereof shall be filed with the state treasurer and with the assessor of incomes of each county named in the certificate. The receipt of the department of taxation shall be evidence of the payment of the tax and shall be filed with the court before a final distribution of the estate is ordered, and the executor, administrator, trustee or guardian is discharged. The state treasurer, upon receipt of such taxes, shall enter the amount received on a ledger account termed "advance income taxes" and at the next quarterly settlement provided by section 71.14 (1), the state treasurer shall pay to the county and local treasurers named in the certificate of the assessor of incomes, the portion of taxes payable to such county treasurer and to the local treasurers of his county. The assessor of incomes shall enter all such assessments upon the proper assessment and tax roll and shall enter thereon opposite each such assessment the words: "Paid by order of court". Any taxes found to be due from the estate for any of the years open to audit under section 71.11 (21) shall be assessed against and paid by the executor or administrator; any taxes found to be due after the executor or administrator is discharged, shall be assessed against and paid by the beneficiaries in the same ratio that their interest in the estate bears to the total estate.

(12) Returns of income required to be made by virtue of the next preceding subsection may be dispensed with by order of the court having jurisdiction in cases where it is clearly evident to the court that no income tax is due or to become due from the trust or estate. In computing the net income of a trust under will or a trust under agreement, a deduction shall be allowed for the fees and the commissions paid to the trustees, and for the ordinary and necessary expenses of administering the trust.

(13) A resident who receives income from a nonresident fiduciary shall be taxed the same as though such income had

been received by such resident without the intervention of a fiduciary; and a resident fiduciary receiving income for a non-resident beneficiary shall report such income to the assessor of incomes of the district in which such fiduciary resides.

71.09 RATES OF TAXATION, INTEREST, AND PERSONAL EXEMPTIONS. (1) The tax to be assessed, levied and collected upon the taxable incomes of all persons other than corporations, shall be computed at the following rates, to wit:

(a) On the first one thousand dollars of taxable income or any part thereof, at the rate of one per cent.

(b) On the second one thousand dollars or any part thereof, one and one-fourth per cent.

(c) On the third one thousand dollars or any part thereof, one and one-half per cent.

(d) On the fourth one thousand dollars or any part thereof, two per cent.

(e) On the fifth one thousand dollars or any part thereof, two and one-half per cent.

(f) On the sixth one thousand dollars or any part thereof, three per cent.

(g) On the seventh one thousand dollars or any part thereof, three and one-half per cent.

(h) On the eighth one thousand dollars or any part thereof, four per cent.

(i) On the ninth one thousand dollars or any part thereof, four and one-half per cent.

(j) On the tenth one thousand dollars or any part thereof, five per cent.

(k) On the eleventh one thousand dollars or any part thereof, five and one-half per cent.

(l) On the twelfth one thousand dollars or any part thereof, six per cent.

(m) On any sum of taxable income in excess of twelve thousand dollars, seven per cent.

(2) The taxes to be assessed, levied and collected upon the taxable incomes of corporations shall be computed at the following rates, to wit:

(a) On the first one thousand dollars of taxable income or any part thereof, two per cent.

(b) On the second one thousand dollars or any part thereof, two and one-half per cent.

(c) On the third one thousand dollars or any part thereof, three per cent.

(d) On the fourth one thousand dollars or any part thereof, three and one-half per cent.

(e) On the fifth one thousand dollars or any part thereof, four per cent.

(f) On the sixth one thousand dollars or any part thereof, five per cent.

(g) On the seventh one thousand dollars or any part thereof, six per cent.

(h) On all taxable income in excess of seven thousand dollars six per cent.

(3) The surtax imposed by section 71.01 (2) (a) shall be computed as follows: From the normal tax computed pursuant to subsection (1) of this section, deduct the exemption provided for in section 71.09 (6) or 71.08 and thirty-seven dollars and fifty cents, and divide the remainder by six.

(4) The surtax imposed by section 71.01 (2) (b) shall be computed as follows: From the normal tax computed pursuant to subsection (2) of this section, deduct seventy-five dollars and divide the remainder by six.

(5) (a) In assessing back taxes interest shall be added to such taxes at the following rates per annum from the date on which such back taxes if originally assessed would have become delinquent if unpaid, to the date on which such back taxes when subsequently assessed will become delinquent if unpaid: 5 per cent on back taxes assessed within the 3-year period provided by section 71.11 (21) (b); and 3 per cent on back taxes assessed within the additional period provided by section 71.11 (21) (f).

(b) In crediting overpayments of income and surtaxes against underpayments or against taxes to be subsequently collected and in certifying refunds of such taxes, interest shall be added at the following rates per annum from the date on which such taxes when assessed would have become delinquent if unpaid to the date on which such overpayment was certified on the tax roll; 5 per cent on credits and refunds made within the 3-year period provided by section 71.10 (10) (b); and 3 per cent on credits and refunds made within the additional period provided by section 71.10 (10) (c).

(6) There shall be deducted from the tax after the same

shall have been computed according to the rates in section 71.09 (1), a personal exemption for natural persons as follows:

(a) For an individual, eight dollars.

(b) For husband and wife or head of a family, seventeen dollars and fifty cents. For the purposes of this chapter, the term "head of a family" means a natural person who maintained a household and supported therein himself and one or more persons who were dependent upon him for support; but no additional exemption shall be allowed for those dependent upon the head of a family except in case of a widow or widower supporting children under the age of eighteen years.

(c) For each child under the age of eighteen years who is actually supported by and dependent upon the taxpayer for his support, an additional four dollars.

(d) For each additional person, except persons defined in section 71.09 (6) (c) who is actually supported by and dependent upon the taxpayer for his support an additional \$4, except in case of head of a family. In computing taxes and the amount of taxes payable by persons residing together as members of a family, the income of the wife and the income of each child under 18 years of age shall be added to that of the husband or father, or if he be not living, to that of the head of the family and assessed to him except as hereinafter provided. The taxes levied shall be payable by such husband or head of the family, but if not paid by him may be enforced against any person whose income is included within the tax computation.

(e) If the status of the taxpayer, insofar as it affects the personal exemption for husband and wife, head of family, and/or dependents, changes during the taxable year, the personal exemption shall be apportioned, under rules and regulations prescribed by the department of taxation, in accordance with the number of months before and after such change. For the purpose of such apportionment a fractional part of a month shall be disregarded unless it amounts to more than a half month, in which case it shall be considered as a month.

71.10 FILING RETURNS; PAYMENT OF TAX; TAX REFUNDS AND CREDITS. (1) Every corporation, whether taxable under this chapter or not, shall furnish to the department of taxation a true and accurate statement, on or before March fifteenth of each year (except that returns for fiscal years ending on some other date than December thirty-first, shall be

furnished on or before the fifteenth day of the third month following the close of such fiscal year) in such manner and form and setting forth such facts as said department shall deem necessary to enforce the provisions of this chapter. Such statement shall be made upon the oath or affirmation of the president, vice president, or other principal officer and the treasurer, assistant treasurer or chief accounting officer of said corporation, and in the case of corporations in liquidation or in the hands of a receiver such return shall be made upon the oath or affirmation of the person responsible for the conduct of the affairs of such corporation. All corporations doing business in this state shall also file with the department of taxation on or before March fifteenth of each year on forms prescribed by the department of taxation, a statement of such transfers of its capital stock as have been made by or to residents of this state during the preceding calendar year. Such schedule shall contain the name and address of the seller and the purchaser, date of transfer, and the number of shares of stock transferred; and such corporation shall also file with the department of taxation on or before March fifteenth of each year any information relative to payments made within the preceding calendar year to residents of this state of salaries, wages, fees, rents, royalties, interest, dividends and liquidating dividends in amounts and in the manner and forms prescribed by the department of taxation; provided such corporation may upon notifying the department of taxation report salaries, wages and fees on the accrual basis for the calendar year 1939 and thereafter.

(2) Every person other than a corporation who receives during the year a net income of \$800 or over, if single; \$1600 or over, if married; must report the same on or before March fifteenth of each year, except that in case of a fiscal year other than the calendar year such report shall be made on or before the fifteenth day of the third month following the close of the fiscal year, in the manner and form prescribed by the department of taxation to the assessor of incomes whether notified to do so or not, and shall be subject to the same penalties for failure to report as those who receive notice; provided, however, that nothing contained in this section shall preclude the assessor of incomes from requiring any person other than a corporation to file an income tax return when in the judgment of the assessor of incomes a return should be filed.

(3) (a) Every partnership shall furnish to the assessor of incomes a true and accurate statement, on or before March fifteenth of each year, except that returns for fiscal years ending on some other date than December thirty-first, shall be furnished within 75 days after the last day of such fiscal year, in such manner and form and setting forth such facts as the department of taxation shall deem necessary to enforce the provisions of this chapter. Such statement shall be made upon the oath or affirmation of one of the members of said partnership.

(b) The net income of the partnership shall be computed in the same manner and on the same basis as provided for computation of the income of persons other than corporations.

(c) Partners shall be required to file individual returns on the basis of a fiscal or calendar year which coincides with that upon which the partnership return is filed.

(4) In their return for purposes of assessment persons deriving incomes from within and without the state, or from more than one political subdivision of the state, shall make a separate accounting of the income derived from without the state and from each political subdivision of the state in such form and manner as the department of taxation may prescribe.

(5) In case of neglect occasioned by the sickness or absence of a person, or of an officer of any corporation required to file a return, or for other sufficient reason, the department of taxation in the case of corporations and the assessor of incomes in the case of persons other than corporations may on written request allow such further time for making and delivering such return as they may deem necessary not to exceed 30 days. Income taxes payable upon the filing of the tax return shall not become delinquent during such extension period, but shall be subject to interest at the rate of 5 per cent per annum during such period. The granting of any extension of time for filing and return shall not serve to extend the discount date provided by section 71.10 (9) (c).

(6) An extension of time for filing returns of income for taxable years begun after December 31, 1941, shall be granted to all persons in the armed forces of the United States who are located beyond the borders of the United States, for a period extending not more than 6 months after the termination of his period of military service. In case of any person residing or traveling abroad on duty for the United States or any depart-

ment thereof or the American Red Cross, such extension shall be granted for a period up to and including the fifteenth day of the sixth month following the close of the taxable year.

(7) Each person, firm or corporation except farmers and wholesalers subject to section 78.11 required under this chapter to file a return of income in which inventories are a factor, shall file for each taxing district on a form to be provided by the department of taxation the following information: (a) the inventory at the beginning and at the end of the fiscal year; (b) the total of merchandise purchased during the year; and (c) the total sales during the year. Such information shall be forwarded by the department on or before May 1 to the assessor in the local taxation district concerned.

(8) Married persons living together as husband and wife may make separate returns or join in a single joint return. The tax shall be computed on the combined taxable income. On written request, a separate statement or tax bill shall be issued to husband and wife and in that event the exemptions provided for in subsection (6) of section 71.09 shall be allowed but once and divided equally and the amount of tax due shall be paid by each in the proportion that the income of each bears to the combined income.

(9) All income taxes shall be paid to the department of taxation. Income taxes payable by corporations shall be paid to the department of taxation at its office at Madison and income taxes payable by persons other than corporations shall be paid to designated representatives of the department of taxation located at the office of the assessor of incomes for the district in which the taxpayer resides.

(a) The initial payment of taxes on incomes of persons who file on a calendar year basis shall be paid on or before the fifteenth day of March following the close of the calendar year. Such initial payment shall be in the amount equal to at least one-third the total tax, and shall not be less than \$5 if the total tax exceeds \$5, nor less than the total amount of the tax if the same does not exceed \$5. The balance of such tax shall be paid on or before the first day of August following the close of the calendar year.

(b) If the return is made on the basis of a fiscal year such initial payment shall be paid on or before the fifteenth day of the third month following the close of such fiscal year. The bal-

ance shall be paid on or before the first day of the eighth month following the close of such fiscal year.

(c) All taxes as computed on the return, paid in full on the date provided for the initial payment shall be discounted in an amount equal to 2 per cent of the total tax.

(d) Back assessments of income taxes omitted from initial rolls and additional income taxes assessed under sections 71.11 (16) and 71.11 (20) shall become due and payable on entry upon the assessment roll and certification of the tax roll.

(e) The department of taxation shall accept in advance income taxes and surtaxes from taxpayers desirous of making such payments before the same shall become due and payable. Advance payment of taxes under this provision shall not relieve the taxpayer from additional taxes which may result from subsequent legislation or from additional taxable income disclosed or discovered subsequent to such payment.

(10) (a) The provisions for refunds and credits provided in this subsection shall be the only method for the filing and review of claims for refund of income and surtaxes, and no person shall be allowed to bring any action or proceeding whatever for the recovery of such taxes other than is provided in this subsection.

(b) In accordance with the provisions of and subject to the limitations of this subsection, refunds or credits may be made of income taxes and surtaxes assessed on income received in any one or more of the six calendar or fiscal years next preceding that in which the claim therefor is filed, provided, however, that with respect to claims for refund of taxes paid on income received in the calendar year 1937, or corresponding fiscal year, and in subsequent years, such claim may be filed only within three years after the close of the period covered by the income tax return.

(c) In recognition of an existing shortage of skilled and competent professional manpower created by the existing war emergency, refunds or credits may be made, and claims for refund may be filed, of taxes paid on income of the calendar years 1942, 1943, and 1944, or corresponding fiscal years, within 5 years after the close of the period covered by the income tax return, notwithstanding any other limitations expressed in subsection (b) hereof.

(d) No refund shall be made and no credit shall be allowed

on any item of income or deduction, assessed as a result of an office audit, the assessment of which shall have become final and conclusive under the provisions of sections 71.12 (1), 71.12 (3), 73.01 or 73.015; and no refund shall be made and no credit shall be allowed for any year, the income of which was assessed as a result of a field audit, and which assessment has become final and conclusive under the provisions of section 71.12 (1), 71.12 (3), 73.01 or 73.015.

(e) It shall not be necessary for any person to file a claim for refund or credit after such refund or credit has been certified on the tax roll.

(f) Every claim for refund or credit of income or surtaxes shall be filed with the department of taxation in case of assessments made by it, and with the assessor of incomes in case of assessments made by him, and such claim shall set forth specifically and explain in detail the reasons for and the basis of such claim. After such claim has been filed it shall be considered and acted upon in the same manner as are additional assessments made under sections 71.11 (16) and 71.11 (20).

(g) If the department of taxation or assessor of incomes shall fail or neglect to act on any claim for refund or credit within one year after the receipt thereof, such neglect shall have the effect of allowing such claim and the department of taxation or assessor of incomes shall certify such refund or credit.

(11) If the renegotiation of any war contract or subcontract by the government of the United States or any agency thereof or the voluntary adjustment of prices, costs or profits on any such contract or subcontract results in a reduction of income, the amount of any repayment or credit pursuant to such renegotiation or adjustment (including any federal income or excess profits taxes credited as a part thereof) shall be allowed as a deduction from the taxable income of the year in which said income was reported for taxation. Any federal income tax or excess profits tax previously paid upon any income so repaid or credited shall be disallowed as a deduction from income of the year in which such tax was originally deducted, to the extent that such tax constituted an allowable deduction for said year. Any taxpayer affected by such renegotiation or voluntary adjustment may within one year after the final determination thereof file a claim for refund and secure the same without interest, and the department of taxation shall make appropriate

adjustments on account of said tax deductions without interest, notwithstanding the limitations of section 71.10 (10) or other applicable statutes. This subsection shall apply to the calendar or fiscal year 1940 and all subsequent years.

71.11 ADMINISTRATIVE PROVISIONS; PENALTIES. ADMINISTRATIVE PROVISIONS. (1) The department of taxation and the assessor of incomes shall assess incomes as provided in this chapter and in performance of such duty the department of taxation and the assessors of income shall respectively possess all powers now or hereafter granted by law to the department of taxation or assessors in the assessment of personal property and also the power to estimate incomes.

(2) The assessment of corporations shall be made by the department of taxation; and the assessment of persons other than corporations shall be made by the county assessors of income.

(3) Whenever in the judgment of the assessor of incomes any person other than a corporation shall be subject to income tax in his district under the provisions of this chapter, he shall notify such person to make report to him on or before March fifteenth of each year in such manner and form as the department of taxation shall prescribe, specifying in detail the amounts of income received by him from all sources, together with the amounts of income received by his dependents, his wife and each child under 18 years of age residing together with him as members of the family, and such other information as the department shall deem necessary to enforce the provisions of this chapter.

(4) Any person required to make an income tax return, who shall fail, neglect or refuse to do so in the manner and form and within the time prescribed by this chapter, or shall make a return that does not disclose his entire taxable income, shall be assessed by the department of taxation or the assessor of incomes as the case may be according to their best judgment.

(5) In case of the failure on the part of any person to make a report of income within the time and in the manner prescribed by law, the department of taxation or assessor of incomes may enter an assessment against said person upon 10 days' notice in writing in a sum of not less than \$500. Such notice may be served by mail. After the tax on such assessment has been entered on the assessment roll the person assessed shall be forever barred

from questioning the correctness of the same in any action or proceeding.

(6) Any person failing to make an income tax report or making an incorrect income tax report, with intent in either case to defeat or evade the income tax assessment required by law, shall be assessed at twice the normal income tax rate by the proper taxing authority. Such increased assessment shall be in addition to all other penalties of section 71.11.

(7) (a) When any corporation liable to taxation under this act conducts its business in such a manner as either directly or indirectly to benefit the members or stockholders thereof or any person interested in such business, by selling its products or the goods or commodities in which it deals at less than the fair price which might be obtained therefor, or where a corporation, a substantial portion of whose capital stock is owned either directly or indirectly by another corporation, acquires and disposes of the products of the corporation so owning a substantial portion of its stock in such a manner as to create a loss or improper net income, the department may determine the amount of taxable income to such corporation for the calendar or fiscal year, having due regard to the reasonable profits which but for such arrangement or understanding might or could have been obtained from dealing in such products, goods or commodities.

(b) For the purpose of this chapter, whenever a corporation which is required to file an income tax return, is affiliated with or related to any other corporation through stock ownership by the same interests or as parent or subsidiary corporations, or whose income is regulated through contract or other arrangement, the department of taxation may require such consolidated statements as in its opinion are necessary in order to determine the taxable income received by any one of the affiliated or related corporations.

(8) Persons who customarily estimate their incomes or profits on a basis other than cash receipts and disbursements may, with the consent and approval of the department of taxation, return for assessment and taxation the income or profits earned during the income year, in accordance with the method of accounting regularly employed in keeping their books, except as herein otherwise provided; but if no such method of accounting has been employed, or if the method used does not clearly reflect the income taxable under this chapter, the computation

shall be made upon such basis and in such manner as in the opinion of the department of taxation will clearly reflect such income.

(9) Whenever in the opinion of the department the use of inventories is necessary in order to clearly determine the income of any person, inventory shall be taken by such person upon such basis as the department may prescribe, conforming as nearly as may be to the best accounting practice in the trade or business and most clearly reflecting the income.

(10) Whenever in the judgment of the department of taxation or the assessor of incomes it is deemed necessary that a person subject to an income tax should keep records to show whether or not such person is liable to tax, the department of taxation or assessor of incomes may serve notice upon such person and require such records to be kept as will include the entire net income of such person and will enable the department of taxation or assessor of incomes to compute the taxable income. Thereafter, any taxes assessed upon information not contained in such records shall carry a penalty of 25 per cent of the amount of the tax. Such penalty shall be in addition to all other penalties provided in this chapter.

(11) (a) The department of taxation shall accept payments of income taxes in accordance with the provisions of this chapter, and shall give a printed or written receipt therefor.

(b) In the collection of the surtax imposed by section 71.01 (2), the tax collector shall give his separate receipt.

(12) Within 15 days after receipt of any income tax payments the department of taxation shall transmit the same to the state treasurer.

(13) The department of taxation or the assessor of incomes shall presume the incomes reported on the current return to be correct for the purpose of preparing initial assessment rolls, and shall enter the taxable income on initial assessment rolls by taxation districts. Such assessment rolls and all subsequent assessment rolls shall remain on file in the office of the department of taxation or the assessor of incomes as the case may be. The department of taxation and the assessor of incomes shall make duplicate copies of such assessment rolls and all subsequent assessment rolls provided by this section, and such duplicate roll shall be known as the tax roll. The department of taxation and the assessors of incomes shall transmit a certified copy

of such tax rolls to the state treasurer within 6 months after the close of the fiscal or calendar year of any taxpayer. Additional assessment rolls and corresponding duplicate tax rolls shall be prepared from time to time, which shall include corrections made by office audits of current returns, initial assessments on any return omitted from the first initial roll, initial assessments of fiscal year returns, and corrections made after field audit pursuant to section 71.11.

(14) Whenever an incorrect income tax assessment has been certified or no assessment has been certified when one should have been certified and such error shall be discovered after the income tax roll has been certified to the state treasurer, the department of taxation, in case of assessments made by it, and the assessor of incomes, in case of assessments made by him, may correct such error at any time before the tax becomes delinquent by certifying the tax properly due, or if no tax is due, by certifying that fact to the state treasurer. Whereupon such treasurer shall enter upon the tax roll the words "Reduced to dollars", or "Increased to dollars", or "Canceled", "by direction of the assessor of incomes", or "by direction of the department of taxation", as the case may be, and shall be required to account in his settlement with the county and local treasurers only for the amount appearing on the roll as corrected.

(15) At the time the tax rolls are transmitted to the state treasurer the department of taxation shall notify each taxpayer by mail of the amount of income taxes appearing against him on said rolls, of the amount paid thereon, of the balance due, of the date when such balance shall be paid and of the date when the taxes become delinquent.

(16) The department of taxation or the assessor of incomes shall as soon as practicable after each initial tax roll has been certified, audit each return filed in their respective offices and if it shall be found from such office audit that a person has been over or under-assessed, or if it shall be found that no assessment has been made when one should have been made, the department of taxation or the assessor of incomes shall correct or assess the income of such person. Any assessment, correction or adjustment made as a result of such office audit shall be presumed to be the result of an audit of the return only, and such office audit shall not be deemed a verification of any item in

said return unless the amount of such item and the propriety thereof shall have been determined after hearing and review as provided in section 71.12 (1); and such office audit shall not preclude the department of taxation or assessor of incomes from making field audits of the books and records of the taxpayer and from making further adjustment, correction and assessment of income.

(17) The department of taxation or the assessor of incomes shall notify the taxpayer, as provided in section 71.11 (22), of any adjustment, correction and assessment made pursuant to subsection (16) of this section.

(18) In all cases where there has been no request for hearing, and after decision where a hearing has been requested, the additional tax or overpayment shall be entered on the next tax roll.

(19) If the tax is increased the department of taxation shall proceed to collect the additional tax in the same manner as other income taxes are collected. If the normal income tax is decreased upon direction of the department of taxation or assessor of incomes the state treasurer shall refund to the taxpayer such part of the overpayment as was actually paid in cash, and the entry of such overpayment on the tax roll by the department of taxation or the assessor of incomes shall be sufficient authorization to the treasurer for the refunding of such overpayment. No refund of income tax shall be made by the treasurer unless such refund is so certified. Such part of the overpayment paid to the county and the local taxation district shall be deducted by the state treasurer in his next settlement with the county and local treasurer.

(20) (a) Whenever in the judgment of the department of taxation or assessor of incomes it is deemed advisable to verify any return directly from the books and records of any person, or from any other sources of information, the department of taxation or assessor of incomes may direct any return to be so verified. In any case in which a reasonable showing is made in writing to the department of taxation that because of merger, consolidation, reorganization, or sale of an entire business, the extension provided for in section 71.11 (21) (f) will result in undue burden to the taxpayer, the department shall conduct a field audit in the matter with the least possible delay, giving such audit

preferential treatment, and in no event shall such audit be delayed beyond 3 years from the filing of such request.

(b) For the purpose of ascertaining the correctness of any return or for the purpose of making a determination of the taxable income of any person, the department of taxation or assessor of income shall have power to examine or cause to be examined by any agent or representative designated by it, any books, papers, records or memoranda bearing on the income of such person, and may require the production of such books, papers, records or memoranda, and require the attendance of any person having knowledge in the premises, and may take testimony and require proof material for their information. Upon such information as it may be able to discover, the department of taxation or the assessor of incomes shall determine the true amount of income received during the year or years under investigation.

(c) If it shall appear upon such investigation that a person has been over or under assessed, or that no assessment has been made when one should have been made, the department of taxation or assessor of incomes shall make a correct assessment in the manner provided in this section.

(21) (a) Additional assessments and corrections of assessments by office audit or field investigation may be made of income of any taxpayer if notice pursuant to section 71.11 (22) is given within the time specified in this subsection.

(b) Subsequent to March 31, 1938, such notice may be given with respect to income received in any one or more of the six calendar or fiscal years next preceding that in which the notice is given, provided, however, that with respect to assessments of income received in the calendar year 1937, or corresponding fiscal year, and in subsequent years, such notice shall be given within three years after the close of the period covered by the income tax return.

(c) Irrespective of paragraph (b) of this subsection, if any person has made an incorrect income tax return for any of the years since January 1, 1911, with intent to defeat or evade the income tax assessment provided by law, or has failed to file any income tax return for any of such years, income of any such year may be assessed when discovered by the proper assessing authority.

(d) The limitation periods provided in paragraph (b) of this

subsection may be extended by written agreement between the taxpayer and the department of taxation or the assessor of incomes entered into prior to the expiration of said limitation periods or any extension thereof.

(e) Section 370.06 shall have no application to the provisions of this section.

(f) In recognition of an existing shortage of skilled and competent professional manpower created by the existing war emergency, the notices provided for in this section may be given with respect to adjustments of income of the calendar years 1942, 1943 and 1944, or corresponding fiscal years, within 5 years after the close of the period covered by the income tax return.

(22) No additional assessment by office audit or field investigation shall be placed upon the assessment roll without notice in writing to the taxpayer. Such notice shall be served as a circuit court summons or by registered mail. Service of such notice by regular mail shall also be sufficient notice of such assessment if receipt thereof is admitted by the person assessed, or if there is other satisfactory evidence of the receipt thereof.

(23) The department of taxation may also proceed under section 71.13 (3) for the collection of any additional assessment of income taxes or surtaxes, after notice thereof has been given under section 71.11 (22) and before the same shall have become delinquent, when it has reasonable grounds to believe that the collection of such additional assessment will be jeopardized by delay. In such cases notice of the intention to so proceed shall be given by registered mail to the taxpayer, and the warrant of the department of taxation shall not issue if the taxpayer within 10 days after such notice furnishes a bond in such amount, not exceeding double the amount of the tax, and with such sureties as the department of taxation shall approve, conditioned upon the payment of so much of the additional taxes as shall finally be determined to be due, together with interest thereon as provided by paragraph (a) of subsection (5) of section 71.09. Nothing in this section shall affect the review of additional assessments provided by sections 71.12 (1), 71.12 (3), 73.01 and 73.015, and any amounts collected under this section shall be deposited with the state treasurer and disbursed after final determination of the taxes as are amounts deposited under subsection (2) of section 71.12.

(24) (a) The department of taxation is hereby empowered

to make such rules and regulations as it shall deem necessary in order to carry out the provisions of this chapter.

(b) The department of taxation is hereby authorized to employ such clerks and specialists as are necessary to carry into effective operation of this act. Salaries and compensations of such clerks and specialists shall be charged to the proper appropriation for the department of taxation.

(c) Representatives of the department of taxation directed by it to accept payment of income taxes shall file bonds with the state treasurer in such amount and with such sureties as the state treasurer shall direct and approve. In collecting income taxes as provided in this chapter, the department of taxation shall be deemed to act as agents of the state, counties and towns, cities or villages entitled to receive the taxes collected.

PENALTIES. (40) If any person required under this chapter to file an income tax return fails to file such return within the time prescribed by law, or as extended under the provisions of section 71.10 (5) the department of taxation or the assessor of incomes shall add to the tax of such person \$10 in the case of corporations and \$5 in the case of persons other than corporations, and if no tax is assessed against such person the amount of this fee shall be certified for collection and collected as income taxes are collected, and no person shall be allowed in any action or proceeding to contest the imposition of such fee.

(41) If any person shall fail or refuse to make a return at the time or times hereinbefore specified in each year, or shall render a false or fraudulent return, such person shall be liable to a penalty of not less than \$100 and not to exceed \$5,000 at the discretion of the court.

(42) Any person, other than a corporation, who fails or refuses to make a return at the time hereinbefore specified in each year or shall render a false or fraudulent return shall upon conviction be fined not to exceed \$500, or be imprisoned not to exceed one year, or both, at the discretion of the court, together with the cost of prosecution.

(43) Any officer of a corporation required by law to make, render, sign or verify any return, who makes any false or fraudulent return or statement, with intent to defeat or evade the assessment required by this act to be made, shall upon conviction be fined not to exceed \$500 or be imprisoned not to ex-

ceed one year, or both, at the discretion of the court, with the cost of prosecution.

(44) No person shall divulge or circulate for revenue or offer to obtain, divulge, or circulate for compensation any information derived from an income tax return; provided, that this shall not be construed to prohibit publication by any newspaper of information derived from income tax returns for purposes of argument nor to prohibit any public speaker from referring to such information in any address. Any person violating the provisions of this subsection shall upon conviction be punished by a fine of not less than one hundred dollars nor more than five hundred dollars, or by imprisonment in the county jail for not less than one month nor more than six months, or by both such fine and imprisonment.

(45) Any corporation failing to file any statement or form required by section 71.10 (1) shall be subject to a fine of not less than fifty nor more than five hundred dollars.

71.12 CONTESTED ASSESSMENTS AND CLAIMS FOR REFUND. (1) Any person feeling aggrieved by a notice of additional assessment shall, within 30 days, after receipt thereof, make application to the department of taxation in case of corporations, or the assessor of incomes in the case of persons other than corporations, for abatement of the tax. The tax commissioner or the assessor of incomes shall grant or deny such application within 6 months after it is filed. Upon denial of said application for abatement, the taxpayer, if aggrieved thereby may appeal to the board of tax appeals by filing a petition with the clerk thereof as provided by law and the rules of practice promulgated by the board. If no application for abatement is made or if a petition is not filed with the board within the time provided in this chapter, the assessment shall be final and conclusive.

(2) If the taxpayer requests a hearing, the additional tax or overpayment shall not be placed on the tax roll until after hearing and determination of the tax by the board of tax appeals. In the application for such hearing, filed pursuant to section 71.12 (1), the taxpayer may offer to deposit the entire amount of the additional taxes, together with interest thereon, with the state treasurer. If such offer to deposit is made, the department of taxation or assessor of incomes, as the case may be, shall issue a certificate to the state treasurer authorizing him to accept pay-

ment of such taxes together with interest thereon to the first day of the succeeding month and to give his receipt therefor. A copy of such certificate shall be mailed to the taxpayer who shall thereupon pay such taxes and interest to said treasurer within 30 days. A copy of the receipt of the state treasurer shall be filed with the department of taxation or assessor of incomes. The department of taxation or the assessor of incomes shall, upon final determination of the appeal, certify to the state treasurer the amount of the taxes as finally determined and shall direct him to apportion and pay to the proper county and town, city or village treasurers the amounts of such taxes, together with the interest thereon, to which the counties and the towns, cities or villages are entitled under section 71.14 and shall also direct the state treasurer to refund to the appellant any portion of such payment which shall have been found to have been illegally assessed, including the interest thereon. Such certificate shall specify the counties and the local taxing districts to which the tax is attributable under section 71.14. The state treasurer shall make the payments directed by such certificate within 30 days after receipt thereof. Taxes paid to the state treasurer under the provisions of this paragraph shall be subject to the interest provided by section 71.09 (5) and 71.13 (2) only to the extent of the interest accrued on said taxes prior to the first day of the month succeeding the application for hearing. Payments made by the state treasurer to the county and town, city or village treasurers shall not include interest which may have been earned during the time that the funds were in the hands of the state treasurer. Any portion of the amount paid to the state treasurer which is refunded to the taxpayer shall bear interest at the rate of 5 per cent per annum during the time that the funds were in the hands of the state treasurer.

(3) No person against whom an assessment of income tax has been made shall be allowed in any action either as plaintiff or defendant or in any other proceeding to question such assessment unless the requirements of section 71.12 (1) shall first have been complied with, and unless such person shall have made full disclosure under oath at the hearing before the board of tax appeals of any and all income received by him. The requirements of this subsection may be waived by the department of taxation.

(4) If any portion of a claim for refund is disallowed the person filing the same shall have the same right of hearing as

is provided in section 71.12 (1). If after hearing before the board of tax appeals any portion of the claim is disallowed, the person filing the same shall have the right to review as provided in section 73.015.

(5) As soon as the appellant shall have filed a petition with the Wisconsin board of tax appeals, all collection proceedings except proceedings under section 71.11 (23) shall be stayed until final determination of the appeal and any review thereof, but such proceedings shall not operate to stay the delinquent penalty and interest on unpaid amounts as provided in section 71.13 (2).

(6) Any person who shall contest an assessment before the board of tax appeals or in court shall state in his petition or notice of appeal what portion if any of the tax is admitted to be legally assessable and correct. The department of taxation or the assessor of incomes, as the case may be, shall apportion the tax so admitted to the various counties and taxing districts when an apportionment is necessary, and shall file a certificate of such apportionment with the circuit court in which the case is pending and with the state treasurer, and shall serve a copy thereof on the appellant or his attorney by registered mail. Within 5 days after the receipt of the certificate of apportionment the appellant shall pay to the department of taxation the whole amount of the admitted tax and upon transmission to the state treasurer such tax shall be divided as provided in section 71.14 at the next quarterly settlement provided by subsection (1) of section 71.14. Any such payment shall be considered an admission of the legality of the tax thus paid, and such tax so paid cannot be recovered in the pending appeal or in any other action or proceeding. The state treasurer shall not accept payment of any tax included in a contested assessment unless he shall have received proper certificate for the collection of such tax.

(7) After final decision and return of the record to the department of taxation or the county clerk, the department of taxation shall proceed to collect the taxes in the same manner as other delinquent income taxes are collected.

71.13 COLLECTION OF DELINQUENT TAXES. (1) Income taxes shall become delinquent if not paid when due as provided in section 71.10 (9) and when delinquent shall be subject to a penalty of 2 per cent on the amount of the tax and interest at the rate of one per cent per month until paid, and the de-

partment of taxation shall immediately proceed to collect the same. For the purpose of such collection the department of taxation or its duly authorized agent shall have the same powers as conferred by law upon the county treasurer, county clerk, sheriff and district attorney.

(2) Any part of an income tax assessment which is contested before the board of tax appeals or the courts, which after hearing shall be ordered to be paid, shall be considered as a delinquent tax from the date on which it would have become delinquent under section 71.10 (9) if such contest had not been made, and any such tax so ordered to be paid shall be subject to a penalty of 2 per cent on the amount of the tax and interest at the rate of one per cent per month from the date of such delinquency until paid. Any tax so contested shall be subject to the provisions of section 71.11 (23), but shall not be subject to the provisions of section 71.13 (3) during the pendency of such appeal.

(3) (a) If any income tax be not paid within 30 days after the same becomes delinquent, the department of taxation shall issue a warrant to the sheriff of any county of the state commanding him to levy upon and sell sufficient of the taxpayer's real and personal property found within his county to pay such tax with the penalties, interest and costs, and to proceed upon the same in all respects and in the same manner as upon an execution against property issued out of a court of record, and to return such warrant to the department and pay to it the money collected, or such part thereof as may be necessary to pay such tax, penalties, interest and costs, within 60 days after the receipt of such warrant, and deliver the balance, if any, after deduction of lawful charges to the taxpayer.

(b) The sheriff shall within 5 days after the receipt of the warrant, file with the clerk of the circuit court of his county a copy thereof, unless the taxpayer shall make satisfactory arrangements for the payment thereof with the department of taxation, in which case, the sheriff shall, at the direction of the department, return such warrant to it. The clerk shall docket the warrant as required by section 270.745, and thereupon the amount of such warrant, together with interest as provided by section 71.13 (1) shall become a lien upon the real property of the taxpayer against whom it is issued in the same manner as a judgment duly docketed in the office of such clerk. The clerk of

circuit court shall accept, file and docket such warrant without prepayment of any fee, but the clerk shall submit a statement of such proper fees semiannually to the department of taxation covering the period from January 1, to and including June 30 and July 1 to and including December 31, and such fees shall then be paid by the state in the manner provided by section 71.13 (3) (g), but the fees provided by section 59.42 (42) shall be added to the amount of such warrant and collected from the taxpayer when satisfaction or release is presented for entry; provided, that in counties wherein the clerk is compensated otherwise than by salary such fees may be paid by the state in the manner provided by section 71.13 (3) (g) and added to the amount of the warrant and collected as herein provided. The sheriff shall be entitled to the same fees for executing upon said warrant as upon an execution against property issued out of a court of record, to be collected in the same manner. Upon the sale of any real estate the sheriff shall execute a deed of the same, and the taxpayer shall have the right to redeem the said real estate as from a sale under an execution against property upon a judgment of a court of record.

(c) A like warrant may be issued to any agent of the department authorized to collect income taxes, and in the execution thereof and collection of said taxes such agent shall have the powers of a sheriff, but shall not be entitled to collect from the taxpayer any fee or charge for the execution of such warrant in excess of actual expenses paid in the performance of his duty. When a warrant is issued to such agent he may proceed upon the same in any county of the state designated in the warrant, in the same manner as herein provided with respect to sheriffs of such counties.

(d) If a warrant be returned not satisfied in full, the department of taxation shall have the same remedies to enforce the claim for taxes, penalties, interest, and costs as upon a judgment against the taxpayer for the amount of same.

(e) The department, if it finds that the interests of the state will not thereby be jeopardized, and upon such conditions as it may exact, may issue a release, of any warrant with respect to any real property upon which said warrant is a lien or cloud upon title, and such release shall be entered of record by the clerk upon presentation to him and payment of the fee for filing said release and the same shall be held conclusive that the lien

or cloud upon the title of the property covered by the release is extinguished. Any person desiring that such release be issued shall present to the department a written application in affidavit form requesting that the release be issued. Such application shall give the reasons for the request and shall clearly describe the property with respect to which the release is desired. In support of the request, the applicant shall furnish the department with proof sufficient to establish satisfactorily the fair market value of the property, the amounts, character and dates, both of execution and of record, of all incumbrances of record prior to the warrant lien, as well as the amount and character of any unrecorded incumbrances believed to be prior to the warrant lien, including information as to how and when all such incumbrances arose. Appropriate references shall be made to the pages and volumes of the recording books in which any such incumbrances have been recorded. The department may require a certified copy of any record referred to in such application to be furnished by the applicant, at his expense, from the officer in whose office such record is kept.

(f) When the taxes set forth in a warrant together with penalties and interest to date of payment and all costs due the department of taxation have been paid to it, the department shall issue a satisfaction of the warrant and deliver or mail it to the taxpayer and the warrant shall be satisfied of record by the clerk upon presentation to him of such satisfaction and payment by the taxpayer of the fees due such clerk. When such warrant has not been paid or discharged, but the taxes for which such warrant was issued have been canceled or credited, the department shall issue a satisfaction of the warrant and file it with the clerk and said warrant shall be immediately satisfied of record by such clerk. When such warrant has not been paid or discharged but the enforcement of same would, in the opinion of the department, result in depriving the taxpayer of a substantial right, the commission may issue a release of said warrant and file same with the clerk who shall immediately make an entry of same of record, and it shall be held conclusive of the extinguishment of the warrant and all liens and rights created thereby, but shall not constitute a release or satisfaction of the taxes for which such warrant was issued.

(g) All fees and compensation of officials or other persons performing any act or functions required in carrying out the

provisions of this section, except such as are by the provisions of this section to be paid to such officials or persons by the taxpayer, shall, upon presentation to the department of taxation of an itemized and verified statement of the amount due, be paid by the state treasurer upon audit by the secretary of state on the certificate of the commissioner of taxation and charged to the proper appropriation for the department of taxation. No public official shall be entitled to demand prepayment of any fee for the performance of any official act required in carrying out the provisions of this section.

(h) The state may be made a party defendant in any action to foreclose a mortgage, land contract, or other lien upon any real property affected by such warrant lien, and the summons may be served by delivering a copy to the attorney-general or leaving it at his office in the capitol with his assistant or clerk. But no judgment for the recovery of money or personal property or costs shall be rendered against the state in any such action.

(i) The provisions of this section shall be in addition to all other methods for the collection of income taxes, and the department of taxation may exercise the powers vested in it by virtue of subsection (20) of section 73.03, section 73.04, and subsection (9) of section 70.64 or any of the powers vested in it by virtue of any other section of the statutes for the purpose of enforcing collection of income taxes.

(4) (a) Any taxpayer who is unable to pay the full amount of his delinquent income taxes may apply to the department of taxation in the case of corporations and to the assessor of incomes in the case of other persons to pay such taxes with interest and penalties in instalments. Such application shall contain a sworn statement of the reasons such taxes cannot be paid in full and shall set forth the plan of instalment payments proposed by the taxpayer. Upon approval of such plan by the assessor of incomes or the department and the payment of instalments in accordance therewith collection proceedings with respect to such taxes shall be withheld; but on failure of the taxpayer to make any instalment payment, the department shall proceed to collect the unpaid portion of such taxes in the manner provided by law. Each instalment when made shall be applied first in discharging penalty and interest and other lawful charges accrued to the date of payment and the balance applied

on the principal of the tax, and additional interest shall be computed only on the principal amount of the tax remaining due.

(b) Any taxpayer may petition the department of taxation in the case of corporations or the assessor of incomes in the case of other persons to compromise his delinquent income taxes including the penalties and interest thereon. Such petition shall set forth a sworn statement of the taxpayer and shall be in such form as the department shall prescribe and the department or assessor may examine the petitioner under oath concerning the matter. The assessor, in case the petition is to him, shall indorse on said petition his recommendations concerning such compromise and shall transmit the same to the department of taxation. If the department finds that the taxpayer is unable to pay the taxes, penalties and interest in full it shall determine the amount of taxes he is able to pay and shall enter an order reducing such taxes, penalties and interest in accordance therewith. Such order shall provide that such compromise shall be effective only if paid within 10 days. The department or its collection agents upon receipt of such order, a copy of which in case of persons other than corporations shall be forwarded to the assessor, shall accept payment in accordance therewith. The department or the assessor shall thereupon enter the unpaid portion of the principal amount of such taxes on the next credit roll and make appropriate record of the unpaid amount of penalties and interest accrued to the date of such order. If within 3 years of the date of such compromise order the department or assessor shall ascertain that the taxpayer has an income or property sufficient to enable him to pay the remainder of the tax including penalty and interest the department shall reopen said matter and order the payment in full of such taxes, penalties and interest. Before the entry of such order a notice shall be sent to the taxpayer by registered mail advising of the intention of the department of taxation to reopen such matter and fixing a time and place for the appearance of such taxpayer if he desires to be heard in regard thereto. Upon entry of such order the department of taxation shall, in the case of persons other than corporations, forward a copy to the assessor and the department or assessor shall make an entry of the principal amount of such taxes ordered to be paid on the next tax roll and such taxes shall be immediately due and payable upon entry upon such roll and shall thereafter be subject to the interest

provided by subsection (1) of section 71.13, and the department shall immediately proceed to collect the same together with the unpaid portion of penalty and interest accrued to the date of the compromise order.

(c) The provisions of paragraphs (a) and (b) of this subsection shall apply only to income taxes which shall have become delinquent on or before December 31, 1945.

(d) The following clause contained in subsection (5) of section 71.13 is repealed in so far as it is in conflict with any of the provisions of this section: "except the provisions for the compromise or cancellation of illegal taxes and the refund of moneys paid thereon."

(e) If any delinquent income tax has been referred by the department to the attorney-general in order to effect collection of same and it shall appear to said attorney-general, after having fully investigated the matter, that it would be to the best interest of the state to compromise said tax, the attorney-general may make a written recommendation to the department stating the terms upon which he believes the tax should be compromised and his reasons therefor. After receipt of such recommendation the department shall notify the attorney-general of its approval or disapproval of such recommendation, and if approved the attorney-general may thereupon enter into a stipulation with the taxpayer providing for the compromise of such tax on the terms set forth in said recommendation and upon compliance therewith by the taxpayer the tax shall be fully discharged. The attorney-general shall furnish the department with a copy of such stipulation, and the department or its agents charged with the collection of income taxes may accept payment of such tax in accordance with the terms of such stipulation and upon payment being made shall enter the unpaid portion of said tax on the next credit roll. The provisions of this subsection shall be in addition to all other powers of the attorney-general and the department of taxation with respect to compromise or settlement of income taxes.

(f) As used in this section, "principal amount" or "principal" of the tax means the tax and interest added thereto in accordance with subsection (5) of section 71.09 and subsection (5) of section 71.10.

(5) All laws not in conflict with the provisions of this act, relating to the assessment, collection and payment of taxes on

personal property, the correction of errors in assessment and tax rolls, and for the collection of delinquent personal property taxes except the provisions for the compromise or cancellation of illegal taxes and the refunds of moneys paid thereon, shall be applicable to the income tax herein provided.

71.14 DISTRIBUTION OF REVENUE. (1) Upon the first day of March, June, September and December of each year the state treasurer shall apportion and pay income taxes collected and transmitted to him to the county and local treasurers in the manner provided by this section.

(2) Annually, beginning July 1, 1939, out of the moneys collected for normal income taxes, there shall be set aside the amount of the appropriation made by section 20.09 (4). The amount of said appropriation shall be borne by the state, the counties, and the towns, cities and villages in the proportion that normal income taxes were distributed to the state and to each such instrumentality during the next preceding fiscal year. The pro rata share of said appropriation to be borne by the state and by each such instrumentality shall be set aside out of the first moneys collected for normal income taxes and distributable to the state and to each such instrumentality. The remainder of all normal income taxes collected, after setting aside that portion of the appropriation made by section 20.27 which is chargeable to the normal income tax, shall be divided as follows, to wit: Forty per cent to the state, 10 per cent to the county, and the balance to the town, city or village from which the income was derived as provided in section 71.14 (6), except that when such balance in any calendar year exceeds 2 per cent of the equalized value of all taxable property in such town, city or village for the preceding year under section 70.61, such excess shall be paid to the county to be distributed and paid to all of the several towns, cities and villages of the county, according to the school population therein. If, subsequent to January 1, 1937, there shall be paid over to any town, city or village in any calendar year any amount in excess of 2 per cent of the equalized value of all taxable property therein for the preceding year, such excess payment shall be recoverable by the county. The 2 per cent limitation above mentioned shall revert to one per cent of the equalized value of all taxable property in such town, city or village for the preceding year under section 70.61 after the date upon which the second annual

income tax payment is due said municipalities after the termination of the present war as proclaimed by the President or the Congress.

(3) Out of the first moneys received and retained from cash collected from such income taxes in any city of the first class, however organized, there shall be transferred and paid to the firemen's pension fund provided for by chapter 165 of the laws of 1903 and laws amendatory thereof, a sum each year sufficient to make the said firemen's pension fund on the first day of March in each year not less than one hundred and seventy-five thousand dollars, to be used for the purpose of paying pensions to disabled and superannuated members of the fire department and their beneficiaries mentioned in said laws.

(4) The department of taxation shall account for and pay all delinquent taxes collected by it, to the state treasurer, who shall apportion and pay the same to the several county, town, city and village treasurers entitled thereto at the time of the next division of revenues as provided for in subsection (1) of section 71.14.

(5) This section and the provisions of this chapter relating to the apportionment of taxable income to the several counties, towns, cities and villages and those relating to the collection of the income tax by the department of taxation, shall not apply to telegraph companies, or transportation companies as defined in subsection (4) of section 76.02 and in section 76.39, respectively. All such telegraph companies and transportation companies shall pay their taxes under this chapter directly into the state treasury, and such taxes shall not be apportioned or distributed to the taxing districts within which the properties lie, but shall be retained entirely by the state.

(6) The entire taxable income of every person deriving income from within and without the state or from within different political subdivisions of the state, when such person resides within the state, shall be combined and aggregated for the purpose of determining the proper rate of taxation. The department of taxation or the assessor of incomes, as the case may be, shall compute the tax on the combined taxable income of such person. The income so computed, in the manner provided in sections 71.11 (13) and (16), shall be apportioned, in the manner provided in section 71.07, to the several towns, cities and villages in proportion to the respective amounts of income de-

rived from each, counting that part of the income derived from without the state when taxable as having been derived from the town, city or village in which said person resides. The tax on the combined taxable income shall be apportioned on the tax roll to the various towns, cities and villages in proportion to the respective amounts of taxable income so attributed to each.

(7) Whenever any county, city, town or village shall have received in final settlement a portion of an income tax that under the income tax law ought not to have been received by such county, city, town or village, but by the provisions of the income tax law should have been received by another county, town, city or village, such portion of the tax shall be paid by the county, town, city or village erroneously receiving the same to the county, town, city or village entitled thereto; provided, however, that no such payment shall be made except on the written approval of the assessor of incomes who made the assessment, or of the department of taxation in the case of assessments made by it, specifying the reasons for such payment, and provided further that a claim for such tax shall have been made within 3 years after the receipt of the tax. The return of any such overpayment, to any county, city, town or village to another county, city, town or village entitled thereto, in the event that such overpayment has not been settled or paid voluntarily by any such county, city, town or village, shall be effected by the department of taxation by withholding the amount of overpayment from the June 1 apportionment of income taxes next following the allowance of the adjustment, to the county, city, town or village which has received the overpayment. In the event that after the initial withholding there is still a balance due, then the department of taxation shall withhold all or a part of the apportionment due on each succeeding June 1 until the balance of the overpayment has been adjusted. The amounts thus withheld shall be credited in the apportionment to the county, city, town or village which did not receive its full amount of income taxes in the said previous distributions.

(8) The whole amount collected as surtax imposed by section 71.01 (2) shall, through the same channel as other income taxes are paid, be paid into the state treasury, and this section shall not apply to said surtax. The amount of said surtax herein imposed is hereby levied and shall be collected as herein set forth and shall be paid into the general fund of the state treas-

ury and set apart for the retirement deposit fund and contingent fund as provided in this act. The state treasurer shall, in the same manner as other income taxes are remitted and paid, annually remit and pay to the city treasurer of each city of the first class in which a teachers' annuity and retirement fund is maintained under the provisions of section 38.24, forty per cent of the amount of said tax levied and collected from the taxpayers in such city, and it shall be the duty of the city treasurer of such city to pay the whole amount, so remitted and paid, into the general fund of such teachers' annuity and retirement fund of such city to constitute a part of said fund.

(9) Whenever in any year the receipts from the surtax imposed by section 71.01 (2) shall not be sufficient to provide the necessary moneys to carry out the provisions of this act, the deficit shall be paid out of the general fund of the state treasurer, and if in any year such surtax provides more money than is needed, such excess shall be paid into the general fund of the state treasury.

71.15 MISCELLANEOUS PROVISIONS. (1) Whenever any bank is operating under a stabilization and readjustment agreement pursuant to subsection (16) of section 220.07, (Stats. 1933) the trust created pursuant to such stabilization and readjustment agreement shall not be considered as a separate taxable entity. The assets assigned to trustees pursuant to such agreement shall for income tax purposes be considered as owned by the bank and such trust shall be considered as being operated by and as an integral part of such bank. This section shall apply to all returns of income of such banks filed after such assignment to trustees, and any adjustment of such returns heretofore made shall be revised to conform to this section.

(2) Whenever it shall be certified to the state treasurer by the department of taxation as to corporations, joint stock companies and associations or by the proper assessor of incomes as to copartnerships, individuals or fiduciaries that excess payment has been made for the soldiers' bonus tax or soldiers' educational surtax or teachers' retirement fund surtax within 6 years next preceding the date of such certificate, then the said state treasurer shall within 5 days after receipt of such certificate draw an order against the fund in the state treasury into which such excess was paid, reimbursing such payor for the amount of such excess payment so certified. Provided, however,

that after January 1, 1927, such excess payments of surtaxes may be certified only for the period during which corrections in assessments may be made under section 71.10 (10).

(3) No action or proceeding whatsoever shall be brought against any town, village, city, county or the state or the treasurer thereof for the recovery, refund or credit of any income or surtaxes; except in case the state treasurer shall neglect or refuse for a period of sixty days to refund any overpayment of normal income tax so certified on the income tax roll, the taxpayer may maintain an action to collect the overpayment against the treasurer so neglecting or refusing to refund such overpayment, without filing a claim for refund with such treasurer, provided that such action shall be commenced within one year after the certification of such overpayment on the tax roll.

(4) If any transfer of a reserve or other account or portion thereof is in effect a transfer to surplus, so much of such transfer as had been accumulated through deductions from the gross or taxable income of the years open to audit under sections 71.11 (16) and 71.11 (20) shall be included in the gross or taxable income of such years, and so much of such transfer as has been accumulated through deductions from the gross or taxable income of the years following January 1, 1911, and not open to audit under sections 71.11 (16) and 71.11 (20) shall be included in the gross or taxable income of the year in which such transfer was effected.

(5) Assessment of additional normal income taxes may be made upon the income of any person received in the year 1920, 1921, 1922 and 1923, or corresponding fiscal years, only to the extent that the income tax exclusive of interest on the corrected total income exceeds the personal property tax assessed in the year in which the income was first assessable, provided such personal property tax was actually paid in cash.

(6) A foreign corporation whose principal business is carried on or transacted in Wisconsin shall be deemed a resident of this state for income tax purposes, and its income shall be determined and assessed as if it were incorporated under the laws of Wisconsin, notwithstanding its domicile is elsewhere.

(7) Subsequent to the enactment of this subsection and prior to April 1, 1938, notice pursuant to section 71.12 of the statutes of 1937 may be given with respect to income received in any year or years subsequent to the calendar year 1926 or corre-

sponding fiscal year. Such notice given prior to the enactment of this subsection shall not preclude the department of taxation or the assessor of incomes from giving a notice within the time herein specified, unless heretofore the assessment or correction based upon such prior notice has become final and conclusive under the provisions of sections 71.12, 71.13, 71.14, 71.15 and 71.16 of said statutes. In instances where an additional assessment or correction of an assessment based upon such prior notice has not become final and conclusive, the record and proceedings in respect thereto shall be applicable to any notice given within the time herein specified unless, within twenty days after such latter notice, an application for hearing is filed in accordance with said section 71.12 in which case the former record and proceedings shall be vacated and new proceedings taken in accordance with sections 71.12, 71.13, 71.14, 71.15 and 71.16 of said statutes.

(8) All additional assessments of back income taxes shall be deemed to have been made within the limitation period provided by section 71.11 (5) of the statutes for 1927, 1929 and 1931, if notice thereof pursuant to section 71.12 of said statutes was given to the taxpayer while the years, the income of which is included in such assessments, were open to adjustment and correction under section 71.11 (5) of said statutes. This subsection shall not restrict or limit the operation of any other subsection of section 71.11.

71.16 PRIVILEGE DIVIDEND TAX. (1) For the privilege of declaring and receiving dividends, out of income derived from property located and business transacted in this state, there is hereby imposed a tax equal to 3 per cent of the amount of such dividends declared and paid by all corporations (foreign and local), except those specified in section 71.01 (3) (a) and (c) after September 26, 1935 and prior to July 1, 1947. Such tax shall be deducted and withheld from such dividends payable to residents and nonresidents by the payor corporation.

(2) Every corporation reporting its income under chapter 71 upon a calendar year basis shall on or before January 31, 1946, make return of its dividend payments on the forms prescribed by the department of taxation and make remittance to the department of taxation of privilege dividend taxes deducted and withheld from dividends paid during the period July 1, 1945 to December 31, 1945. Every corporation reporting its in-

come under chapter 71 upon a fiscal year basis shall, on or before the last day of the first month following the close of such year, make return of its dividend payments on the forms prescribed by the department of taxation and make remittance to the department of taxation of privilege dividend taxes deducted and withheld from dividends paid between July 1, 1945, and the close of its fiscal year. Thereafter all corporations required to deduct and withhold any tax under this section shall make return and remittance of such taxes to the department of taxation on or before the last day of the first month following the close of their fiscal or calendar years.

(3) Every such corporation hereby made liable for such tax shall deduct the amount of such tax from the dividends so declared.

(4) In the case of corporations doing business within and without the state of Wisconsin, such tax shall apply only to dividends declared and paid out of income derived from business transacted and property located within the state of Wisconsin. The amount of income attributable to this state shall be computed in accordance with the provisions of chapter 71. In the absence of proof to the contrary, such dividends shall be presumed to have been paid out of earnings of such corporation attributable to Wisconsin under the provisions of chapter 71, for the year immediately preceding the payment of such dividend. If a corporation had a loss for the year prior to the payment of the dividend, the department of taxation shall upon application, determine the portion of such dividend paid out of corporate surplus and undivided profits derived from business transacted and property located within the state.

(5) The provisions of this section shall not apply to dividends declared and paid by a corporation out of its income which it has reported for taxation under the provisions of chapter 71, to the extent that the business of such corporation consists in the receipts of dividends from which a privilege dividend tax has been deducted and withheld in the distribution thereof to its stockholders. Dividends paid by a subsidiary corporation to a parent corporation, both of which corporations are organized under the laws of Wisconsin, shall not be subject to the tax herein imposed, provided the subsidiary and its parent report their income for taxation under the provisions of chapter 71 on

a consolidated income return basis, or both corporations report separately.

(6) For the purpose of this section dividends shall be defined as in section 71.03 (1) (d) except that the tax herein imposed shall not apply to stock dividend or liquidating dividends.

(7) The tax hereby levied, if not paid within the time herein provided, shall become delinquent and when delinquent shall be subject to a penalty of 2 per cent on the amount of the tax and interest at the rate of one-half per cent per month until paid.

(8) The tax hereby imposed shall, when collected by the department of taxation, be paid by it into the state treasury and shall be used to provide rehabilitation for returning veterans of World War II, construction and improvements at state institutions and other state property, and post-war public works projects to relieve post-war unemployment.

(9) Except as they are inconsistent with this section, the provisions of paragraph (b) of subsection (5) of section 71.09, sections 71.10 through 71.13, sections 73.01 and 73.015 of the statutes shall apply to the tax imposed by this section, but the discount provisions of paragraph (c) of subsection (9) of section 71.10 shall not apply.

SECTION 2. This act is a revision of chapter 71 of the statutes and consists only of renumbering and rearranging the provisions of said chapter. No substantive change is made in the law.

Approved June 24, 1947.

No. 181, S.]

[Published June 27, 1947

CHAPTER 319.

AN ACT to renumber 48.08 to be 48.08 (1) and to create 48.08 (2) and 351.20 (3) of the statutes, relating to parents or guardians contributing to the delinquency of a minor and providing a penalty.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 48.08 of the statutes is renumbered 48.08 (1).

SECTION 2. 48.08 (2) of the statutes is created to read:

48.08 (2) When it becomes apparent at a juvenile hearing that a parent of such juvenile or the legal guardian having legal cus-