



## Mandated Sales Tax E-Filing in Wisconsin



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## Customer Base

- 172,000 Registrants
  - About 1 Million Returns per Year
  - Registrants by Filing Frequency
    - Early Monthly 21,184
    - Monthly 48,539
    - Quarterly 45,454
    - Annual 56,598
- 

## Customer Base - 2

- Paper Return 1 Page 2 sided plus additional 1 page 2 sided county schedule.
- Mailed to Bank for check processing.
- Then to DOR for Scanning (data capture and imaging).
- Competes for Resources with Income Tax during Income filing season.

## E-File Mandate

- Pre-Existing Statutory Authority
  - No penalty provision
- Promulgated a Rule
  - Waiver for undue hardship
- Mandate Letters
  - Started August 2002
  - Mailed 3800 per week
  - Workload on Customer Service
  - Web (SIP) was only initial option

## Mandate Status (SIP Only)

as of 8/6/03

- Letters Mailed 65,351
- Waivers Requested
  - EDI 54
  - Extensions 71
  - Hardware 414
  - Health Issues 5
  - No Computer 6,313
  - No ISP 4,872
  - Refuse to provide personal info 213
- Waivers Granted 11,942

## E-File Mandate - Options

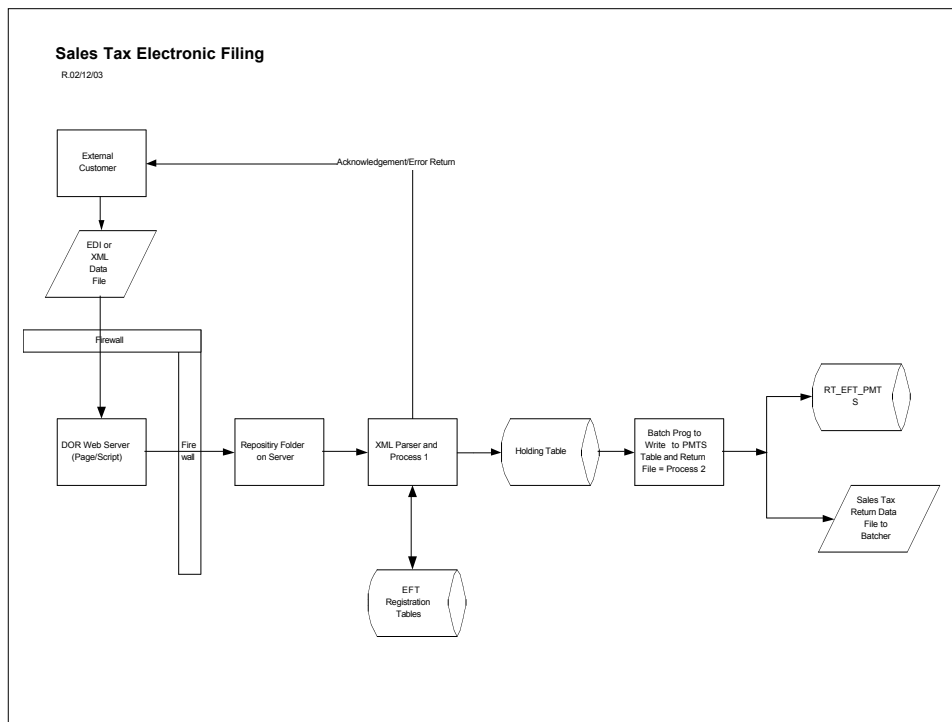
- Three Options Offered
  - Web Filing (SIP) (10/99)
  - XML File Transfer (7/03)
  - Telefile (10/03)
- Processing Fee for Paper ??

## Sales Internet Process (SIP)

- Web Based GUI Entry Form
- In Production October 1999
- 153,264 SIP filed returns in 1st 7 mo's 2003
- 37% of returns processed through SIP

## TeleFile

- Selection Process (open to all)
- Personalized Worksheets Mailed
- Payment Options
  - EFT
  - Credit card
  - Personalized pre-printed voucher
- Production Fall 2003

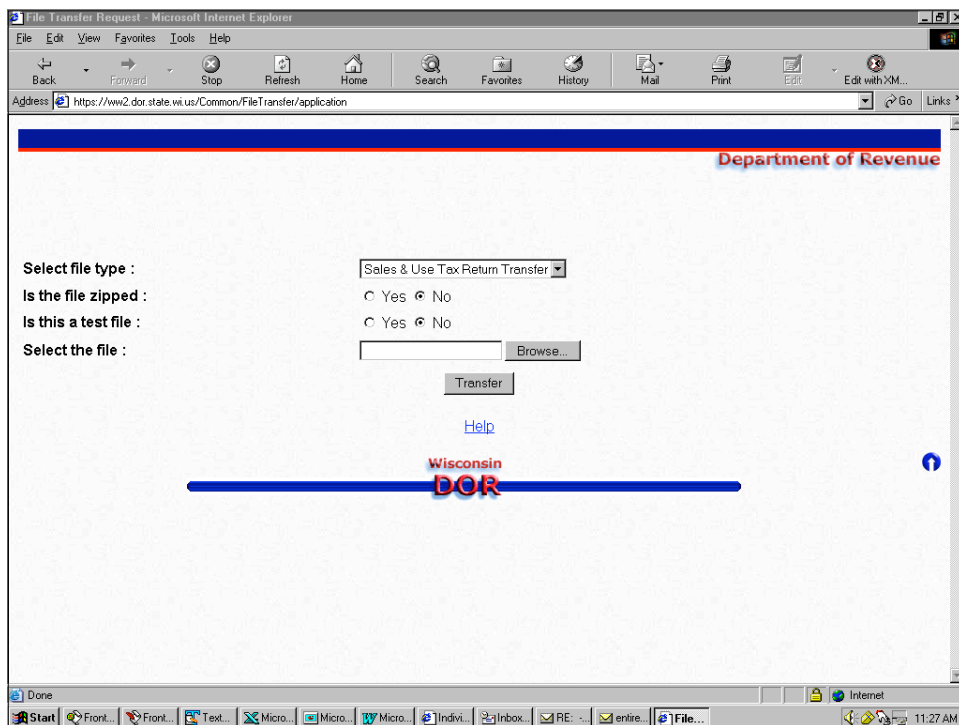


## XML File Transmission

- Two Major Considerations
  - Transport Mechanism
  - Format

# Transport

- Internet
- Security
  - Html stream, SSL, 128 bit encryption
- Offer Two Options to Partners
  - Web page interface
  - Sample Java script



## Format

- Why XML?
  - Appears to be widespread/up and coming
  - Cheaper to get into than classic EDI
  - IRS/FTA lead
  - Ability to validate against schema = Powerful!
    - Partners validate before send
    - DOR validate at front door
  - Flexible

## XML Format Resources

- IRS 94X and FSET
- FTA Generic Sales and Use Examples
- California

## Considerations

- Registration and related overhead
- ID and Password for Web Transfer
- Map Return (ST-12)
  - True to existing form vs. generic
- Snail Mail Addresses
  - Have address elements?
  - Take address changes?
- Amended Returns

## Considerations - 2

- Additional “Enveloping Information”
  - Preparer and contact information
  - Fields for preparer/sender/customer use
  - Element to identify software/developer
- How to Handle Multiple Returns
  - Multiple returns vs. one return per XML file
  - Zip multiple returns into single file
- SOAP and MIME

## XML File Transmission

- Acknowledgements
  - Web confirms a file was transferred
  - E-mail acknowledgement after file is parsed
  - Or e-mail failure notice if not validate
  - Or e-mail to DOR support if no e-mail acknowledgement address in file
- Record Joins Regular Processing Stream

## XML File Transmission

- Internal Viewing
  - Copy of XML file saved
  - Database screen view of all data from file
  - Return data available in Sales (ITS) System

## Wisconsin E-File Information



- **Web Site**

[www.dor.state.wi.us/eserv/file/index.html](http://www.dor.state.wi.us/eserv/file/index.html)

- **Project Management Contact**

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## Sales Tax Electronic Filing Mandate

### Rule - Excerpted Text from Tax 11.01(2) FILING RETURNS..

- 3. Filing them electronically via the department's sales internet process, or "SIP," or some other electronic means prescribed by the department.
- (b) The department may require a person registered or required to be registered for Wisconsin sales and use tax purposes to file its sales and use tax return by electronic means. The department shall notify the person at least 90 days prior to the due date of the first sales and use tax return required to be filed by electronic means of the requirement to file by electronic means. In its notice, the department shall indicate the period covered for the first return to be filed by electronic means.
- (c) The secretary of revenue may waive the requirement for a person to file by electronic means when the secretary determines that the requirement causes an undue hardship, if the person does all of the following:
  - 1. Requests the waiver in writing.
  - 2. Clearly indicates why the requirement causes an undue hardship.
- (d) In determining whether the electronic means requirement causes an undue hardship, the secretary of revenue may consider the following factors:
  - 1. Unusual circumstances that may prevent the person from using electronic means. Example: The person does not have access to a computer that is connected to the internet.
  - 2. Any other factor that the secretary determines is pertinent