



# **NEXUS PROJECTS**

The logo of the Wisconsin Department of Revenue is located in the top right corner. It features a circular emblem with a central figure holding a scale and a sword, surrounded by the text "WISCONSIN DEPARTMENT OF REVENUE".

# **NEXUS PROJECTS**

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# OVERVIEW

- Defining Nexus
- Stages of an Investigation
- Tools/Research
- History
- Case types
- Ideas for Leads



# What is Nexus?

- Webster Definition
  - A connection, tie, or link between individuals of a group, members of a series or series of connections linking two or more things. Webster's New Universal Unabridged Dictionary (Deluxe Second edition).
- Jurisdiction to Tax.
  - Nexus is "jurisdiction over a person, property or transaction" needed to sustain state taxing power. Miller Bros. V. Maryland (1954)



# Nexus Cases

- Looking for corporation/partnerships/sole proprietorships outside of the state of WI
- Tax Types
  - Sales and Use Tax
  - Franchise and Income Tax
- Time frame we investigate
  - Going back six years and current tax year from the start of the case



# Stages of an Investigation

- Send a nexus questionnaire
- Review the questionnaire
  - Compare with information available to the department
    - Research the company
    - Are there any discrepancies
    - Ask additional questions if necessary
  - Send a request to file letter
- If no questionnaire is received
  - Send a reminder letter
    - If no questionnaire is received, then create estimated assessments.



# Stages of an Investigation

- Review additional questions received
  - Send request to file letter
  - Send no nexus letter
- Review returns received
  - Process returns
  - Send letter if returns are unacceptable
- If no returns are received after sending a Request to file letter
  - Create estimated assessments



# Tools/Research

- Nexus Questionnaire (A-816)
- Motor Carrier Questionnaire (A-827)
- Voluntary Disclosure Form (A-020)
- Information available
- Internet
- Sec. Tax 2.82 Wis. Adm. Code
- Sec. Tax 11.97 Wis. Adm. Code
- Public Law 86-272





# History

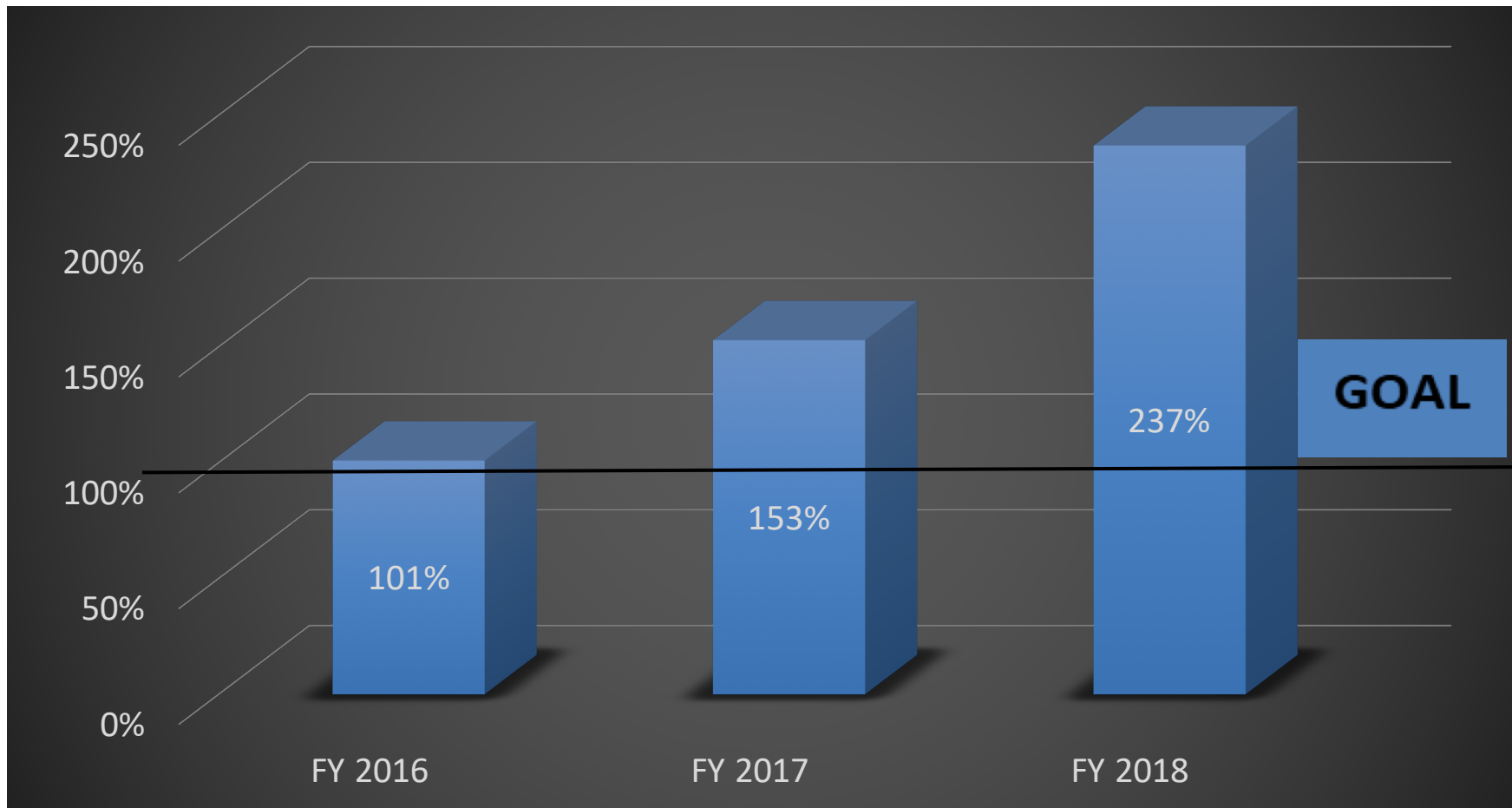
## Before year 2015

- Supervisor – 1
- Field Auditors – 2
- Office Auditors – 8

## Starting in year 2015

- Supervisors – 2
- Field Auditors – 4
- Office Auditors – 16

# Goals

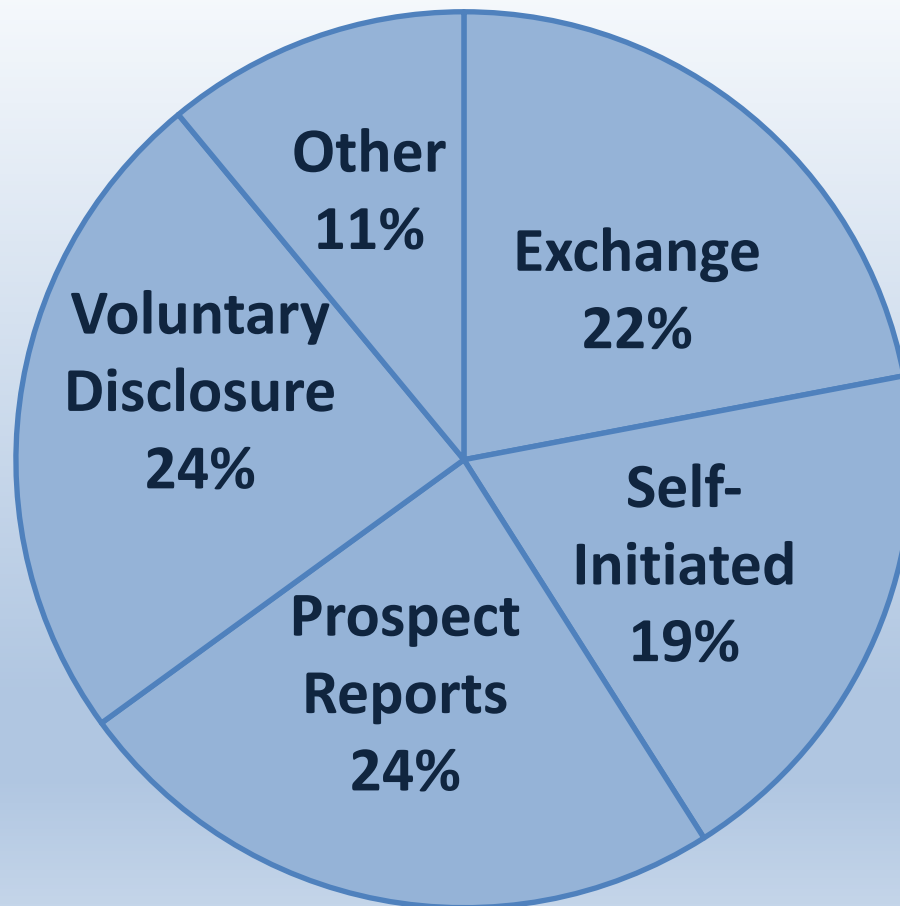




# Case Types

- Prospect Reports
  - Invoices/leads from an audit performed by the department
- Exchange
  - Received from another revenue state agency
- Self – Initiated
  - Research using available resources
- Voluntary Disclosure
  - Taxpayer voluntarily comes forward

# Percentage From Each Project





# Ideas for Leads

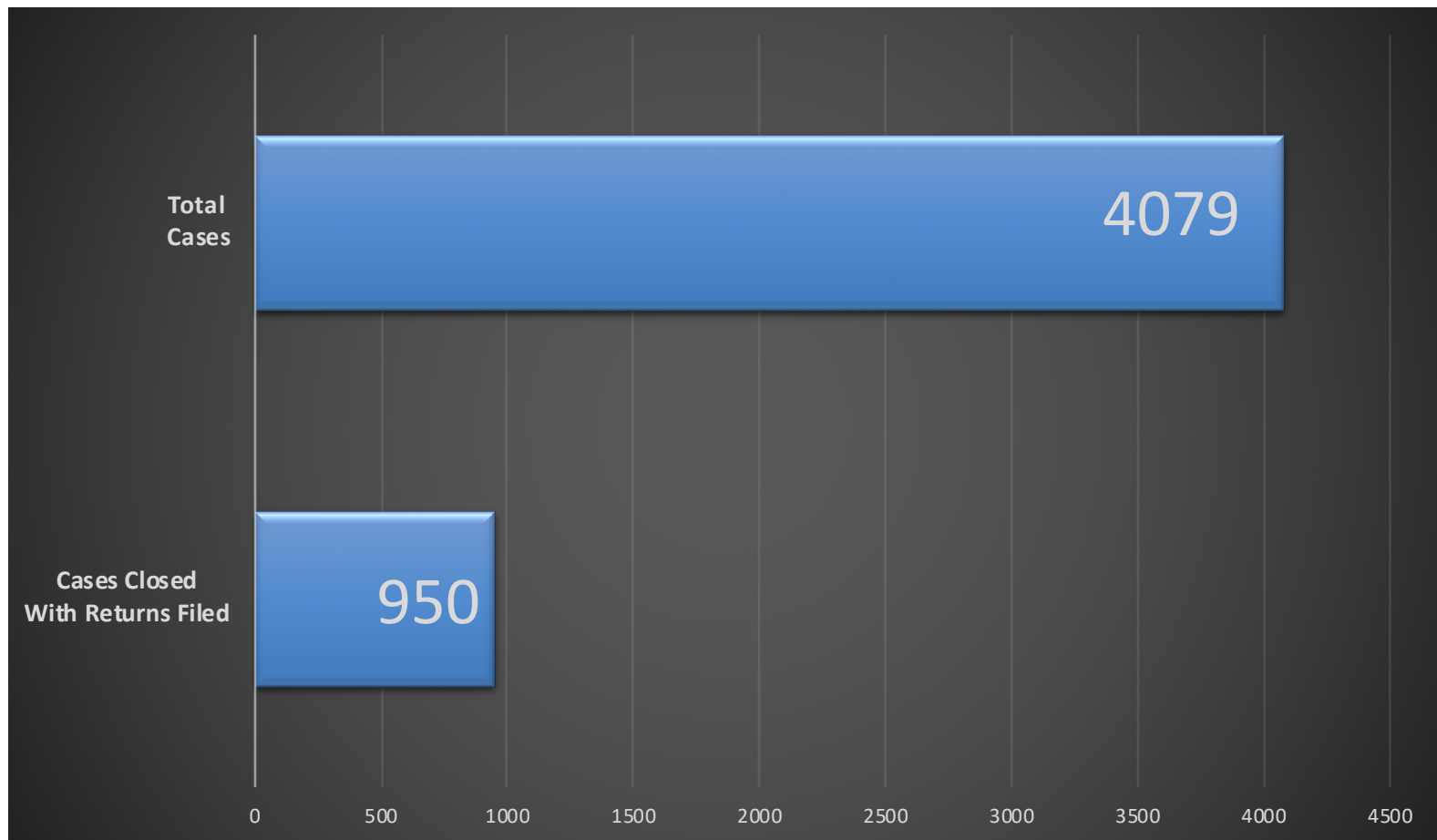
- Invoices
- Hoovers
  - Example: Research the industry when you receive larger returns. Look for competitors.
- Resources available to the department
  - Run queries that are in your tax software system
- Brain storm and research by industry
- Google
- Information from other states



# Average Time Frame

- 8 Hours
- 6 Months

# Findings



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# **Interested in exchanging information?**

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Any Questions?