

Form 5R Instructions

General Instructions

Purpose of Form — A federal S corporation that has elected not to be a tax-option corporation for Wisconsin tax purposes and that subsequently wishes to elect Wisconsin tax-option status uses Form 5R to revoke the “opt-out” election. As a result of revoking the “opt-out” election, the income of the tax-option (S) corporation will be taxed to the shareholders of the corporation rather than to the corporation itself, with certain exceptions.

Who May Revoke — Once the election not to be a tax-option corporation for Wisconsin purposes has been completed, it remains in effect for the corporation and any successors for at least the next 4 taxable years after the taxable year to which the election first applies. After this 5-year period, the “opt-out” election may be revoked. The revocation requires the consent of persons who hold more than 50% of the shares of the S corporation on the day the revocation is made.

Exception: The “opt-out” election is automatically revoked for the taxable year in which a federal S corporation acquires a qualified subchapter S subsidiary (QSSS) for federal purposes. Since neither the S corporation nor the QSSS may elect out of Wisconsin tax-option (S) treatment, it is not necessary to file Form 5R.

When to Elect — You must file Form 5R on or before the due date, or extended due date, of the first Wisconsin corporation franchise or income tax return affected by the revocation.

Corporations that are treated as tax-option (S) corporations for Wisconsin purposes must file Wisconsin Form 5S, Tax-Option (S) Corporation Franchise or Income Tax Return.

Specific Instructions

Fill in the corporation’s name and address and enter the appropriate information in blocks A through G.

Enter, in the space provided, the name, address, and social security number of each shareholder who is signing the revocation. Also enter for each shareholder the number of shares owned and the date the stock was acquired. If the shareholder acquired stock on more than one date, enter the last date on which that shareholder acquired stock. Each shareholder must sign in the space indicated.

If you need additional space, attach a schedule containing the required information.

An authorized officer of the corporation must sign this form in the space provided.