

Caution:

Election to Pay Tax at Entity Level

On Friday, December 14, Governor Scott Walker signed [2017 Wisconsin Act 368](#). The law allows tax-option (S) corporations to elect to be taxed at the entity level for taxable years beginning on or after January 1, 2018, and partnerships to elect to be taxed at the entity level for taxable years beginning on or after January 1, 2019.

As a result of the new law, the following applies to the 2018 tax-option (S) corporation Wisconsin tax returns:

- A checkbox was added to 2018 Form 5S, Part A, #7 to make the election to be taxed at the entity level.
- A checkbox was added to 2018 Schedule 5K-1, Part B, #3 to designate that the entity made the election to be taxed at the entity level.
- The entity level tax will be reported on Form 5S, Page 1, Line 7, and the tax will be computed on a new schedule - Schedule 5S-ET.
- Schedule 5S-ET is under development. Tax-option (S) corporations making the election will not be able to file 2018 Form 5S until after Schedule 5S-ET is finalized and programmed (estimated to be July 19, 2019). In general, shareholders will need to wait to file their individual income tax returns until they receive notification from the corporation as to whether the election has been made (e.g., Schedule 5K-1).
- Notice will be given through our Tax Professional and e-File Developer email subscriber lists when the draft Schedule 5S-ET is posted on our website and when the department will begin accepting returns that report the election.
- Underpayment interest will not apply to the additional tax due as a result of making the election for tax year 2018, however tax-option (S) corporations that make the election must pay the tax due by the unextended due of the return in order to avoid regular interest charges.

Tax-option (S) corporations that do not make this new election may file their 2018 Form 5S as soon as the department begins processing tax returns in January.

More information concerning this election will be available in the January 2019 Wisconsin Tax Bulletin.

Form **5S** **Wisconsin Tax-Option (S) Corporation Franchise or Income Tax Return**

2018

For 2018 or taxable year beginning and ending

Complete form using **BLACK INK**. **Due Date:** 15th day of 3rd month following close of taxable year.

Corporation Name				FEIN			
Number and Street						Suite Number	
City				State	Zip (+ 4 digit suffix if known)		Business Activity (NAICS) Code
Number of Shareholders		Number of Nonresident Shareholders		State of Incorporation		and Year	
						<u> </u> <u> </u> <u> </u> <u> </u>	

- A Check if applicable and attach explanation:**
- 1 Amended return (Include Schedule AR)
 - 2 First return - new corporation or entering Wisconsin
 - 3 Final return - corporation dissolved or withdrew
 - 4 Short period - change in accounting method
 - 5 Short period - stock purchase or sale
 - 6 Short period - termination of S corporation election
 - 7 Electing to pay tax at the entity level pursuant s. 71.365(4m)(a)



Check if applicable and see instructions:

- B** If you have an extension of time to file, enter the extended due date
- C** If no business was transacted in Wisconsin during the taxable year, attach a complete copy of your federal return.
- D** If you are filing a Form 1CNS on behalf of nonresident shareholders.
- E** Effective date of Wisconsin tax-option corporation election
- F** If you have related entity expenses and are required to file Schedule RT with this return.
- G1** Wisconsin Property **G1** _____ **H1** Wisconsin Payroll **H1** _____
- 2** Total Company Property . . **G2** _____ **2** Total Company Payroll **H2** _____
- I** Internal Revenue Service adjustments became final during the year. Enter years adjusted **I** _____

ENTER NEGATIVE NUMBERS LIKE THIS → -1000 NOT LIKE THIS → (1000) NO COMMAS; NO CENTS

1 Federal, state, and municipal government interest (<i>see instructions</i>)	1 _____
2 Wisconsin apportionment percentage (from Form A-1 or Form A-2). This is a required field. If percentage is from Form A-2, check (✓) the space after the arrow <input type="checkbox"/> If 100% apportionment, check (✓) the space after the arrow <input type="checkbox"/> If using separate accounting, check (✓) the space after the arrow <input type="checkbox"/>	2 _____ %
3 Multiply line 1 by line 2	3 _____
4 Enter 7.9% (0.079) of the amount on line 3. This is gross tax	4 _____
5 Manufacturer's sales tax credit (from Sch. MS, line 3)	5 _____
6 Subtract line 5 from line 4. If line 5 is more than line 4, enter zero (0). This is net tax	6 _____
7 Additional tax on tax-option (S) corporations (page 2, Schedule Q plus Schedule 5S-ET)	7 _____
8 Economic development surcharge (from page 2, Schedule S, line 6)	8 _____
9 Endangered resources donation (decreases refund or increases amount owed)	9 _____
10 Veterans trust fund donation (decreases refund or increases amount owed)	10 _____
11 Add lines 6 through 10	11 _____
12 Estimated tax payments less refund from Form 4466W	12 _____
13 Wisconsin tax withheld on amount on line 1	13 _____
14 Amended Return Only – amount previously paid	14 _____
15 Add lines 12 through 14	15 _____
16 Amended Return Only – amount previously refunded	16 _____
17 Subtract line 16 from 15	17 _____
18 Interest, penalty, and late fee due (from Form U, line 17 or 26). If you annualized check (✓) the box . . <input type="checkbox"/>	18 _____

ENTER NEGATIVE NUMBERS LIKE THIS → -1000	NOT LIKE THIS → (1000)	NO COMMAS; NO CENTS
19 Amount due. If the total of lines 11 and 18 is larger than line 17, enter amount owed		19 _____
20 Overpayment. If line 17 is larger than the total of lines 11 and 18, enter amount overpaid		20 _____
21 Enter amount of line 20 you want credited to 2019 estimated tax		21 _____
22 Subtract line 21 from line 20. This is your refund		22 _____
23 Enter total company gross receipts from all activities (see instructions)		23 _____
24 Enter total company assets from federal Form 1120S, item F		24 _____
25 If the tax-option corporation paid withholding tax on income distributable to nonresident shareholders, enter total amount paid for all shareholders for the taxable year		25 _____

Schedule Q - Additional Tax on Certain Built-In Gains

1 Excess of recognized built-in gains over recognized built-in losses (attach schedule)	1 _____
2 Wisconsin taxable income before apportionment (attach computation schedule)	2 _____
3 Enter the smaller of line 1 or line 2. This is the net recognized built-in gain (see instructions)	3 _____
4 Wisconsin apportionment percentage (from Form A-1 or Form A-2). This is a required field. If percentage is from Form A-2, check (✓) the space after the arrow	4 _____ %
5 Multiply line 3 by line 4	5 _____
6 Wisconsin net business loss carryforward (attach schedule).	6 _____
7 Subtract line 6 from line 5.	7 _____
8 Enter 7.9% (0.079) of the amount on line 7. Enter on Form 5S, page 1, line 7	8 _____

Schedule S - Economic Development Surcharge

1 Enter net income (loss) (see instructions)	1 _____
2 Wisconsin apportionment percentage (from Form A-1 or Form A-2). This is a required field. If percentage is Form A-2, check (✓) the space after the arrow	2 _____ %
3 Multiply line 1 by line 2	3 _____
4 Nonapportionable and separately apportioned income	4 _____
5 Add lines 3 and 4	5 _____
6 Enter the greater of \$25 or 0.2% (0.002) of the amount on line 5, but not more than \$9,800. This is the economic development surcharge to enter on Form 5S, page 1, line 8	6 _____

Additional Information Required

- 1** Person to contact concerning this return: _____ Phone # _____
- 2** City and state where books and records are located for audit purposes: _____
- 3** Are you the sole owner of any QSubs or LLCs? Yes No Attach a list of the names and federal EINs of your solely owned QSubs and LLCs and enclose Schedule DE. Did you include the incomes of these entities in this return? Yes No
- 4** Did you purchase any taxable tangible personal property or taxable services for storage, use, or consumption in Wisconsin without payment of a state sales or use tax? Yes No If yes, you owe Wisconsin use tax. See instructions.
- 5** List the locations of your Wisconsin operations: _____
- 6** Did you file federal Form 8886 – Reportable Transaction Disclosure Statement with the Internal Revenue Service? Yes No If yes, enclose federal Form 8886 with your Wisconsin return.

Third Party Designee Do you want to allow another person to discuss this return with the department? Yes No Complete the following. Yes No
 Print Designee's Name ▶ _____ Phone Number ▼ _____
 Personal Identification Number (PIN) ▶ _____

Under penalties of law, I declare that this return and all attachments are true, correct, and complete to the best of my knowledge and belief.

Signature of Officer ▶ _____	Title _____	Date _____
Preparer's Signature ▶ _____	Preparer's Federal Employer ID Number _____	Date _____

You must file a copy of your federal Form 1120S with Form 5S, even if no Wisconsin activity.

If you are not filing electronically, make your check payable to and mail your return to:
Wisconsin Department of Revenue, PO Box 8908, Madison WI 53708-8908



Schedule 5K – Shareholder's Pro Rata Share Items

	(a) Pro rata share items	(b) Federal amount	(c) Adjustment	(d) Amount under Wis. law
Income (Loss)	<u>1</u> Ordinary business income (loss) 1	_____	_____	1 _____
	<u>2</u> Net rental real estate income (loss) (<i>attach Form 8825</i>) 2	_____	_____	2 _____
	<u>3</u> Other net rental income (loss) (<i>attach schedule</i>) 3	_____	_____	3 _____
	<u>4</u> Interest income 4	_____	_____	4 _____
	<u>5</u> Ordinary dividends 5	_____	_____	5 _____
	<u>6</u> Royalties 6	_____	_____	6 _____
	<u>7</u> Net short-term capital gain (loss) 7	_____	_____	7 _____
	<u>8</u> Net long-term capital gain (loss) 8	_____	_____	8 _____
	<u>9</u> Net section 1231 gain (loss) (<i>attach Form 4797</i>) 9	_____	_____	9 _____
	<u>10</u> Other income (loss) (<i>attach schedule</i>) 10	_____	_____	10 _____
Deductions	<u>11</u> Section 179 deduction (<i>attach Form 4562</i>) 11	_____	_____	11 _____
	<u>12a</u> Contributions 12a	_____	_____	12a _____
	<u>b</u> Investment interest expense . . . 12b	_____	_____	12b _____
	<u>c</u> Section 59(e)(2) expenditures (1) Type _____	_____	_____	_____
	(2) Amount 12c	_____	_____	12c _____
	<u>d</u> Other deductions (<i>attach schedule</i>) 12d	_____	_____	12d _____
Credits	<u>13a</u> Schedule _____ 13a	_____	_____	13a _____
	<u>b</u> Schedule _____ 13b	_____	_____	13b _____
	<u>c</u> Schedule _____ 13c	_____	_____	13c _____
	<u>d</u> Schedule _____ 13d	_____	_____	13d _____
	<u>e</u> Schedule _____ 13e	_____	_____	13e _____
	<u>f</u> Schedule _____ 13f	_____	_____	13f _____
	<u>g</u> Schedule _____ 13g	_____	_____	13g _____
	<u>h</u> Schedule _____ 13h	_____	_____	13h _____
	<u>i</u> Tax paid to other states (enter postal abbreviation of state) 13i-1 _____	_____	_____	13i-1 _____
	13i-2 _____	_____	_____	13i-2 _____
	13i-3 _____	_____	_____	13i-3 _____
<u>j</u> Wisconsin tax withheld (do not include tax properly claimed on page 1, line 13) 13j	_____	_____	13j _____	



(a) Pro rata share items (b) Federal amount (c) Adjustment (d) Amount under Wis. law

	(a) Pro rata share items	(b) Federal amount	(c) Adjustment	(d) Amount under Wis. law
Foreign Transactions	14a Name of country or U.S. possession			14a _____
	b Gross income from all sources	14b _____	_____	14b _____
	c Gross income sourced at shareholder level	14c _____	_____	14c _____
	<i>Foreign gross income sourced at corporate level:</i>			
	d Passive category	14d _____	_____	14d _____
	e General category	14e _____	_____	14e _____
	f Other (attach statement)	14f _____	_____	14f _____
	<i>Deductions allocated and apportioned at shareholder level:</i>			
	g Interest expense	14g _____	_____	14g _____
	h Other	14h _____	_____	14h _____
	<i>Deductions allocated and apportioned at corporate level to foreign source income:</i>			
	i Passive category	14i _____	_____	14i _____
	j General category	14j _____	_____	14j _____
	k Other (attach statement)	14k _____	_____	14k _____
	l Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l _____	_____	14l _____
	m Reduction in taxes available for credit (attach statement)	14m _____	_____	14m _____
n Other foreign tax information (attach statement)	14n _____	_____	14n _____	
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a _____	_____	15a _____
	b Adjusted gain or loss	15b _____	_____	15b _____
	c Depletion (other than oil and gas)	15c _____	_____	15c _____
	d Oil, gas, and geothermal properties – gross income	15d _____	_____	15d _____
	e Oil, gas, and geothermal properties – deductions	15e _____	_____	15e _____
	f Other AMT items (attach schedule)	15f _____	_____	15f _____



	(a) Pro rata share items	(b) Federal amount	(c) Adjustment	(d) Amount under Wis. law
Other	16a Tax-exempt interest income . . .	16a _____	_____	16a _____
	b Other tax-exempt income	16b _____	_____	16b _____
	c Nondeductible expenses	16c _____	_____	16c _____
	d Property distributions	16d _____	_____	16d _____
	e Repayment of loans from shareholders	16e _____	_____	16e _____
	17a Investment income	17a _____	_____	17a _____
	b Investment expenses	17b _____	_____	17b _____
	c Dividend distributions paid from accumulated earning and profits	17c _____	_____	17c _____
	d Other items and amounts (attach schedule)	17d _____	_____	17d _____
	18a Related entity expense addback	18a _____	_____	18a _____
	b Related entity expense allowable	18b _____	_____	18b _____
	19 Income (loss) reconciliation (see instructions)	19 _____	_____	19 _____
	20 Gross income (before deducting expenses) from all activities	20 _____	_____	20 _____

Schedule 5M – Analysis of Wisconsin Accumulated Adjustments Account and Other Adjustments Account

	(a) Accumulated Adjustments Account	(b) Other Adjustments Account
1 Balance at beginning of taxable year	_____	1 _____
2 Ordinary income from Schedule 5K, line 1, column d	_____	2 _____
3 Other additions (including separately stated items which increase income) (attach schedule)	_____	3 _____
4 Loss from Schedule 5K, line 1, column d (enter as positive)	_____	4 _____
5 Other reductions (including separately stated items) (enter as positive) (attach schedule)	_____	5 _____
6 Combine lines 1 through 3, and subtract lines 4 and 5 from the total	_____	6 _____
7 Distributions other than dividend distributions	_____	7 _____
8 Subtract line 7 from line 6. This is balance at end of taxable year	_____	8 _____



Schedule 5K - Shareholder's Pro Rata Share of Additions and Subtractions

NO COMMAS; NO CENTS

Additions:

Table with 2 columns: Description and Line Number. Rows include: 1 State taxes accrued or paid, 2 Related entity expenses, 3 Expenses related to nontaxable income, 4 Basis, section 179, depreciation, amortization difference, 5 Amount by which the federal basis of assets disposed of exceeds the Wisconsin basis, 6 Total additions for certain credits computed: (a-m), 7 IRC provisions not adopted for Wisconsin purposes, 8 Adjustment for built-in gains tax, 9 Additions for federal capital gains and excess net passive income taxes, 10 Other additions: (a-d), 11 Total additions (add lines 1 through 5 and 6m through 9, and 10d)

Subtractions:

Table with 2 columns: Description and Line Number. Rows include: 12 Related entity expenses eligible for subtraction, 13 Income from related entities whose expenses were disallowed, 14 Basis, section 179, depreciation/amortization of assets, 15 Amount by which the Wisconsin basis of assets disposed of exceeds the federal basis, 16 IRC provisions not adopted for Wisconsin purposes, 17 Adjustment for built-in gains tax, 18 Federal wage credits, 19 Federal research credit expenses, 20 Other subtractions: (a-d), 21 Total subtractions (add lines 12 through 19 and 20d), 22 Total adjustment (Subtract line 21 from line 11. See instructions)

