

CAUTION

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

As a result of the new law, tax-option (S) corporations may now elect to be taxed at the entity level pursuant to sec. 71.365(4m)(a), Wis. Stats. If the tax-option (S) corporation makes this election, box 3 in Part B of Schedule 5K-1 will be checked.

Important If a trust is a qualified subchapter S trust or an electing small business trust and a shareholder of an electing tax-option (S) corporation, see Form 2 instructions for information on how to report the electing tax-option (S) corporation items of income, gain, loss, or deduction reported on the Schedule 5K-1.

Nonresident and part-year resident estate or trust shareholders of an electing tax-option (S) corporation do not report in column (b) of Schedule NR the estate's or trust's nondistributable portion of items of income, gain, loss, or deduction reported on the Schedule 5K-1. See the Schedule NR instructions below for information on reversing out the estate's or trust's nondistributable items of income, gain, loss or deduction reported on the Schedule 5K-1.

The portion of the electing tax-option (S) corporation's items distributable to the beneficiaries must be reported in column (b) of Schedule NR and on Schedule 2K-1 as if the election was not made.

The estate or trust must provide beneficiaries with a supplemental statement detailing the items included on the Schedule 2K-1 that originated from the electing tax-option (S) corporation.

Estate or trust shareholders of an electing tax-option (S) corporation must only report the portion of the electing tax-option (S) corporation's capital gains or losses distributable to the beneficiaries on Schedule 2WD, do not include the estate's or trust's nondistributable portion. See page 2 of the Schedule 2WD instructions for more information.

The following credits may be affected by this election:

- Manufacturing and agriculture credit
- Credit for net income tax paid to another state
- Withholding tax credit

See the Form 2 instructions for additional information.

Schedule **NR**Wisconsin
Department of Revenue**Computation of Wisconsin Taxable Income
For Part-Year and Nonresident
Estates and Trusts**

Enclose with Wisconsin Form 2

2018

ESTATES ONLY – Legal last name	First name	M.I.	Decedent's social security number
TRUSTS ONLY – Legal name			Estate's/Trust's federal EIN

Part I	Computation of Wisconsin Taxable Income	(a) Federal Amount	(b) Wisconsin Amount	(c) Non-Wisconsin
1	Interest income 1			
2	Dividends 2			
3	Business income or (loss) 3			
4	Capital gain or (loss) (From Schedule 2WD) 4			
5	Rents, royalties, partnerships, estates and trusts, etc. . . . 5			
6	Farm income or (loss) 6			
7	Ordinary gain or (loss) (Form 4797) 7			
8	Other income (state nature) 8			
9	Total income (add lines 1 through 8) 9			
10	Interest expense 10			
11	Taxes 11		Not deductible for Wisconsin	
12	Fiduciary fees 12			
13	Charitable deduction 13			
14	Attorney, accountant, and return preparer fees 14			
15	Other deductions not subject to 2% floor 15			
16	Net operating loss deduction 16			
17	Allowable itemized deductions subject to 2% floor 17			
18	Total deductions (add lines 10 through 17) 18			
19	Adjusted total income of fiduciary (subtract line 18 from line 9) 19			
20	Income distribution deduction 20			
21	Estate tax deduction 21			
22	Exemption 22			
23	Total deductions (add lines 20 through 22) 23			
24	Taxable income of fiduciary (subtract line 23 from line 19) 24			
Part II	Computation of Addition or Subtraction Modification			
1	Federal income reported on line 1 of Form 2 1			
2	Wisconsin taxable income (from line 24, column (b)) Note: See the Part II instructions if any amount on lines 1 and/or 2 is a negative number 2			
3	If line 1 is less than line 2, subtract line 1 from line 2. Fill in the result here and on line 2 of Form 2 3			
4	If line 1 is more than line 2, subtract line 2 from line 1. Fill in the result here and on line 4 of Form 2 4			

Instructions for Schedule NR

Schedule NR is completed by part-year and nonresident estates and trusts filing Form 2. Part I of Schedule NR is used to compute the Wisconsin taxable income of the estate or trust. Part II of Schedule NR is used to compute an addition or subtraction to federal taxable income.

Part I – Computation of Wisconsin

Taxable Income

Part I of Schedule NR has three columns for figures:

Column (a) is labeled “Federal Amount.” In this column, lines 1 through 24, fill in the same amounts reported on the federal return.

Exception The computation of taxable income is based on the provisions of federal law amended to December 31, 2017, with certain exceptions. Federal laws enacted after December 31, 2017, do not apply for Wisconsin purposes unless adopted by the Legislature. If any provision of federal law which does not apply for Wisconsin purposes affects federal taxable income, complete Schedule B of Form 2. The amount you fill in on lines 1 through 24 of Schedule NR should be revised to reflect any Schedule B adjustment(s).

Column (b) is labeled “Wisconsin Amount.” In this column, lines 1 through 24, fill in the amounts that apply to Wisconsin.

Your federal taxable income may include items that aren't taxable or deductible for Wisconsin, or it may not include items that are taxable or deductible for Wisconsin. If so, you must add or subtract these items from your federal income to arrive at the correct Wisconsin income. See the instructions for Schedule A of Form 2 for a comprehensive list of additions and subtractions.

New If a nonresident or part-year resident estate or trust is a shareholder in a tax-option (S) corporation that elected to be taxed at the entity level, do not report in column (b) of Schedule NR the estate's or trust's nondistributable portion of items of income, gain, loss, or deduction reported on the Schedule 5K-1 from the electing tax-option (S) corporation.

The portion of the electing tax-option (S) corporation's items distributable to the beneficiaries must be reported in column (b) of Schedule NR and on Schedule 2K-1 as if the election was not made. The estate or trust must provide beneficiaries with a supplemental statement detailing the items included on the Schedule 2K-1 that originated from the electing tax-option (S) corporation.

Line 4 Enter in column (b) the amount from line 27 or 28 of Schedule 2WD.

New If a nonresident or part-year resident estate or trust is a shareholder in a tax-option (S) corporation that elects to be taxed at the entity level, do not report the estate's or trust's nondistributable portion of capital gain or loss from the elect-

ing tax-option (S) corporation on Schedule 2WD. See page 2 of the Schedule 2WD instructions for more information.

Line 7 If gains or losses from sales (or other dispositions) of assets or from Schedules 2K-1, 3K-1, or 5K-1 are reported on federal Form 4797 and there is a difference between the federal gain or loss and the Wisconsin gain or loss, follow the three steps below:

STEP 1: Recompute federal Form 4797, using the Wisconsin basis of assets instead of the federal basis and the Wisconsin gain or loss instead of the federal gain or loss.

Label this recomputed Form 4797 “Wisconsin.” Enclose the “Wisconsin” Form 4797 with Form 2.

STEP 2: If a net long-term capital gain is entered on the “Wisconsin” Form 4797, the amounts from the “Wisconsin” Form 4797 that apply to Wisconsin must be used to complete line 12 of Wisconsin Schedule 2WD.

STEP 3: Fill in the amount of ordinary gain or loss computed on the “Wisconsin” Form 4797 that applies to Wisconsin on line 7, column (b).

Column (c) is labeled “Non-Wisconsin.” In this column, lines 1 through 24, fill in the amounts that do **not** apply to Wisconsin.

Part II – Computation of Addition or Subtraction Modification

Special instructions if lines 1 and/or 2 of Part II are a negative amount:

- *If line 1 (federal income) is a negative amount and line 2 (Wisconsin income) is a positive amount* – Treat the amount on line 1 as a positive amount. Add the amounts on line 1 and line 2. Fill in the total on line 3 and on line 2 of Form 2.
- *If line 1 (federal income) is a positive amount and line 2 (Wisconsin income) is a negative amount* – Treat the amount on line 2 as a positive amount. Add the amounts on line 1 and line 2. Fill in the total on line 4 and on line 4 of Form 2.
- *If line 1 (federal income) and line 2 (Wisconsin income) are both negative amounts* – Treat both amounts as positive numbers.
 - If the amount on line 1 is more than the amount on line 2, subtract line 2 from line 1. Fill in the result on line 3 and on line 2 of Form 2.
 - If the amount on line 2 is more than the amount on line 1, subtract line 1 from line 2. Fill in the result on line 4 and on line 4 of Form 2.

Enter the amount, if any, from line 3 on line 2 of Form 2. Enter the amount, if any, from line 4 on line 4 of Form 2.