

Instructions for 2025 Wisconsin Form PW-U: Underpayment of Estimated Withholding Tax by Pass-Through Entities

Purpose of Form PW-U

Pass-through entities use Form PW-U to determine if they are subject to interest for underpayment of estimated withholding tax and, if so, the amount of interest. A pass-through entity must have made estimated withholding tax payments if the total of its withholding tax for its taxable year beginning in 2025 is \$500 or more. Form PW-U is also used to compute both extension and delinquent interest whenever the withholding tax due is paid after the unextended due date of the Form PW-1.

Exception Codes

If you qualify for an exception listed below, enter the appropriate exception code in the brackets to the left of Form PW-1, line 9. If you qualify for more than one exception code, enter the lowest applicable code number.

Exception Code "02" – According to sec. [71.775\(4\)\(fm\)1](#), Wis. Stats., you are not subject to underpayment interest if your withholding tax due for 2025 is less than \$500. Your withholding tax due is the amount from line 1 of the 2025 Form PW-1 minus the total of lines 3 and 4 of the 2025 Form PW-1. If your withholding tax due is less than \$500, enter exception code "02" in the brackets to the left of Form PW-1, line 9.

Exception Code "03" – According to sec. [71.775\(4\)\(fm\)2](#), Wis. Stats., you are not subject to underpayment interest if you meet **all** of the following conditions:

- Your withholding tax due for 2025 is less than \$5,000. Your withholding tax due for 2025 is the amount from line 1 of the 2025 Form PW-1 minus the total of lines 3 and 4 of the 2025 Form PW-1.
- Your preceding taxable year was a full 12 months.
- Your withholding tax liability for the preceding taxable year was zero. Your withholding tax liability for the preceding taxable year is the amount reported or required to be reported on line 1 of the 2024 Form PW-1. If you did not file Form PW-1 for the preceding taxable year because you were not required to file, your withholding tax liability for the preceding taxable year is zero.

If you meet the above conditions, enter exception code "03" in the brackets to the left of Form PW-1, line 9.

Exception Code "04" – According to sec. [71.775\(4\)\(g\)](#), Wis. Stats., you are not subject to underpayment interest if you meet **all** of the following conditions:

- Your preceding taxable year was a full 12 months.
- You filed Form 2, Form 3, Form 5S, or Form PW-1 for the preceding taxable year.
- Your withholding tax due for the preceding taxable year was zero. Your withholding tax due for the preceding taxable year is the amount from line 1 of the 2024 Form PW-1 minus the total of lines 3 and 4 of the 2024 Form PW-1. If you did not file Form PW-1 for the preceding taxable year because you were not required to file, your withholding tax due for the preceding taxable year is zero.

If you meet the above conditions, enter exception code "04" in the brackets to the left of Form PW-1, line 9.

Exception Code "05" -- Estates and grantor trusts with a taxable year ending less than two years after the decedent's death are not required to make estimated tax payments for those years and should use exception code "05".

Exception Code “06” – According to sec. [71.775\(4\)\(h\)](#), Wis. Stats., you may qualify to calculate a lower amount of underpayment interest if you use the annualized income installment method on Form PW-U, Part III. If you choose to use the annualized income installment method, enter code “06” in the brackets to the left of Form PW-1, line 9.

Part I: Computation of Underpayment and Interest Due on Underpayment

Compute any underpayment of required installments and the amount of interest due in Part I.

Required installments are based on the smaller of:

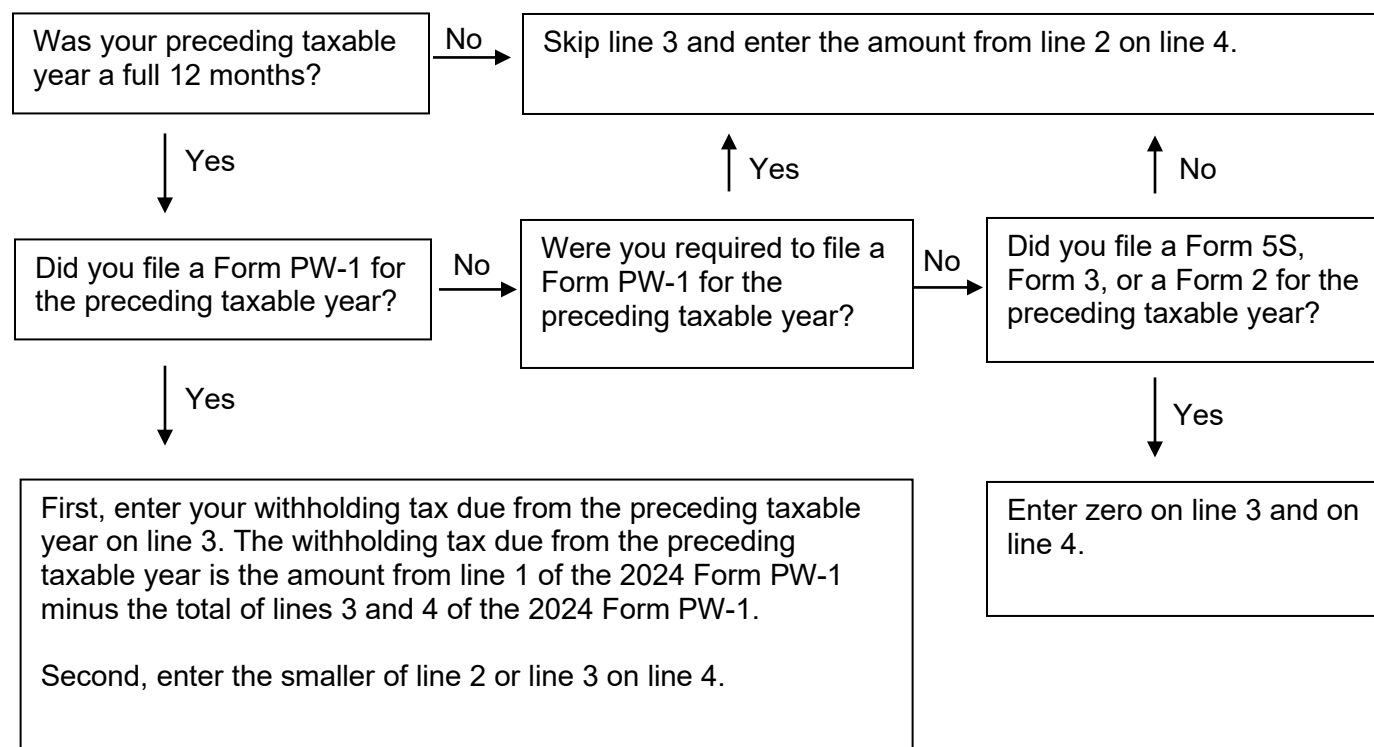
- (1) 90% of 2025 Wisconsin net tax,
- (2) 100% of 2024 Wisconsin net tax, provided the 2024 return covered an entire 12-month period, or
- (3) 90% of the 2025 Wisconsin net tax figured by annualizing income.

Line 1a: Enter the amount from Form PW-1, line 1.

Line 1b: Enter the amounts from Form PW-1, lines 3 and 4.

Line 1c: Subtract line 1b from line 1a and enter the result. **Exception:** If you entered exception code “02” or “03” in the brackets to the left of Form PW-1, line 9, then enter zero on line 1c and go to Form PW-U, Part II, if applicable.

Line 3 and Line 4: Use the flow chart to determine the amounts to enter on line 3 and line 4.



Line 5: If your taxable year is a full 12 months, the installment due dates are the 15th day of the 3rd, 6th, 9th, and 12th months of your taxable year. Enter the appropriate due dates in columns (a), (b), (c), and (d). If a due date falls on a weekend or holiday, the due date becomes the business day immediately following the weekend or holiday. If your taxable year is less than 12 months, the installment due dates are shown in the table below:

Number of months in taxable year	Number of installment payments	Installments are due on the 15 th day of each of the following months	
		Corporations	Persons other than corporations
1	None	N/A	N/A
2	1	Last month of taxable year	1 st month following the close of the taxable year
3	1	Last month of taxable year	1 st month following the close of the taxable year
4	2	4 th and last months of taxable year	4 th month of taxable year and 1 st month following the close of the taxable year
5	2	4 th and last months of taxable year	4 th month of taxable year and 1 st month following the close of the taxable year
6	2	4 th and last months of taxable year	4 th month of taxable year and 1 st month following the close of the taxable year
7	3	4 th , 6 th , and last months of taxable year	4 th and 6 th months of taxable year and 1 st month following the close of the taxable year
8	3	4 th , 6 th , and last months of taxable year	4 th and 6 th months of taxable year and 1 st month following the close of the taxable year
9	3	4 th , 6 th , and last months of taxable year	4 th and 6 th months of taxable year and 1 st month following the close of the taxable year
10	4	4 th , 6 th , 9 th , and last months of taxable year	4 th , 6 th , and 9 th months of taxable year and 1 st month following the close of the taxable year
11	4	4 th , 6 th , 9 th , and last months of taxable year	4 th , 6 th , and 9 th months of taxable year and 1 st month following the close of the taxable year

Line 6: Amount Due for Each Installment

Use the flow chart below to determine the amounts to enter on line 6:

Are you using the annualized income installment method?	Yes	Complete Form PW-U, Part III, and enter the amounts from line 45 on line 6.
↓ No		
Is your taxable year a full 12 months?	Yes	Divide line 4 by 4 and enter the result in each column.
↓ No		
Did you begin making estimated payments before you realized your taxable year would be less than 12 months?	No	If 1 installment is required, enter 100% of line 4 in Column (a). If 2 installments are required, enter 75% of line 4 in Column (a) and 25% of line 4 in Column (b). If 3 installments are required, enter 50% of line 4 in Column (a) and 25% of line 4 in each of Columns (b) and (c). If 4 installments are required, divide line 4 by 4 and enter the result in each column.
↓ Yes		

The initial estimated payments are 25% of the estimated tax payable with the last payment adjusted for the difference between the estimated tax liability and the amount previously paid.

Example: Tax-Option (S) Corporation Z has been filing tax returns on a calendar year basis. On March 1, Z makes an estimated payment. On April 1, Z changes to a fiscal year ending July 31 and must make 3 estimated payments for the return beginning Jan. 1 and ending July 31. If Z owes estimated tax of \$80,000 related to this return, then Z enters the following on line 6:

Column (a) = \$20,000 (25% of \$80,000)
 Column (b) = \$20,000 (25% of \$80,000)
 Column (c) = \$40,000 (\$80,000 – Columns (a) and (b))

Line 7: Estimated Payments and Withholding

- **Column (a)** – Enter the total estimated payments made on or before the installment due date. Also, include the appropriate amount of withholding.
- **Columns (b) to (d)** – Enter the total estimated payments made after the due date of the previous installment and on or before the due date of the current installment. Also, include the appropriate amount of withholding.

Note: Amounts withheld on your behalf (Form PW-1, lines 3 and 4) are considered to have been made evenly throughout your taxable year, unless you can show otherwise.

Example: Tax-Option (S) Corporation Z files its first tax return for calendar year 2025 and the Form PW-1 shows:

Form PW-1	Amount
Line 1 (withholding tax computed)	\$80,000
Line 2 (estimated payment made on May 15, 2025)	\$8,000
Line 3 (tax withheld by lower-tier entities)	\$4,000
Line 4 (tax withheld by WT-11 filers)	\$2,000

Tax-Option (S) Corporation Z enters the following on lines 5, 6, and 7 of Form PW-U:

Form PW-U	Column (a)	Column (b)	Column (c)	Column (d)
Line 5 (installment due dates)	3/17/2025	6/16/2025	9/15/2025	12/15/2025
Line 6 (amount due for each installment)	\$18,000	\$18,000	\$18,000	\$18,000
Line 7 (estimated payments and withholding)	\$1,500	\$9,500*	\$1,500	\$1,500

* \$6,000 (from lines 3 and 4 of Form PW-1) / 4 installment payments = \$1,500 of withholding per installment
 \$1,500 + \$8,000 (estimated payment) = \$9,500

Lines 10 and 11: Complete lines 10 and 11 only if you have an overpayment on line 9 for one or more installment periods. Overpayments should be carried back and/or carried forward in the following order:

1. Any overpayment on line 9, column (a), should be carried forward to the next installment period with an underpayment and entered on line 11. Any remaining excess should be carried forward to the next installment period with an underpayment and entered on line 11, etc.
2. Any overpayment on line 9, column (b), should be carried back to any underpayment in column (a) and entered on line 10. Any remaining excess should be carried forward to the next installment period with an underpayment and entered on line 11, etc.
3. Any overpayment on line 9, column (c), should be carried back to any underpayment(s) in column (b), then column (a), and entered on line 10. Any remaining excess should be carried forward to any underpayment in column (d) and entered on line 11.
4. Any overpayment on line 9, column (d), should be carried back to underpayment(s) in column (c), then column (b), then column (a), and entered on line 10.

Note: If you carry back more than one overpayment to a prior installment period, fill in separately on line 10 each carryback used.

Caution: If you have an overpayment in more than one column, see "Example of Carryforward and Carryback" for clarification of how to apply the overpayments to any underpayments.

Example of Carryforward:

Column (a), line 9, has an overpayment of \$10,000. Columns (b), (c), and (d), line 8, each have underpayments of \$4,000. First, carry forward \$4,000 of the overpayment from column (a) to column (b) by entering \$4,000 on line 11. Second, carry forward \$4,000 of the overpayment from column (a) to column (c) by entering \$4,000 on line 11. Lastly, carry forward the remaining overpayment of \$2,000 from column (a) to column (d) by entering \$2,000 on line 11.

Form PW-U	Column (a)	Column (b)	Column (c)	Column (d)
Line 8 (underpayment)		\$4,000	\$4,000	\$4,000
Line 9 (overpayment)	\$10,000			
Line 10 (carryback)				
Line 11 (carryforward)		\$4,000	\$4,000	\$2,000

Example of Carryback:

Columns (a), (b), and (c), line 8, each have underpayments of \$50,000. Column (d), line 9, has an overpayment of \$125,000. First, carry back \$50,000 from column (d) to column (c) by entering \$50,000 on line 10. Second, carry back \$50,000 from column (d) to column (b) by entering \$50,000 on line 10. Lastly, carry back the remaining overpayment of \$25,000 from column (d) to column (a) by entering \$25,000 on line 10.

Form PW-U	Column (a)	Column (b)	Column (c)	Column (d)
Line 8 (underpayment)	\$50,000	\$50,000	\$50,000	
Line 9 (overpayment)				\$125,000
Line 10 (carryback)	\$25,000	\$50,000	\$50,000	
Line 11 (carryforward)				

Example of Carryforward and Carryback:

Both columns (a) and (c), line 9, have an overpayment of \$500. Both columns (b) and (d), line 8, have an underpayment of \$600. First, carry forward the overpayment of \$500 from column (a) to column (b) by entering \$500 on line 11. Second, carry back \$100 from column (c) to column (b) by entering \$100 on line 10. Lastly, carry forward the remaining overpayment of \$400 from column (c) to column (d) by entering \$400 on line 11.

Form PW-U	Column (a)	Column (b)	Column (c)	Column (d)
Line 8 (underpayment)		\$600		\$600
Line 9 (overpayment)	\$500		\$500	
Line 10 (carryback)		\$100		
Line 11 (carryforward)		\$500		\$400

Lines 13 through 17: Complete these lines to determine the amount of interest due on the underpayment. Complete lines 13 and 15 only when an overpayment or late payment is carried back on line 10. If you apply more than one payment to a given installment, attach a statement showing a separate computation for each payment.

If you do not have a balance due as of the unextended due date of Form PW-1 (2 1/2 months after the close of the taxable year for tax-option (S) corporations or partnerships, or 3 1/2 months after the close of the taxable year for trusts or estates), enter the amount from line 17 on Form PW-1. Otherwise, enter the amount from line 17 on Part II, line 22, and complete the rest of Part II.

Part II: Computation of Other Interest and Penalty Due

Complete Part II only if your return is not filed by the unextended due date and shows a balance due.

Line 18: If you qualify for an extension of time to file Form PW-1, skip line 18 and go to line 19. If you do not qualify for an extension of time to file Form PW-1, enter the amount from Form PW-1, line 1, on line 18, column (a).

Line 19: If you do not qualify for an extension of time to file Form PW-1, skip line 19 and go to line 20. If you qualify for an extension of time to file Form PW-1 and the amount on Form PW-U, line 1c, is less than \$500, enter the amount from Form PW-1, line 1, on line 19b, column (b). If you qualify for an extension of time to file Form PW-1 and the amount on Form PW-U, line 1c, is \$500 or more, enter: 90% of the amount on Form PW-1, line 1, on line 19a, column (a) and 10% of the amount on Form PW-1, line 1, on line 19a, column (b).

Line 20: Enter the total of your estimated payments plus the amounts from Form PW-1, lines 3 and 4. The total should first be applied to column (a) and any remaining excess should be applied to column (b).

Line 24: The 12% interest applies to the tax on line 23, column (b), only for the extension periods. The 18% interest applies to the sum on line 23, column (a), from the unextended due date to the date the return is filed. The 18% interest also applies to the tax on line 23, column (b), from the extended due date to the date the return is filed. Enter total interest from columns (a) and (b) on column (c).

Line 25a: The "net tax due" is the total tax and economic development surcharge less any allowable credits, withholding, and estimated payments made by the due date, including extensions, of the return.

Part III: Annualized Income Installment Method Worksheet

If you compute one or more installments under the annualized income installment method, complete Part III and enter the amounts from Part III, line 45 on Part I, line 6.

Annualized Period: Column Headings

If your return covers a full 12 months, enter the following in the column headings: "2" in Column (a), "5" in Column (b), "8" in Column (c), and "11" in Column (d). If your return covers less than 12 months, enter the amounts from Table 1 or Table 2 in the column headings. Corporations use Table 1, and all other persons use Table 2.

Table 1 - Corporations				
Number of months in taxable year	Amount to enter in Column (a)	Amount to enter in Column (b)	Amount to enter in Column (c)	Amount to enter in Column (d)
1	Leave blank	Leave blank	Leave blank	Leave blank
2	1	Leave blank	Leave blank	Leave blank
3	2	Leave blank	Leave blank	Leave blank
4	3	3	Leave blank	Leave blank
5	3	4	Leave blank	Leave blank
6	3	5	Leave blank	Leave blank
7	3	5	6	Leave blank
8	3	5	7	Leave blank
9	3	5	8	Leave blank
10	3	5	8	9
11	3	5	8	10

Table 2 – Persons Other Than Corporations				
Number of months in taxable year	Amount to enter in Column (a)	Amount to enter in Column (b)	Amount to enter in Column (c)	Amount to enter in Column (d)
1	Leave blank	Leave blank	Leave blank	Leave blank
2	2	Leave blank	Leave blank	Leave blank
3	3	Leave blank	Leave blank	Leave blank
4	3	4	Leave blank	Leave blank
5	3	5	Leave blank	Leave blank
6	3	6	Leave blank	Leave blank
7	3	5	7	Leave blank
8	3	5	8	Leave blank
9	3	5	9	Leave blank
10	3	5	8	10
11	3	5	8	11

Line 27: Enter Wisconsin Net Income for Each Period:

First calculate the Wisconsin net income for each period, then remove items which remain constant from period to period, such as amortization of adjustments for changes in method of accounting. Enter these items on line 30, columns (a) through (d), in total.

Example: A pass-through entity earns income of \$10,000 in January, \$5,000 in April, and \$50,000 in November. The pass-through entity's only deduction is \$20,000 of amortization of adjustments for changes in method of accounting. The pass-through entity should enter the following on lines 27 and 30 of Form PW-U, Part III:

Form PW-U, Part III	(a)First 2 months	(b)First 5 months	(c)First 8 months	(d)First 11 months
Line 27 Enter WI net income for each period	\$10,000	\$15,000	\$15,000	\$65,000
Line 30 Adjustments	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)

Line 28: Annualization factor:

Calculate the annualization factor by dividing the number of months in the taxable year by the number of months in the annualization period. Round to three decimal places.

Example: If your return covers a full 12 months, enter the following amounts on line 28:

- Column (a) – enter "6.000"
- Column (b) – enter "2.400"
- Column (c) – enter "1.500"
- Column (d) – enter "1.091"

Example: If your return covers 11 months and you **are a corporation**, enter the following amounts on line 28:

- Column (a) – enter "3.667"
- Column (b) – enter "2.200"
- Column (c) – enter "1.375"
- Column (d) – enter "1.100"

Example: If your return covers 6 months and you **are not a corporation**, enter the following amounts on line 28:

- Column (a) – enter "2.000"
- Column (b) – enter "1.000"
- Column (c) – leave blank
- Column (d) – leave blank

Line 30: Enter the sum of the items removed from line 27. See the instructions for line 27.

Line 37: Applicable Percentage

Enter the percentage of tax that is due by the end of each installment period in the appropriate column(s).

If your return covers a full 12 months, enter the following on line 37:

- Column (a) – enter "22.5%"

Calculation: By the end of the 1st installment period for a tax return that covers a full 12 months, 25% of 90% of the tax for the year is due. Therefore, 25% times 90% equals 22.5%.

- Column (b) – enter "45.0%"

Calculation: By the end of the 2nd installment period for a tax return that covers a full 12 months, 50% of 90% of the tax for the year is due. Therefore, 50% times 90% equals 45%.

- Column (c) – enter "67.5%"

Calculation: By the end of the 3rd installment period for a tax return that covers a full 12 months, 75% of 90% of the tax for the year is due. Therefore, 75% times 90% equals 67.5%.

- Column (d) – enter "90.0%"

Calculation: By the end of the 4th installment period for a tax return that covers a full 12 months, 100% of 90% of the tax for the year is due. Therefore, 100% times 90% equals 90%.

If your return covers less than 12 months and you began making estimated payments before you realized your taxable year would be less than 12 months, enter the amount(s) from Table 3 below.

If your return covers less than 12 months and you did not make an estimated payment before you realized your taxable year would be less than 12 months, enter the amount(s) from Table 4 below.

Table 3				
Number of months in taxable year	Amount to enter in Column (a)	Amount to enter in Column (b)	Amount to enter in Column (c)	Amount to enter in Column (d)
1	Leave blank	Leave blank	Leave blank	Leave blank
2	90.0%	Leave blank	Leave blank	Leave blank
3	90.0%	Leave blank	Leave blank	Leave blank
4	22.5%	90.0%	Leave blank	Leave blank
5	22.5%	90.0%	Leave blank	Leave blank
6	22.5%	90.0%	Leave blank	Leave blank
7	22.5%	45.0%	90.0%	Leave blank
8	22.5%	45.0%	90.0%	Leave blank
9	22.5%	45.0%	90.0%	Leave blank
10	22.5%	45.0%	67.5%	90.0%
11	22.5%	45.0%	67.5%	90.0%

Table 4				
Number of months in taxable year	Amount to enter in Column (a)	Amount to enter in Column (b)	Amount to enter in Column (c)	Amount to enter in Column (d)
1	Leave blank	Leave blank	Leave blank	Leave blank
2	90.0%	Leave blank	Leave blank	Leave blank
3	90.0%	Leave blank	Leave blank	Leave blank
4	67.5%	90.0%	Leave blank	Leave blank
5	67.5%	90.0%	Leave blank	Leave blank
6	67.5%	90.0%	Leave blank	Leave blank
7	45.0%	67.5%	90.0%	Leave blank
8	45.0%	67.5%	90.0%	Leave blank
9	45.0%	67.5%	90.0%	Leave blank
10	22.5%	45.0%	67.5%	90.0%
11	22.5%	45.0%	67.5%	90.0%

For more information, see sec. [Tax 2.89\(7\)](#), Wis. Adm. Code.

Line 41: Divide Part 1, line 4, by 4 and enter the result in each column. If your taxable year is less than 12 months, divide Part 1, line 4, by the number of required installment payments and enter the result in the appropriate column(s).

For more information about the annualized income installment method or short-period returns, see sec. [Tax 2.89](#), Wis. Adm. Code.

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of July 28, 2025: secs. 71.775 and 990.001(4), [Wis. Stats.](#), and sec. Tax 2.89, [Wis. Adm. Code](#).