

2022 Table of Contents

Who Must File 2021 Form 6.....	2
Types of Taxpayers	2
“Doing Business in Wisconsin”	2
Entities Not Required to File	4
Exempt Entities	4
Franchise or Income Tax	4
Economic Development Surcharge	5
Separate Return or Combined Return?	5
Combined Returns and Groups in General.....	5
Test 1: Commonly Controlled Group.....	5
Test 2: Unitary Business	6
Test 3: Water’s Edge	8
General Franchise or Income Tax Return Instructions.....	8
Who is the “Designated Agent?”	9
When and Where to File	9
Period Covered by Return	10
Accounting Methods and Elections.....	11
Payment of Estimated Tax.....	11
Components of Combined Return	12
Required Disclosures and Information Returns	12
Internal Revenue Service Adjustments, Amended Returns, and Claims for Refund.....	14
Final Return	15
Penalties for Not Filing or Filing Incorrect Returns.....	15
Conformity with Internal Revenue Code and Exceptions.....	15
Provisions of the Internal Revenue Code Not Adopted by Wisconsin:.....	16
Other Exceptions to Internal Revenue Code.....	23
Depreciation and Bonus Depreciation	23
Section 179 Expense.....	23
Capital Losses	23
Limitations on Certain Federal Deductions	23
Federal Consolidated Return Regulations	24
Differences Between Federal and Wisconsin Basis of Assets	24
General Instructions for Apportionment	24
Who Must Use Apportionment	24
Apportionment Method.....	24
Nonapportionable Income.....	25
Separately Apportioned Income.....	26
Corporate Partners or LLC Members.....	26
Separate Accounting.....	26
Treatment of Specialized Industries and Entities	26
Foreign Sales Corporations (FSCs).....	26
Interest Charge Domestic International Sales Corporations (IC-DISCs).....	26
Insurance Companies	27
Personal Holding Companies	27
RICs, REMICs, REITs, and FASITs.....	27
Tax Exempt Organizations.....	27
Line-by-Line Instructions for Form 6, Page 1	27
Form 6, Page 2	32
Part I: Modified Federal Taxable Income	35
Part II: Unitary Income Computation	39
Part IV: Wisconsin Net Business Loss Carryforward	55
Part V: Nonrefundable Credits	60
Part VI: Additional Member Information	63
Required Attachments.....	67
Web Resources	68
Contact Information	68
Obtaining Forms	68

IMPORTANT: Unless otherwise noted, every combined return must include the following supplemental forms/schedules in addition to Form 6:

- Apportionment information for each member of the combined group, Schedule A-01 to A-11.
- **Federal Form 1120, U.S. Corporation Income Tax Return**, for each member of the Wisconsin combined group

Who Must File 2022 Form 6

Types of Taxpayers

Form 6 is only for corporations that are required to file as a combined group.

Corporations that must file Form 6, if not otherwise exempt, include:

- Corporations doing business both in and outside Wisconsin (multistate corporations)
- Corporations that are members of combined groups doing business in Wisconsin
- Domestic insurance companies doing business in Wisconsin

Corporations (other than insurance companies) that are **not** part of a combined group file Form 4.

- Tax-option (S) corporations file Form 5S.
- Tax exempt corporations may be required to file Form 4T.

Additionally, some corporations must file a Wisconsin corporation franchise or income tax return (Form 4, 5S, or 4T, as applicable) regardless of whether they are otherwise “doing business in Wisconsin.” These corporations include:

- Corporations organized under Wisconsin law
- Foreign corporations licensed to do business in Wisconsin
- Foreign corporations that are the sole owner of an entity that is disregarded as a separate entity under IRC section 7701 and does business in Wisconsin
- Foreign corporations engaged in buying or selling lottery prizes if the winning tickets were originally bought in Wisconsin

“Doing Business in Wisconsin”

“Doing business in Wisconsin” means that the corporation has “nexus” with Wisconsin. Activities that create nexus include the following:

- Maintaining any business location in Wisconsin
- Owning real estate in Wisconsin
- Ownership of tangible personal property in Wisconsin, including inventory held by a distributor, consignee, or other non-employee representative, whether or not used to fill orders for the owner's account, but not including personal property for use in an employee's or representative's home, residential office or automobile that is solely limited to conducting the activities protected by P.L.[86-272](#)
- Regular activity in Wisconsin by employees or representatives soliciting orders with authority to approve them
- Regular activity in Wisconsin by employees or representatives performing services related to the sale of tangible personal property. Services related to the sale of tangible personal property may include consulting, design, engineering, construction, installation, and assembly of equipment

- Regular activity in Wisconsin by employees or representatives engaged in purchasing activities, credit investigations, collection of delinquent accounts, or conducting training or seminars for customer personnel in the operation, repair, or maintenance of the taxpayer's products
- Operation of mobile stores in Wisconsin, such as trucks with driver-salespersons, regardless of frequency, or whether the driver-salesperson is an employee
- Leasing of tangible property in Wisconsin, but not including personal property for use in an employee's or representative's home, residential office or automobile that is solely limited to conducting the activities protected by P.L.[86-272](#)
- Licensing of intangible rights for use in Wisconsin
- The sale of other than tangible personal property such as real estate, services, and intangibles in Wisconsin
- The performance of services in Wisconsin by employees or representatives, the services of which are unrelated to the sale of tangible personal property
- Engaging in substantial activities that help to establish and maintain a market in Wisconsin
- Regularly soliciting business from potential customers in Wisconsin, except where protected by P.L.[86-272](#)
- Regularly selling products or services of any kind or nature to customers in Wisconsin that receive the product or service in Wisconsin, except where protected by federal P.L.[86-272](#)
- Regularly performing services outside Wisconsin for which the benefits are received in Wisconsin
- Regularly engaging in transactions with customers in Wisconsin that involve intangible property and result in receipts flowing to the corporation from within Wisconsin
- Issuing credit, debit, or travel and entertainment cards to customers in Wisconsin
- Holding loans secured by real or tangible personal property located in Wisconsin
- Owning, directly or indirectly, a general or limited partnership interest in a partnership that does business in Wisconsin, regardless of the percentage of ownership
- Owning, directly or indirectly, an interest in a limited liability company treated as a partnership that does business in Wisconsin, regardless of the percentage of ownership

In the list above, "regular" and "regularly" mean 15 or more days of activity. Fifteen days of activity means one person for 15 days or 15 persons for one day, or any combination of persons and days that results in at least 15 person-days of activity. "Days of activity" include any day, or portion thereof, upon which business activity took place. "Days of activity" do not include travel days, holidays, or weekends, unless business activities were conducted on those days.

Under sec. [71.255\(5\)](#), Wis. Stats., if one member of a combined group is doing business in Wisconsin that relates to the combined group's common unitary business, all members of the combined group are considered to be doing business in Wisconsin.

IMPORTANT: For combined groups, nexus is determined for the group as a whole. If one member of the group is doing business in Wisconsin that relates to the common unitary business, all members of the group are considered to have nexus.

For corporations selling tangible personal property, P.L.[86-272](#) may prohibit Wisconsin taxation in some cases. There are also specific statutory exemptions from nexus. See sec. Tax [2.82](#), Wisconsin Administrative Code, for more information about P.L.86-272 and what creates nexus. See sec. [71.23\(3\)](#), Wis. Stats., for the specific statutory exemptions that may apply.

Entities Not Required to File

The following entities are not required to file a Wisconsin franchise or income tax return or be included in a combined return:

- Single-owner entities that are disregarded under IRC section [7701](#) (Instead, the owner of the disregarded entity must file a Wisconsin franchise or income tax return if otherwise required.)
- “Exempt entities,” except those that have income described in a. through c.:
 - a. Unrelated business taxable income as defined in IRC section [512](#),
 - b. Income derived from a health maintenance organization (HMO) as defined in sec. [609.01\(2\)](#), Wis. Stats., or a limited service health organization (LSHO) as defined in sec. [609.01\(3\)](#), Wis. Stats., or
 - c. Income realized from the sale of and subsequent sale or redemption of lottery prizes if the winning tickets were originally bought in Wisconsin.
- Corporations that are completely inactive in and outside Wisconsin and have filed Form 4H
- Credit unions that don’t act as a public depository for state or local government funds and have filed Form CU

Exempt Entities

Exempt entities are described in secs. [71.26\(1\)](#) and [71.45\(1\)](#), Wis. Stats. Exempt entities include the following:

- Insurers exempt from federal income taxation under IRC section [501\(c\)\(15\)](#)
- Town mutual insurers organized under Chapter [612](#), Wis. Stats.
- Foreign insurers
- Domestic insurers engaged exclusively in life insurance business
- Domestic insurers transacting mortgage guaranty insurance business as defined in Wisconsin Administrative Code section Insurance [6.75\(2\)\(i\)](#)
- Some cooperatives
- Religious, scientific, educational, benevolent, or other corporations or associations of individuals not organized or conducted for profit

Franchise or Income Tax

Corporations may be subject to either franchise or income tax.

Franchise tax applies to:

- All domestic corporations (those organized under Wisconsin law), and
- Foreign corporations (those not organized under Wisconsin law) doing business in Wisconsin (see definition of [doing business in Wisconsin](#) earlier) or buying or selling lottery prizes if the winning tickets were originally bought in Wisconsin, except where taxation is exempted by statute or barred by federal law.

The tax rate is 7.9%. Income from obligations of the United States government and its instrumentalities is included in income under the franchise tax law.

Income tax applies only to foreign corporations which are not subject to the franchise tax and which own property in Wisconsin or whose business in Wisconsin is exclusively in foreign or interstate commerce. The tax rate is 7.9%. Income from obligations of the United States government and its instrumentalities is not included in income under the income tax law.

Economic Development Surcharge

Corporations may also be subject to the economic development surcharge. The economic development surcharge is 3% of the corporation's franchise or income tax, before applying credits. The minimum economic development surcharge is \$25, and the maximum is \$9,800.

A corporation is subject to the economic development surcharge if it has gross receipts from all activities of \$4 million or more during the taxable year. See sec. Tax [2.32](#), Wisconsin Administrative Code and the instructions for [Form 6, Part VI, line 6](#) for the definition of "Gross Receipts from All Activities".

However, the economic development surcharge doesn't apply to:

- Domestic corporations that don't have any business activities in Wisconsin,
- Foreign corporations that don't have nexus with Wisconsin; however, if one member of the combined group has nexus in Wisconsin, all combined group members have nexus in Wisconsin, or
- Nuclear decommissioning trust funds.

Note: In a combined group, the economic development surcharge is determined for each company individually based on its own gross receipts from all activities and its share of the gross tax reported on Form 6, Part III, line 9. If one member of the combined group has nexus in Wisconsin, all members of the combined group have nexus in Wisconsin.

For more information on the economic development surcharge, refer to the instructions for Form 6, Part III, line 11. Also refer to [Publication 400, Wisconsin's Economic Development Surcharge](#). This publication is on the Department of Revenue's web site at: revenue.wi.gov/html/taxpubs.html.

Separate Return or Combined Return?

Use this section to determine if a corporation must be included in a combined return (Form 6) or must file separately (Form 4). If the corporation must file separately, see the [Form 4 Instructions for Non-Combined Returns](#).

Combined Returns and Groups in General

If a corporation is in a combined group, it should not file a non-combined Form 4, instead, one corporation in the group, called the "designated agent," files Form 6 on a combined basis for the group as a whole.

A corporation is in a combined group if it meets **all** of the following three tests:

1. The corporation is in a **commonly controlled group**,
2. The corporation is engaged in a **unitary business** with other corporations in the commonly controlled group, and
3. The corporation is not excluded from the combined group under the **water's edge** rules.

However, corporations that are tax-option (S) corporations, real estate investment trusts (REITs), regulated investment companies (RICs), real estate mortgage investment conduits (REMICs), or financial asset securitization investment trusts (FASITs) can't be included in a combined group. These corporations must file separate Wisconsin returns if they are otherwise required to file.

Each of the three tests is discussed below:

Test 1: Commonly Controlled Group

Section [71.255\(1\)\(c\)](#), Wis. Stats., and sec. Tax [2.61\(3\)](#), Wisconsin Administrative Code, describe when a "commonly controlled group" exists. To summarize those provisions, a "commonly controlled group" means any or a combination of the following arrangements, if the "50% test" described below is met:

- A parent-subsidary chain of corporations
- Corporations with a common owner
- Corporations owned or controlled by members of the same family
- Corporations that are “stapled entities”

50% Test. In any commonly controlled group, there must be common ownership of stock representing more than 50% of the voting power of the corporations. A corporation owns stock representing more than 50% of voting power if it owns or controls more than 50% of all classes of stock entitled to vote. See sec. Tax [2.61\(3\)\(d\)](#), Wisconsin Administrative Code, for other rules that apply in determining voting power.

The common ownership may be either direct or indirect. To determine if there is indirect ownership use the stock attribution rules of IRC section [318](#). See sec. Tax [2.61\(3\)\(a\)](#), Wisconsin Administrative Code, for more details.

Following is a brief description of each type of commonly controlled group:

Parent-Subsidiary Chain. In this type of group, a parent corporation directly or indirectly owns stock representing more than 50% of the voting power of one or more corporations or chains of corporations in the group.

Corporations with Common Owner. In this type of group, a common owner directly or indirectly owns stock representing more than 50% of the voting power of the corporations in the group. The common owner may or may not be a corporation.

Corporations Owned or Controlled by Family Members. In this type of group, stock representing more than 50% of the voting power in each corporation is directly owned by, or for the benefit of, members of the same family, as determined by the third degree of kinship under sec. [990.001\(16\)](#), Wis. Stats. Using the third degree of kinship, an individual is considered to be in the same family with their:

- Parents
- Grandparents
- Great-grandparents
- Children
- Grandchildren
- Great-grandchildren
- Siblings
- Nieces and nephews
- Aunts and uncles

Stapled Entities. In this type of group, there is an arrangement where stock representing more the 50% of the voting power of each corporation cannot be separately transferred, even if there is not actual common ownership of the stock. If a group of corporations would be considered “stapled entities” under section [269B](#) of the IRC, without regard to whether the corporations are foreign or domestic, then the corporations are in a commonly controlled group. See sec. Tax [2.61\(3\)\(d\)](#), Wisconsin Administrative Code, for details.

Test 2: Unitary Business

In general, a “unitary business” is a group of commonly controlled companies, divisions, or branches that operates as a unit. The operations are integrated, and each company, division, or branch is dependent upon or contributory to the business operations as a whole. However, it isn’t necessary that *each* component of the business contribute to *all* the other components.

Controlled Group Election. A commonly controlled group may elect to forego the unitary business test. The election treats the whole group as if it is in the same unitary business, regardless of whether the companies are actually engaged in a unitary business.

If the group makes the controlled group election, the election is generally binding on the combined group and the department for a ten-year period, unless the group no longer has a filing requirement. For information on the controlled group election, see the specific line instructions that follow.

How to Identify a “Unitary Business.” If the commonly controlled group does not make the controlled group election, it uses the definition in sec. [71.255\(1\)\(n\)](#), Wis. Stats., and guidance provided in sec. Tax [2.62](#), Wisconsin Administrative Code, to determine if corporations in the commonly controlled group are engaged in the same unitary business. The law provides the following:

- Commonly controlled entities are engaged in a unitary business if their activities generate a synergy and mutual benefit that produces a sharing or exchange of value among them and a significant flow of value to the separate parts
- Commonly controlled entities are presumed to be a unitary business if the entities have unity of operation and use

The Wisconsin Statutes and Administrative Code provide further explanation and examples of the “sharing, exchange, and flow of value” concept and the “unity of ownership, operation and use” concept, summarized as follows:

Sharing, Exchange, and Flow of Value. Commonly controlled corporations are engaged in a unitary business if **any** of the following are true:

- The corporations contribute or are expected to contribute in a nontrivial way to each other’s profitability
- The corporations are dependent on one another for achieving one or more nontrivial business objectives
- The corporations taken as a group offer one or more corporations in the group some economies of scale or economies of scope

To illustrate this concept, the following activities between commonly controlled corporations indicate that they are engaged in the same unitary business:

- Assisting in acquisition of assets
- Assisting with filling personnel needs
- Lending funds, guaranteeing loans, or pledging assets
- Common future planning or development of the enterprise
- Providing technical assistance, general operational guidance, or overall operational strategic advice
- Supervising
- Sharing use of trade names, patents, or other intellectual property

Unity of Operation and Use. Commonly controlled corporations are also engaged in a unitary business if they have both unity of operation and unity of use.

Unity of operation means there is functional integration among the corporations, and is evidenced by shared support functions such as:

- Centralized purchasing, marketing, advertising, accounting, or research and development
- Intercorporate sales or leases, including equipment and real estate
- Intercorporate services, including administrative, data management, computer support, employee benefits, human resources, insurance, tax compliance, legal, financial, and cash management services
- Intercorporate debts
- Intercorporate use of proprietary materials, including trade names, trademarks, service marks, patents, copyrights, and trade secrets

Unity of use is evidenced by centralized management or use of centralized policies. Factors that indicate unity of use

include:

- Centralized executive force
- Interlocking directorates or corporate officers
- Intercompany employee transfers
- Common employee and executive training programs
- Common hiring and personnel policies
- Common recruiting programs
- Common employee handbooks
- Common employee benefit programs

Passive Holding Companies in Unitary Business. If a commonly controlled group includes a passive holding company that holds intangible assets that are used by other companies of the group in a unitary business, that holding company is deemed to be engaged in the unitary business, even if its activities are primarily passive.

If a passive parent holding company directly or indirectly controls one or more operating company subsidiaries engaged in a unitary business, that passive parent holding company is also engaged in the unitary business, even if its activities are primarily passive.

Presumptions to Simplify Determination. In order to simplify the determination of whether a unitary business exists, sec. Tax [2.62\(6\)](#), Wisconsin Administrative Code, provides that a group of commonly controlled corporations is presumed to be engaged in a unitary business if **any** of the following are true:

- The group's activities are all in the same general line of business
- The members of the group are engaged in different steps of a vertically structured enterprise
- There is strong central management coupled with the existence of centralized departments or affiliates for such functions as financing, advertising, R&D, or purchasing

Also, if a corporation forms a new corporation, the forming corporation and new corporation are presumed to be engaged in a unitary business with one another from the date of formation.

These presumptions may be rebutted by the taxpayer or by the department based on the specific facts and circumstances.

Test 3: Water's Edge

In general, this test only applies if the company derives 80% or more of its worldwide gross income from "active foreign business income" which means gross income derived from sources outside the United States, as determined in [subchapter N](#) of the IRC, including income of a subsidiary corporation, and attributable to the active conduct of a trade or business in a foreign country or in a U.S. possession. A corporation is considered a subsidiary if the parent corporation owns, directly or indirectly, stock with at least 50 percent of the total voting power of the corporation and the stock has a value equal to at least 50 percent of the total value of the stock of the corporation. The water's edge rules are described in detail later in the instructions for Form 6.

SUMMARY: A corporation must file in a combined return if all of the following are true:

1. The corporation is in a **commonly controlled group**,
2. The corporation is engaged in a **unitary business** with one or more other corporations in that commonly controlled group **or** the group makes the controlled group election, and
3. The corporation is not excluded from the combined group under the **water's edge rules**.

General Franchise or Income Tax Return Instructions

Who is the “Designated Agent?”

Every combined group must appoint a corporation to be the “designated agent” for the group. The designated agent acts on behalf of all members of the combined group for matters that relate to the combined return, such as filing the return, making estimated payments, sending, and receiving correspondence relating to the combined return, and similar duties.

Note: The designated agent must be included in one of the member columns on Parts I – VI.

Any corporation in the group can be the designated agent, as long as the designated agent’s taxable year is the same as the combined group’s taxable year. The department will consider the company that files the combined group’s first combined return to be the designated agent, and that company stays the group’s designated agent until it either leaves the group, ceases to exist, notifies the department that it has appointed another designated agent, or the combined group is acquired by another combined group.

See sec. Tax [2.65](#), Wisconsin Administrative Code, for rules that relate to changing the designated agent and the scope and limitations of the designated agent’s responsibilities.

When and Where to File

Generally, a combined group must file its Wisconsin franchise or income tax return by the 15th day of the 4th month following the close of its taxable year; however, combined groups with a fiscal year ending June 30 are due the 15th day of the 3rd month after the close of the taxable year (September 15). If any due date falls on a Saturday, Sunday, or legal holiday, use the next business day.

The fee for filing a late return after the extension date is \$150.

Short Period Returns. If a corporation that is included in a combined group has a short period or joins or leaves the combined group during the taxable year, but the combined group itself does not have a short period, the designated agent need not file a short period combined return. Instead, the designated agent includes that corporation’s items for the period of time it was a member of the group in the full year combined return. The due date of the combined return is based on the combined group’s full taxable year.

Note: If a member corporation’s taxable year is a short period or the corporation was not a member of the group for the entire taxable year, identify the period included in the combined return, Form 6, Part VI, line 2.

However, if the entire combined group has a short period, the designated agent must file the combined return based on the short period, and the combined return is due on or before the federal due date for that short taxable year.

Be sure to use the correct year’s tax return when filing for a short period. If the tax returns are not yet available, wait until the returns become available and file under extension. For example, if a taxpayer has a short period from January 1, 2023 through March 31, 2023, the 2023 Form 6 will not be ready by July 15, 2023 (the unextended due date for a March 31 year-end). Wisconsin law provides for an automatic 7-month extension, this will allow the correct years return to be filed when the 2023 Form 6 is available (typically the middle of January 2024). Note that an extension does not extend the time to pay a balance due. In order to avoid interest charges, pay the amount due by the unextended due date.

Extensions. Wisconsin law provides an automatic extension of 7 months or until the original due date of the corporation’s corresponding federal return, whichever is later.

Any extension allowed by the IRS for filing a federal return automatically extends the Wisconsin due date to 30 days after the federal extended due date. Neither a copy of the federal extension nor an application for a Wisconsin extension needs to be submitted to the department by the original due date of the return. However, a copy of the federal extension must be submitted with the Wisconsin return.

Disaster Relief Extension. If the return is filed under extension because of a federal or state disaster, include a statement indicating which disaster extension applies and attach it to the return. Additional information on disaster

areas can be found here: revenue.wi.gov/Pages/FAQS/pcs-extensn.aspx

CAUTION: An extension for filing the return doesn't extend the time to pay the franchise or income tax. Interest will be charged on the tax not paid by the 15th day of the 4th month (3rd month for fiscal years ending June 30) following the close of the combined group's taxable year. Avoid interest charges during the extension period by paying the tax due by that date.

Filing Methods. Combined returns are required to be filed electronically unless an approved [electronic waiver](#) is received from the department. See sec. Tax [2.67\(2\)\(b\)](#), Wisconsin Administrative Code, for details. File electronically through the Federal/State E-Filing Program. For a list of software vendors participating in this program, visit the department's web page at revenue.wi.gov/Pages/OnlineServices/corp-home.aspx.

Period Covered by Return

Conformity with Period for Federal Return. The period covered by the combined return must be the same as the period covered by the designated agent's federal return. A 2022 Wisconsin return must be filed for calendar year 2022 or a fiscal year that begins in 2022. Generally, a fiscal year may end only on the last day of a month. An exception is when a short period is required for stock purchase/ownership changes, which results in the year ending when the sale is completed. Finally, the period covered by the return can't exceed 12 months.

Example: Combined Group ABC has a fiscal year beginning March 1, 2022 and ending February 28, 2023. Combined Group ABC files a 2022 Form 6 for the period of March 1, 2022 through February 28, 2023.

If the designated agent reports on a 52-53 week period for federal tax purposes, it must file on the same reporting period for Wisconsin. A 52-53 week taxable year is deemed to begin on the first day of the calendar month beginning nearest to the first day of the 52-53 week taxable year and is deemed to end on the last day of the calendar month closest to the last day of the 52-53 week taxable year. A 52-53 week period always ends on the same day of the week.

Example: If the designated agent elects a 52-53 week taxable year ending on the last Sunday in December, then for the year 2022, the taxable year ends on December 25, 2022. On the other hand, if the designated agent had elected a 52-53 week taxable year ending on the Sunday nearest to the end of December, then for the year 2022, the taxable year ends on January 1, 2023.

Any change in accounting period made for federal purposes must also be made for Wisconsin purposes. For the first taxable year for which the change applies, file with the Wisconsin return a copy of the IRS's notice of approval of accounting period change if such approval is required or an explanation of the change if the IRS's approval isn't required.

Members with Differing Taxable Years. If a member of a combined group has a different taxable year than the designated agent, the designated agent must use one of two methods to convert that member's taxable year to the combined group's taxable year:

1. Prepare a separate income statement for the member for the months included in the combined group's taxable year, or
2. Use the amounts for the member's taxable year that ends during the combined group's taxable year.

Example:

- Corporation A becomes a member of Combined Group B on April 1, 2022 and has a tax year ending December 31. Combined Group B has a fiscal year ending March 31. Combined Group B may elect one of the following ways to determine the portion of Corporation A's income in its 2022 (fiscal year end March 31, 2023) combined return:
- Convert Corporation A's records to Combined Group B's tax year by filing a separate short-year return for Corporation A covering January 1, 2022, through March 31, 2022. Prepare a separate income statement and include Corporation A's income for the period April 1, 2022, through March 31, 2023, in Combined Group B's 2022 combined return (fiscal year end March 31, 2023).

- Include all of the income from Corporation A's year that ends during Combined Group B's taxable year. Combined Group B's 2022 combined return (fiscal year end March 31, 2023) would contain Corporation A's income from the period January 1, 2022, through December 31, 2022. Once Combined Group B elects to use this method, it is irrevocable except upon written approval by the department.

Unless the department grants permission otherwise, the designated agent must use the same method for all combined group members that have differing taxable years, and the same method must be used each year.

Note: If a member is on a different taxable year than the combined group, identify its taxable year end on Form 6, Part VI, line 2.

Accounting Methods and Elections

In computing net income, the method of accounting must be the same method used in computing federal net income. However, if the method used for federal purposes isn't authorized under the IRC in effect for Wisconsin, use a method authorized under the IRC in effect for Wisconsin.

Situations Where Installment Method Not Authorized for Wisconsin. A corporation, including a tax-option (S) corporation, entitled to use the installment method of accounting must take the unreported balance of gain on installment obligations into income in the taxable year of their distribution, transfer, or acquisition by another person or for the final taxable year for which it files or is required to file a Wisconsin franchise or income tax return, whichever year occurs first.

Change in Accounting Method. A change in accounting method made for federal purposes must also be made for Wisconsin purposes, unless the change isn't authorized under the IRC in effect for Wisconsin. Adjustments required federally as a result of a change made while a corporation is subject to Wisconsin taxation must also be made for Wisconsin purposes, except in the last year that a corporation is subject to taxation by Wisconsin it must take into account all remaining adjustments required.

For the first taxable year for which the change applies, file with the Wisconsin return either a copy of the application for change in accounting method filed with the Internal Revenue Service and copy of the IRS's consent, if applicable, or an explanation of the change if the IRS's approval isn't required.

Elections. As explained above, a corporation can't make different elections for federal and Wisconsin purposes with respect to accounting periods and accounting methods, unless the federal method isn't permitted under the IRC in effect for Wisconsin. In situations where a corporation has an option under the IRC and the IRS doesn't consider that option to be a method of accounting, a different election may be made for Wisconsin than for federal purposes. If federal law specifies the manner or time period in which an election must be made, those requirements also apply for Wisconsin purposes. For additional information, see page 8 of Wisconsin Tax Bulletin [214](#).

Payment of Estimated Tax

If the total of a combined group's franchise or income tax and economic development surcharge due is \$500 or more, it generally must make quarterly estimated tax payments in order to avoid an interest charge. In general, the designated agent must make quarterly estimated tax payments on behalf of all members of the combined group. See sec. Tax [2.66](#), Wisconsin Administrative Code, for details and exceptions.

Note: The combined group is generally treated as a single corporation for purposes of determining required estimated payments and interest. See the instructions to Form U, *Underpayment of Estimated Tax by Corporations*, for details.

Quick Refund. A combined group that overpaid its estimated tax may apply for a refund before filing its tax return if its overpayment is (1) at least 10% of the expected Wisconsin tax liability and (2) at least \$500. To apply, the designated agent may file Wisconsin Form 4466W, *Corporation or Pass-Through Application for Quick Refund of Overpayment of Estimated Tax*, after the end of the taxable year and before the corporation files its tax return.

A combined group that has a tax due when filing its tax return as a result of receiving a “quick refund” will be charged 12% annual interest on the amount of unpaid tax from the date the refund is issued to the earlier of the 15th day of the 4th month (3rd month for fiscal years ending June 30) after the close of the taxable year or the date the tax liability is paid. Any tax that remains unpaid after the unextended due date of the tax return continues to be subject to 18% or 12% annual interest, as appropriate.

Electronic Funds Transfer Required. Section Tax [1.12](#), Wisconsin Administrative Code, requires the payment of certain taxes by electronic funds transfer (EFT). A combined group must pay its estimated franchise or income taxes and economic development surcharge by EFT if its net tax less refundable credits on its prior year return was \$1,000 or more. The department will notify the designated agent when EFT payments are required. The designated agent will have 90 days after being notified to register for EFT. The first EFT payment is due on the first tax due date following the end of the 90-day registration period.

Combined groups not required to pay by EFT may elect to do so. For more information, visit the Department of Revenue’s web site at revenue.wi.gov/Pages/FAQS/pcs-efit.aspx, e-mail DORBusinessTax@wisconsin.gov, call (608) 264-9918, or write to the EFT Unit, Wisconsin Department of Revenue, PO Box 8949, Madison, WI 53708-8949.

To make EFT payments of corporation franchise or income tax, choose the appropriate tax type code from the table below. When making EFT payments, be sure to enter the last day of the taxable year for which the payment is being made, not the last day of the quarterly installment period.

Tax Type	Tax Type Code
Corporation estimated tax payment	02100
Corporation tax due with return	02200
Corporation amended return tax due	02400
Corporation bill (except audit assessments)	02540

If EFT payments are not required, estimated payments can be made using Form Corp-ES, *Wisconsin Corporation Estimated Tax Voucher*. A voucher can be created from the department’s web site at revenue.wi.gov/html/form-pub.html.

Components of Combined Return

Section Tax [2.67\(2\)\(c\)](#), Wisconsin Administrative Code, prescribes the components that a combined return must have in order to be considered complete.

All combined returns must include a copy of the complete federal return for each member of the combined group.

Other Supporting Schedules. The line-by-line instructions for Form 6 and other department-prescribed forms indicate that supporting schedules are required to compute or detail the amounts reported. Follow the line-by-line instructions carefully. Also see *Required Attachments* later in the instructions.

- **Methods of Attachment for Electronic Returns.** When filing electronically, supplemental schedules not pre-programmed into the software can be attached in one of two ways:
 - Submitting them electronically in .pdf format along with the electronically submitted return, or
 - Mailing them to the department with a Form W-RA, *Required Attachments for Electronic Filing*.

Required Disclosures and Information Returns

Corporations in a combined group may be required to disclose certain types of transactions included on the return or file information returns. Each of these requirements is described below.

Disclosure of Related Entity Expenses. If the combined group will be deducting more than \$100,000 of interest, rent, management fees, or intangible expenses paid, accrued, or incurred to a related person or entity, the corporation that paid the expenses must generally file Schedule RT, *Wisconsin Related Entity Expenses Disclosure Statement*, with the combined return. The \$100,000 threshold is determined after considering the effect of the combined group's Wisconsin apportionment percentage. The Schedule RT instructions explain the reporting requirements.

However, even if Schedule RT is not required to be filed, if the combined group is claiming deductions for interest, rent, management fees, or intangible expenses, paid, accrued, or incurred to related entities, the expenses must be added back to federal income as a Wisconsin addition modification. To the extent the expenses meet the tests for deductibility, they qualify as a subtraction modification. See the instructions for Form 6, Part II, lines 2c, 4b, and 4c for additional details.

Note: If an expense is paid from one member of a combined group to another member of the same group and the expense is eliminated or "washes out" when the members' unitary incomes are combined, the expense is not required to be added back or reported on Schedule RT.

Corporation's Disclosure of Reportable Transactions. If a corporation was required to include any form with its federal tax return to disclose a "reportable transaction," as defined under sec. [71.81\(1\)\(c\)](#), Wis. Stats., it must file a copy of that form with the Department of Revenue within 60 days of the date it is required to file it for federal income tax purposes, provided that it is otherwise required to file a Wisconsin return.

This includes federal Form 8886, *Reportable Transaction Disclosure Statement*. To file this form for Wisconsin purposes, check the "yes" box on Form 6, Part VI, line 27 and submit the form with the Form 6.

To submit a copy of any forms not included with the tax return, mail them to the following address:

Wisconsin Department of Revenue
Tax Shelters Program
PO Box 8958
Madison, WI 53708-8958

Material Advisor's Disclosure of Reportable Transactions. A material advisor that is required to file a form with the IRS to disclose a reportable transaction must file a copy of that form with the Department of Revenue within 60 days of the date it is required for federal income tax purposes, provided that the form relates to a taxpayer that is required to file a Wisconsin franchise or income tax return.

A "material advisor" means any person who provides any material aid, assistance, or advice with respect to organizing, managing, promoting, selling, implementing, insuring, or carrying out any reportable transaction (as defined in the U.S. Treasury Regulations) and who, directly or indirectly, derives gross income from providing such aid, assistance, or advice in an amount that exceeds the threshold amount. See sec. [71.81\(1\)\(e\)](#), Wis. Stats., for details of the threshold amount that applies.

For federal purposes, the form required for this disclosure is Form 8918, *Material Advisor Disclosure Statement*. To file this form for Wisconsin purposes, send a paper copy, separate from the Wisconsin return, to:

Wisconsin Department of Revenue
Tax Shelters Program
PO Box 8958
Madison, WI 53708-8958

Include a listing of the names and identification numbers of each Wisconsin taxpayer for whom the advisor provided services to. There is no specific form required for the list of Wisconsin taxpayers affected by the reportable transaction.

Note: For disclosures of related entity expenses, submit Schedule RT with the Wisconsin return. However, for disclosures of reportable transactions, mail a copy of the federal form, *separate from the return*, to the Tax Shelters Program address.

Uncertain Tax Positions. If the Schedule UTP-Uncertain Tax Position Statement, is required for federal purposes, include, a copy of the schedule with the Wisconsin tax return and check the "yes" box on Form 6, Part VI, line 26.

Information Return for Miscellaneous Income. If a corporation paid \$600 or more in rents, royalties, or certain nonwage compensation to one or more individuals, the corporation is required to report the payments on Wisconsin Form 9b, Miscellaneous Income, or federal Forms 1099 or 1099-NEC instead of Form 9b. For more information, see the Form 9b instructions.

Internal Revenue Service Adjustments, Amended Returns, and Claims for Refund

Internal Revenue Service Adjustments. If a corporation's federal tax return is adjusted by the IRS and the adjustments affect the Wisconsin net tax payable, the amount of a Wisconsin credit, a Wisconsin net business loss carryforward, or a Wisconsin capital loss carryforward, the adjustments are required to be reported to the Department of Revenue within 180 days after the adjustments become final by either filing an amended Wisconsin franchise/income tax return or mailing a copy of the final federal audit report.

Include a copy of the final federal audit report with the electronically filed amended return. **Note:** Section [2.67\(2\)\(b\)](#), Wis. Adm. Code, requires combined corporate tax returns, included amended returns, to be filed electronically.

If submitting a federal audit report without an amended return, mail it to the following address:

Audit Bureau
Wisconsin Department of Revenue, Mail Stop 3-107
PO Box 8906, Madison, WI 53708-8906.

Don't include these items with the tax return for the current year.

If an electronic filing waiver was approved, send the amended returns and federal audit report to the following address: Wisconsin Department of Revenue
PO Box 8908
Madison, WI 53708-8908

Amended Returns. After a complete, original tax return has been filed, an amended return may be filed to correct an originally filed or previously amended return, claim for refund, or an office or field audit adjustment.

If a federal amended return reflects changes affecting the Wisconsin net tax payable, the amount of a Wisconsin credit, a Wisconsin net business loss carryforward, or a Wisconsin capital loss carryforward, an amended Wisconsin return must be filed with the Department of Revenue within 180 days after filing the amended federal return.

To file an amended Wisconsin return, put a check mark on line D1 on the front of the return, complete the return, and include Schedule AR explaining the changes made. Show computations in detail, including any applicable supplemental forms or schedules. Also show how the refund or additional amount owed was computed. Where applicable, the line-by-line instructions in these instructions provide specific instructions for how to compute the amounts on an amended return. Do not include a copy of the original return with the amended return.

File an amended return electronically by using one of the third party software providers:

revenue.wi.gov/Pages/OnlineServices/corp-partnership-third-party-vendors.aspx

If an electronic filing waiver was approved, send amended returns to:

Wisconsin Department of Revenue
PO Box 8908
Madison, WI 53708-8908

- Don't include amended returns with other tax returns being filed. Do not include a copy of the original return with the amended return.
- If an electronic filing waiver was approved and the return is filed on paper, a complete return including all Wisconsin and federal forms and schedules must be submitted.
- Combined groups of more than 3 members need to include a complete set of pages 3-14 for each member group of 3 (i.e., if there are 9 members in the group, 3 sets of pages 3-14 are required).

Claims for Refund. A claim for refund must be filed within 4 years of the unextended due date of the return. However, a claim for refund to recover all or part of any tax or credit paid as a result of an office or field audit must be filed within 4 years after such an assessment. That assessment must have been paid and must not have been protested by filing a petition for redetermination (appeal). See sec. Tax [2.12](#), Wisconsin Administrative Code, for more information on claims for refund and other amended returns.

Final Return

If the combined group dissolved during the taxable year, put a check mark on line D3 on page 1 of Form 6.

If a corporation that is in a combined group liquidated during the taxable year, put a check mark on line 18, Part VI of Form 6. Enter the date of liquidation as the end of the period included in the combined return on Form 6, Part VI, line 2. Submit a copy of the plan of liquidation and a copy of federal Form 966 with the combined return.

Note: checking the final return box will not close all accounts with the department; only the corporation account will close.

Generally, a final return is due on or before the federal due date. In most cases, this is the 15th day of the 4th month after the date the corporation dissolved; however, combined groups with a fiscal year ending June 30 are due the 15th day of the 3rd month after the close of the taxable year. The tax is payable by the 15th day of the 4th month after the date of dissolution, except that taxable years beginning in April are due the 15th day of the 3rd month. However, since the taxable year is determined for the combined group as a whole, the due date of that member's final return is based on the due date of the combined return. See *Short Period Returns*, under *When and Where to File*, for details.

Penalties for Not Filing or Filing Incorrect Returns

If a required franchise or income tax return is not filed or it is filed incorrectly due to negligence or fraud, interest and penalties may be assessed. The interest rate on delinquent taxes is 18% per year. Civil penalties may be as much as 100% of the amount of tax not reported on the return. Criminal penalties for filing a false return include a fine of up to \$10,000 and imprisonment.

Further, if reportable transactions are not disclosed, the penalties described in sec. [71.81](#), Wis. Stats. May be assessed, including a \$30,000 penalty for failure to disclose a listed transaction.

Conformity with Internal Revenue Code and Exceptions

The Wisconsin income and franchise tax law is based on the federal Internal Revenue Code (IRC). The IRC generally applies for Wisconsin purposes at the same time as for federal purposes. For taxable years beginning on or after January 1, 2022, Wisconsin's definition of the IRC is the IRC as of December 31, 2020 with the following exceptions listed below.

Note: The exceptions and provisions adopted by Wisconsin listed below are those in effect as of the publication date of these instructions. It is possible that subsequent changes in Wisconsin law may add or eliminate some exceptions applicable to taxable years beginning in 2022

Provisions of the Internal Revenue Code Adopted by Wisconsin:

Changes made by the following public laws apply for Wisconsin purposes for taxable years beginning after December 31, 2020:

- **Sections 20101, 20102, 20104, 20201, 40201, 40202, 40203, 40308, 40309, 40311, 40414, 41101, 41107, 41114, 41115, and 41116 of P.L. [115-123](#).**
 - **Section 20101, relating to the definition of the California wildfire disaster zone.**
 - **Section 20102(d), relating to amendments to any plan or annuity contract as a result of the California wildfires.**
 - **Section 20104(a), relating to charitable contributions made as a result of the California wildfires.**
 - **Section 20104(b), relating to the increased personal casualty loss due to the California wildfires.**
 - **Section 20201(a), relating to a change in the date a major disaster has been declared by the President.**
 - **Section 20201(b), relating to the modification of secs. 280C(a), 51(i)(1), and 52, IRC.**
 - **Section 40308, relating to the December 31, 2017 date extension for special expensing rules.**
 - **Section 40311, relating to the December 31, 2017 date extension for the empowerment zone tax incentives.**
 - **Section 40414, relating to the December 31, 2017 date extension for the special rule for sales or dispositions to implement FERC or state electric restructuring policy for qualified electric utilities**
 - **Section 41101, relating to references to the Internal Revenue Code of 1986.**
 - **Section 41107, relating to the expansion of deductions for attorney fees and court costs paid by, or on behalf of, a taxpayer in connection with a reward to include rewards under section 21F of the Securities Exchange Act of 1934, a State false claims act, including a State false claims act with qui tam provisions, and section 23 of the Commodity Exchange Act.**
 - **Section 41114, relating to new rules for amounts that may be distributed upon hardship of the employee. Under the rules, a distribution is not treated as failing to be made upon the hardship of an employee solely because the employee did not take any available loan under the plan.**
 - **Section 41115, relating to each population census tract in Puerto Rico that is a low-income community shall be deemed to be certified and designated as a qualified opportunity zone, effective on December 22, 2017.**
 - **Section 41116, relating to tax homes in foreign countries. Under the act, an individual shall not be treated as having a tax home in a foreign country for any period for which their abode is within the United States, unless the individual is serving in an area designated by the President of the United State by Executive order as a combat zone for purposes of section**

112 in support of the Armed Forces of the United States.

- **Section 101 (a), (b), and (h) of division U of P.L. [115-141](#):**
 - **Section 101(b), relating to the repeal of the transit/vanpooling base-year rule.**
- **Section 1203 of P.L. [116-25](#), relating to reviews by the Tax Court regarding equitable relief from joint liability. The act provides a limitation for requests for equitable relief that requires the request be made before the expiration of section 6502 if the liability has not been paid, or within the time in which a timely claim for refund or credit of such payment if the liability has been paid.**
- **Section 1122 of P.L. [116-92](#), relating to the addition of section 207 of the Congressional Accountability Act of 1995 in title 2 of the Internal Revenue Code, *Rights and Protections Relating to Criminal History Inquiries*, to the list of acts considered unlawful for purposes of the definition of unlawful discrimination.**
- **Section 301 of division O, section 1302 of division P, and sections 101, 102, 103, 117, 118, 132, 201, 202 (a), (b), and (c), 204 (a), (b), and (c), 301, and 302 of division Q of P.L. [116-94](#):**
 - **Section 301 of division O, relating to the one-year reinstatement for exclusions for qualified state or local tax benefits and qualified reimbursement payments provided to members of qualified volunteer emergency response organizations and increases the exclusion for qualified reimbursement payments to \$50 for each month during which a volunteer performs services.**
 - **Section 117 of division Q, relating to the extension of the special expensing rules for certain productions to December 31, 2020.**
 - **Section 118 of division Q, relating to the extension of the empowerment zone tax incentives to December 31, 2020.**
 - **Section 132 of division Q, relating to the extension of the special rule for sales or dispositions to implement FERC or state restructuring policy for qualified electric utilities to December 31, 2020.**
 - **Section 201 of division Q, relating to the definitions of a qualified disaster area, qualified disaster zone, qualified disaster, and incident period.**
 - **Section 202(c) of division Q, relating to loans made during the 180-day period beginning on the date of the enactment of this Act, for a qualified individual, up to \$100,000 may be borrowed from a qualified employer plan. Any required payment due date for outstanding loans may be delayed for a year.**
 - **Section 204(a) of division Q, relating to allowing qualified charitable contributions to the extent that the aggregate of such contributions does not exceed the excess of the taxpayer's contribution base (for individuals) or the taxpayer's taxable income (for corporations) over the amount of all other charitable contributions. The contributions must be made beginning on January 1, 2018, and ending on the date which is 60 days after the date of the enactment of this Act, for relief efforts in one or more qualified disaster areas.**
 - **Section 301 of division Q, relating to the modification to the definition of income used to determine the tax-exempt status of a mutual or cooperative telephone or electric company to exclude certain government grants, contributions, and assistance.**
 - **Section 302 of division Q, relating to the repeal of the increase in unrelated business taxable income for certain fringe benefit expenses.**
- **Section 2(a) of P.L. [116-98](#), relating to cash contributions made for the relief of the families of the dead or wounded victims of the mass shooting in Virginia Beach, VA on May 31, 2019, are treated as**

charitable contributions even if the contribution is for the exclusive benefit of the families.

- Section 2(b) of P.L. [116-98](#), relating to payments made on or after May 31, 2019, and on or before June 1, 2021, to the spouse or any dependent of the dead or wounded victims of the mass shooting in Virginia Beach, VA on May 31, 2019, by an organization exempt from tax under section 501(a) of the IRC is treated as related to the purpose or function constituting the basis for the organization's exemption, and is not treated as inuring to the benefit of any private individual if such payments are made in good faith using a reasonable and objective formula which is consistently applied with respect to such victims.
- Sections 301, 302, and 304 of division EE of P.L. [116-260](#):
 - Section 301(1) of division EE, relating to the term "qualified disaster area" means any area with respect to which a major disaster was declared, during the period beginning on January 1, 2020, and ending on the date which is 60 days after the date of the enactment of this Act under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act if the incident period of the disaster with respect to which such declaration is made begins on or after December 28, 2019, and on or before the date of the enactment of this Act. This term does not include disasters declared due to COVID-19.
 - Section 301(2) of division EE, relating to the term "qualified disaster zone" means that portion of any qualified disaster area which was determined by the President, during the period beginning on January 1, 2020, and ending on the date which is 60 days after the date of the enactment of this Act, to warrant individual or individual and public assistance by reason of the qualified disaster with respect to such disaster area.
 - Section 301(3) of division EE, relating to the term "qualified disaster means, with respect to any qualified disaster area, the disaster by reason of which a major disaster was declared with respect to such area.
 - Section 301(4) of division EE, relating to the term "incident period" means, with respect to any qualified disaster, the period specified by FEMA as the period during which such disaster occurred.
 - Section 302(d) of division EE, relating to amendments to any plan or annuity contract.
 - Section 304(a) of division EE, providing that qualified charitable contributions are allowed by corporations to the extent that the aggregate of such contributions does not exceed the excess of 100% of the taxpayer's taxable income over the amount of all other charitable contributions and by treating charitable contributions other than qualified disaster relief contributions as contributions allowed under section 170(b)(2) of the IRC. The limitation of 25% for corporations shall be applied first to qualified contributions without regard to any qualified disaster relief contributions and then separately to such qualified disaster relief contribution. The contributions must be made beginning on January 1, 2020, and ending on the date which is 60 days after the date of the enactment of this Act, and is made for relief efforts in one or more qualified disaster areas.

Provisions of the Internal Revenue Code Not Adopted by Wisconsin:

- Section 13113 of P.L.103-66, which created sec. 1202 of the IRC effective for small business stock issued after August 10, 1993.
- Sections 1, 3, 4, and 5 of P.L.106-519, which repealed foreign sales corporation provisions and replaced with extraterritorial income provisions.
- Sections 101, 102, and 422 of P.L.108-357, which repealed the exclusion for extraterritorial income, domestic production activities deduction, and the creation of sec. 965 – incentives to reinvest foreign earnings in the U.S.

- Sections 1310 and 1351 of P.L.109-58, which provides for the modification to special rules for nuclear decommissioning costs, repeal of the limitation on contract research expenses paid so small businesses, universities, and federal laboratories.
- Section 11146 of P.L.109-59, the tax treatment of state ownership of railroad real estate investment trust.
- Section 403(q) of P.L.109-135, which provides incentives to reinvest foreign earnings from controlled foreign corporations in the U.S.
- Section 513 of P.L.109-222, which repeals foreign sales corporation/extraterritorial income exclusion binding contract relief.
- Sections 104 and 307 of P.L.109-432, which increases the rates of the alternative incremental credit and provides a new alternative simplified credit, and that gross income does not include an IRA distribution used to fund an HSA.
- Sections 8233 and 8235 of P.L.110-28, which created a special rule for banks required to change from the reserve method of accounting in becoming tax-option (S) corporations and the elimination of all earnings and profits attributable to pre-1983 years.
- Section 11(e) and (g) of P.L.110-172, which provides clerical amendments to research credits for controlled corporations and common control, and clerical amendments to the FSC Repeal and Extraterritorial Income Exclusion Act of 2000.
- Section 301 of P.L.110-245, which provides for tax responsibilities of expatriation.
- Section 15351 of P.L.110-246, limits the amount of farm losses that may offset non-farming business income to \$300,000.
- Section 302 of division A, section 401 of division B, and sections 312, 322, 502(c), 707, and 801 of division C of P.L.110-343, which limits executive compensation for employers participating in troubled assets relief program for the taxable year in which the troubled assets exceed \$300,000,000. Caps the domestic production activities deduction at 6% for oil-related activities. The deduction for income attributable to domestic production activities in Puerto Rico applies to the first 8 taxable years beginning before January 1, 2010. Tax incentives for investment in the District of Columbia includes exclusion for gain on sale of an asset held from more than 5 years. Defines wages for purposes of the domestic production activities deduction. Creates sec. 198A to provide for expensing of disaster expenses for control of hazardous substances. Specifies treatment of nonqualified deferred compensation plans maintained by foreign corporations.
- Sections 1232, 1241, 1251, 1501, and 1502 of division B of P.L.111-5, which suspends the special rules for original issue discount on high yield obligations issued during the period 9/1/2008 and 12/31/2009. Allows a 75% exclusion for small business stock issued between 1/17/2009 and 12/31/2009. Provides that no built-in-gain tax is imposed on a tax-option (S) Corporation for a taxable year beginning in 2009 and 2010 if the seventh taxable year in the corporation's recognition period preceded such taxable year. Tax-exempt obligations held by financial institutions, in an amount not to exceed 2 percent of the adjusted basis of the financial institution's assets, are not taken into account for determining the portion of the financial institutions interest expense subject to the pro rata interest disallowance rule of sec. 265(b). Modification of the small insurer exception to tax-exempt interest expense allocation rules for financial institutions.
- Sections 211, 212, 213, 214, and 216 of P.L.111-226, which adopts a matching rule to prevent the separation of

foreign taxes from the associated foreign income, denies a foreign tax credit for the disqualified portion of any foreign income tax paid in connection with a covered asset acquisition, provides a separate application of foreign tax credit limitation to items resourced under treaties, limits the amount of foreign taxes deemed paid with respect to sec. 956 inclusions, treats a foreign corporation as a member of an affiliated group for interest allocation and apportionment purposes in more than 50% of gross income is effectively connected income and at least 80% of either the vote or value of all outstanding stock is owned directly or indirectly by members of the affiliated group.

- Sections 2011 and 2122 of P.L.111-240, which provides a 100% exclusion for the gain on the sale of small business stock acquired after 9/27/2010 and before 1/1/2011 and clarifies the income sourcing rules for guarantee fees.
- Sections 753, 754, and 760 of P.L.111-312, which excludes 60% of the gain on the sale of small business stock in an empowerment zone business to gain attributable to periods before 1/1/2016, specifies that gross income does not include gain on stock acquired before 1/1/2012 and held for more than 5 years, and excludes the gain on sale of small business stock acquired in 2011.
- Section 1106 of P.L.112-95, which allows airline employees to contribute airline payment amounts under a bankruptcy claim to a traditional IRA as a rollover contribution.
- Sections 104, 318, 322, 323, 324, 326, 327, and 411 of P.L.112-240, which makes the alternative minimum tax exemption permanent and indexed for inflation, extends through 2013 the deduction with respect to income attributable to domestic production activities in Puerto Rico, extends the subpart F exception for active financing income, extends the look-thru treatment of payments between related controlled foreign corporations under foreign personal holding company, provides 100% exclusion for gain on small business stock acquired in 2012 and 2013, extends through 2013 the reduction in tax-option (S) Corporation built-in gains tax and clarifies treatment of installment sales, provides a 60% exclusion for gain on small business stock acquired before 2019, and extends through 2013 the rules that allow gain certain sales of electric transmission property to be recognized ratably over 8 taxable years.
- Public Law 114-7, relating to contributions for relief of slain New York Police Detectives.
- Section 1101 of P.L.114-74 relating to partnership rules.
- Section 305 of division P of P.L.114-113, relating to the transportation costs of independent refiners.
- Sections 123, 125-128, 143, 144, 151-153, 165-167, 169-171, 189, 191, 307, 326, and 411 of division Q of P.L.114-113.
 - Section 123, relating to extension of 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements.
 - Section 125, relating to the extension of treatment of certain dividends of regulated investment companies.
 - Section 126, relating to the extension of exclusion of 100 percent of gain on certain small business stock.
 - Section 127, relating to the extension of reduction in S-corporation recognition period for built-in gains tax.
 - Section 128, relating to the extension of subpart F exception for active financing income.
 - Section 143, relating to the extension and modification of bonus depreciation.
 - Section 144, relating to the extension of look-thru treatment of payments between related controlled foreign corporations under foreign personal holding company rules.
 - Section 151, relating to the extension and modification of exclusion from gross income of discharge of qualified principal residence indebtedness.
 - Section 152, relating to the extension of mortgage insurance premiums treated as qualified residence interest.
 - Section 153, relating to the extension of above-the-line deduction for qualified tuition and related expenses.
 - Section 165, relating to the extension of classification of certain racehorses as 3-year property.
 - Section 166, relating to the extension of 7-year recovery period for motorsports entertainment complexes.

- o Section 167, relating to the extension and modification of accelerated depreciation for business property on an Indian reservation.
- o Section 169, relating to the extension of special expensing rules for certain film and television productions; special expensing for live theatrical productions.
- o Section 170, relating to the extension of deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
- o Section 171, relating to the extension and modification of empowerment zone tax incentives.
- o Section 189, relating to the extension of special allowance for second generation biofuel plant property.
- o Section 191, relating to the extension of special rule for sales or dispositions to implement FERC or State electric restructuring policy for qualified electric utilities.
- o Section 307, relating to the technical amendment relating to rollover of certain airline payment amounts.
- o Section 326, relating to the dividends derived from RICs and REITs ineligible for deduction for United States source portion of dividends from certain foreign corporations.
- o Section 411, relating to the partnership audit rules.
- Sections 11011, 11012, 13201 (a) to (e) and (g), 13206, 13221, 13301, 13304 (a), (b), and (d), 13531, 13601, 13801, 14101, 14102, 14103, 14201, 14202, 14211, 14212, 14213, 14214, 14215, 14221, 14222, 14301, 14302, 14304, and 14401 of P.L.115-97:
 - o Section 11011, relating to the 20% deduction for domestic qualified business income.
 - o Section 11012, relating to the limitation on losses for taxpayers other than corporations.
 - o Section 13201 (a) to (e) and (g), relating to the temporary 100% expensing for certain business assets (bonus depreciation).
 - o Section 13206, relating to the amortization of research and experimental expenditures beginning in 2022.
 - o Section 13221, relating to special rules for the taxable year of inclusion.
 - o Section 13301, relating to the 30% taxable income limitation for the deduction of interest.
 - o Section 13304(a), (b), and (d) relating to the limit on the deduction by employers of fringe benefits (meals, entertainment, and transportation).
 - o Section 13531, relating to the limitation on deductions for FDIC premiums.
 - o Section 13601, relating to the modification of the limitation on excessive employee remuneration.
 - o Section 13801, relating to the production period for beer, wine, and distilled spirits.
 - o Section 14101, relating to the deduction for the foreign-source portion of dividends received by domestic corporations from specified 10% owned foreign corporations.
 - o Section 14102, relating to the special rules for sale or transfers involving specified 10% owned foreign corporations.
 - o Section 14103, relating to the treatment of deferred foreign income upon transition to a participation exemption system of taxation.
 - o Section 14201, relating to the current year global intangible low-taxed income by U.S. shareholders.
 - o Section 14202, relating to the deduction for foreign derived intangible income and global intangible low-taxed income.
 - o Section 14211, relating to the elimination of the inclusion of foreign base company oil related income.
 - o Section 14212, relating to the repeal of the inclusion based on withdrawal of previously excluded subpart F income from qualified investment.
 - o Section 14213, relating to the modification of stock attribution rules for determining the status as a controlled foreign corporation.
 - o Section 14214, relating to the modification of the definition of a U.S. shareholder.

- o Section 14215, relating to the elimination of the requirement that a corporation must be controlled for 30 days before the subpart F inclusions apply.
- o Section 14221, relating to the limitations on income shifting through intangible property transfers.
- o Section 14222, relating to certain related party amounts paid or accrued in hybrid transactions or with hybrid entities.
- o Section 14301, relating to the repeal of section 902 – indirect foreign tax credits, and determination of the deemed paid credit for subpart F inclusions under sec. 960 on a current year basis.
- o Section 14302, relating to the separate foreign tax credit limitation basket for foreign branch income.
- o Section 14304, relating to the election to increase the percentage of domestic taxable income offset by the overall domestic loss treated as foreign source.
- o Section 14401, relating to the base erosion anti-abuse tax.
- Sections 40304, 40305, 40306, and 40412 of P.L.115-123:
 - o Section 40304, relating to the extension of classification of certain racehorses as 3-year property.
 - o Section 40305, relating to the extension of 7-year recovery period for motor-sports entertainment complexes.
 - o Section 40306, relating to the extension of accelerated depreciation for business property on an Indian reservation.
 - o Section 40412, relating to the extension of special allowance for second generation biofuel plant property.
- Section 101 (c) of division T of P.L.115-141, relating to the application of section 199 to certain qualified payments paid after 2017 for payments received by a patron from a specified agricultural or horticultural cooperative for qualified production activities income
- Sections 101 (d) and (e), 102, 201 to 207, 301, 302, and 401 (a) (47) and (195), (b) (13), (17), (22) and (30), and (d) (1) (D) (v), (vi), and (xiii) and (xvii) (II) of division U of P.L.115-141:
 - o Sections 101 (d) and (e) and 102, relating to technical corrections to bonus depreciation, alternative minimum tax requirements for qualified Indian reservation property, and qualified production activities income made by the Protecting Americans from Tax Hikes Act of 2015 and the Consolidated Appropriations Act, 2016.
 - o Sections 201 to 207 relating to partnership audit rules.
 - Sections 201 to 207 relating to partnership audit rules.
 - Sections 301 and 302, relating to amendments to regulatory requirements for partnership returns and the definition of qualified small power production facilities made by the Bipartisan Budget Act of 2015 and the Energy Policy Act of 2005.
 - Section 401 (a) (47) and (195), (b) (13), (17), (22) and (30), and (d) (1) (D) (v), (vi), and (xiii) and (xvii) (II), relating to clerical corrections and deadwood-related provisions to the following: exempt facility bonds, tax-exempt enterprise zone facility bonds, the special allowance for qualified disaster assistance property, reducing the dividends received deduction where portfolio stock is debt financed, exemption from tax on corporations, certain trusts, etc., requirements of domestic international sales corporations, dividends received by corporations, rules applied to deductions for dividends received, the foreign tax credit, and dividends received by corporations.
- Sections 104, 114, 115, 116, 130, and 145 of division Q of P.L..116-94.
 - o Section 104, relating to the deduction of qualified tuition and related expenses.
 - o Section 114, relating to the classification of certain racehorses as 3-year property.
 - o Section 115, relating to the 7-year recovery period for motorsports entertainment complexes.
 - o Section 116, relating to the accelerated depreciation for business property on Indian reservations.
 - o Section 130, relating to special allowance for second generation biofuel plant property.
 - o Section 145, relating to look-thru rule for related controlled foreign corporations.

- Sections 2304 and 2306 of [P.L. 116-136](#):
 - Section 2304, relating to the modification of limitations on losses for taxpayers other than corporations.
 - Section 2306, relating to the modifications of limitation on business interest.

- Sections 111, 114, 115, 116, 118 (a) and (d), 133, 137, 138, and 210 of division EE of P.L.116-260.
 - Section 111, relating to the look-thru rule for related controlled foreign corporations.
 - Section 114, relating to the exclusion from gross income of discharge of qualified principal residence indebtedness.
 - Section 115, relating to the 7-year recovery period for motorsports entertainment complexes.
 - Section 116, relating to the expensing rules for certain productions.
 - Section 118 (a) and (d), relating to empowerment zone tax incentives.
 - Section 133, relating to the treatment of mortgage insurance premiums as qualified residence interest.
 - Section 137, relating to the classification of certain racehorses as 3-year property.
 - Section 138, relating to the accelerated depreciation for business property on Indian reservations.
 - Section 210, relating to temporary allowance of full deduction for business meals.

Other Exceptions to Internal Revenue Code

The following federal provisions in effect as of December 31, 2020, are specifically excluded for Wisconsin franchise and income tax purposes:

Depreciation and Bonus Depreciation

For taxable years beginning on or after January 1, 2014, for purposes of computing depreciation, depletion, and amortization, the IRC means the federal IRC in effect on January 1, 2014.

The provision that property required to be depreciated for taxable year 1986 under the IRC as amended to December 31, 1980, to continue to be depreciated under the IRC as amended to December 31, 1980, is limited to taxable years beginning before January 1, 2014.

Section 179 Expense

For taxable years beginning on or after January 1, 2014, sections [179](#), [179A](#), [179B](#), [179C](#), [179D](#), and [179E](#) of the IRC, related to expensing of depreciable business assets, apply for Wisconsin tax purposes. "Internal Revenue Code" means the federal IRC in effect for the year in which the property is placed in service.

For combined groups, the section 179 expense limitation applies to the group as a whole, in the same way it would apply to a federal controlled group as provided in section [179\(d\)\(6\)](#), IRC.

Capital Losses

Wisconsin generally follows the capital loss limitations and carryovers provided under the IRC for corporations. If a corporation has a net capital loss, the loss must be carried to other taxable years and deducted from capital gains in those years, as provided in section [1212, IRC](#). However, for Wisconsin purposes, a corporation can't carry back a loss to taxable years before 1987. Losses that can't be carried back may be carried forward 5 years.

Limitations on Certain Federal Deductions

Federal deduction limitations for Wisconsin purposes may need to be recomputed if the federal taxable income for federal purposes differs from the federal taxable income determined under the IRC in effect for Wisconsin. Reason why the federal taxable income for federal purposes may differ from the federal taxable income for Wisconsin purposes include:

- A provision of the IRC is excluded from the definition of IRC in effect for Wisconsin under sec. [71.22\(4\)](#), Wis. Stats.
- Different elections under the IRC are made for federal and Wisconsin purposes. For additional information, see page 8 of Wisconsin Tax Bulletin [214](#).

The deduction limitations are applied in computing federal taxable income *before* the Wisconsin modifications prescribed in secs. [71.26\(2\)](#) and [\(3\)](#), and [71.30](#), Wis. Stats. Deduction limitations are not recomputed as a result of making Wisconsin modifications.

[Also see Section 179 and Depreciation Adjustments for Wisconsin Common Questions.](#)

Federal Consolidated Return Regulations

In general, Wisconsin does not follow sections [1501 to 1505](#), [1551](#), [1552](#), [1563](#), and [1564](#) of the IRC, relating to consolidated returns. However, for combined groups, Wisconsin applies certain regulations under section [1502](#), IRC, similarly to how they would apply to consolidated groups for federal purposes. See sec. Tax [2.61\(6\)](#), Wisconsin Administrative Code for details.

Differences Between Federal and Wisconsin Basis of Assets

Assets of Previously Nontaxable Corporations. For the first year a corporation is taxable in Wisconsin, the basis of its assets is its federal basis.

General Instructions for Apportionment

Who Must Use Apportionment

A corporation engaged in a unitary business in and outside Wisconsin or a combined group engaged in business in and outside Wisconsin must report a portion of its total net income to Wisconsin using the apportionment method, unless the department gives permission to use separate accounting.

To use the apportionment method, a corporation or combined group must have business activity sufficient to create nexus in Wisconsin and at least one other state or foreign country. “Nexus” means that a corporation’s business activity is of such a degree that the state or foreign country has jurisdiction to impose an income tax or franchise tax measured by net income.

Wisconsin’s Administrative Code provides more detailed information about when apportionment is required. The following sections may be helpful:

- Tax [2.39](#), Apportionment Method
- Tax [2.62](#), Unitary Business
- Tax [2.82](#), Nexus

Apportionment Method

Under the apportionment method, a corporation or combined group shows all of its income and deductions attributable to the unitary business and assigns a part to Wisconsin according to an apportionment percentage. In a combined group, the apportionment percentage of the combined group is determined by each combined group member’s apportionment factor numerator divided by the sum of all group members’ apportionment factor denominator.

For most corporations required to use apportionment, the apportionment factor numerator is Wisconsin sales, and the denominator is total company sales. This is known as the “single sales factor” method. Corporations that use the single sales factor method use Schedule A-01, *Wisconsin Single Sales Factor Apportionment Data for Non-specialized Industries*, to compute their apportionment percentage.

However, certain specialized industries do not use the single sales factor method. Instead, they apportion their incomes under provisions of the Wisconsin Administrative Code, or in the case of insurance companies, under a separate subchapter of the Wisconsin Statutes. Companies that don't use the single sales factor include:

- Direct air carriers
- Interstate air freight forwarders affiliated with a direct air carrier
- Motor carriers
- Railroads
- Pipeline companies
- Financial organizations, including financial institutions, brokers-dealers, investment advisers, investment companies, and underwriters
- Telecommunications companies
- Insurance companies

The apportionment schedules consist of the following:

- Schedule A-02, *Wisconsin Apportionment Percentage for Interstate Financial Institutions,*
- Schedule A-03, *Wisconsin Apportionment Percentage for Interstate Motor Carriers,*
- Schedule A-04, *Wisconsin Apportionment Percentage for Interstate Telecommunications Companies,*
- Schedule A-05, *Wisconsin Premiums Factor for Insurance Companies,*
- Schedule A-06, *Wisconsin Receipts Factor for Interstate Brokers-Dealers, Investment Advisors, Investment Companies, and Underwriters,*
- Schedule A-07, *Wisconsin Apportionment Percentage for Interstate Air Carriers,*
- Schedule A-08, *Wisconsin Apportionment Percentage for Broadcasters,*
- Schedule A-09, *Wisconsin Apportionment Percentage for Interstate Railroads,*
- Schedule A-10, *Wisconsin Apportionment Percentage for Interstate Pipeline Companies, or*
- Schedule A-11, *Wisconsin Apportionment Percentage for Interstate Air Freight Forwarders Affiliated with a Direct Air Carrier*

Nonapportionable Income

A corporation or combined group that is required to use apportionment may have nonapportionable income. Nonapportionable income is income which is allocable directly to a particular state. It includes income or loss derived from the sale of nonbusiness real or tangible personal property or from rentals and royalties from nonbusiness real or tangible personal property. This income is assigned to the state where the property is located.

Nonapportionable income also includes income that is realized from the sale of or purchase and subsequent sale or redemption of lottery prizes if the winning tickets were originally bought in Wisconsin.

Total nonapportionable income (or loss) is removed from net income before the apportionment percentage is applied. The amount allocable to Wisconsin is then combined with the Wisconsin share of apportionable income to arrive at Wisconsin net income. If a corporation has nonapportionable income, it must report that income on Form N, *Wisconsin Nonapportionable, Separately Accounted, and Separately Apportioned Income.*

CAUTION: Intangible income of a personal holding company is apportionable unless it qualifies as nonapportionable income under the same standard that applies to other corporations.

Separately Apportioned Income

A corporation that is a combined group member may have income that is required to be apportioned separately from the group's combined unitary income. This may happen in cases where the member has income or loss from the unitary business that is excluded from combined unitary income under the water's edge rules. It may also happen in cases where the member has apportionable income or loss from a separate unitary business. In either case, the corporation would complete Form N to report the separately apportioned income. See the Form N instructions for details.

Corporate Partners or LLC Members

A corporation that is a general or limited partner of a partnership must include its share of the numerator and denominator of the partnership's apportionment factors in its own apportionment factors. A corporation that is a member of a limited liability company (LLC) treated as a partnership for federal tax purposes must include its share of the numerator and denominator of the LLC's apportionment factors in its own apportionment factors.

Note: A corporation that is a general or limited partner in a partnership or a member of an LLC treated as a partnership should obtain a detailed breakdown of the partnership's or LLC's apportionment factors so the corporation can include its share of those factors in the computation of its own apportionment factors.

However, income from a partnership or LLC may be nontaxable under the principles of the U.S. Supreme Court decision in *Allied-Signal v. Director, Div. of Taxation*, 504 U.S. 768 (1992), if the investment is passive and does not serve an operational function. In this case, the corporation would not include its share of the partnership's or LLC's apportionment factors in the numerator and denominator of its apportionment factors. Remove this item of income by completing Form C.

Separate Accounting

A corporation that has income or loss from a business outside Wisconsin that is not part of a unitary business cannot use apportionment. Instead, it must determine the income attributable to Wisconsin by separate accounting. Under separate accounting, the corporation must keep separate records of the sales, cost of sales, and expenses for the Wisconsin business. The corporation uses Form C, *Wisconsin Allocation and Separate Accounting Data*, to compute the amount attributable to Wisconsin by separate accounting and uses Form N, *Wisconsin Nonapportionable, Separately Accounted, and Separately Apportioned Income*, to report the separate accounting amount. This is because the income determined under separate accounting from Form C, line 16 is entered on Form N, line 6.

A unitary business may use separate accounting only with the approval of the department. In the application for approval, the corporation must explain, in detail, why separate accounting more clearly reflects the corporation's Wisconsin income. See the instructions for Form C for how to obtain approval to use separate accounting.

Treatment of Specialized Industries and Entities

Foreign Sales Corporations (FSCs)

FSCs no longer receive special treatment for Wisconsin. The income and tax of FSCs are computed in the same manner as for other corporations.

Interest Charge Domestic International Sales Corporations (IC-DISCs)

IC-DISCs have no special status for Wisconsin tax purposes. An IC-DISC that is a viable corporation with substance and has nexus in Wisconsin is taxed like any other corporation. However, if an IC-DISC doesn't carry on any substantial business activities and does nothing to earn the income that it reports, its net income is allocated to the corporation that earned the income.

Insurance Companies

An insurance company may be required to make certain adjustments that are unique to insurance companies. These adjustments include:

- Adding back loss carryforward deducted in the calculation of federal taxable income and dividend income excluded from federal taxable income
- Subtracting nontaxable income attributable to life insurance operations
- Reducing current year net business loss by the amount of dividends received deduction
- Adjusting net tax liability so that it doesn't exceed 2% of gross premiums plus 7.9% of income realized from lottery prizes

All of these adjustments are computed on Wisconsin Form 6I, *Wisconsin Adjustments for Insurance Companies*. Form 6I is prepared for each combined group member that is an insurance company. The amounts on Form 6I flow through to Form 6, Part II, line 2i, Form 6, Part II, line 4o, or Form 6, Part III, line 6, as appropriate. See the Form 6I instructions for details.

If an insurance company is a small company as defined in section [831\(b\)\(2\)](#), IRC, the company may elect to be taxed on taxable investment income as provided in section [831\(b\)](#), IRC, rather than on net income.

Personal Holding Companies

Personal holding companies no longer receive special treatment for Wisconsin. The intangible income of a personal holding company is apportionable income unless it qualifies as nonapportionable income under the same standard that applies to corporations that aren't personal holding companies.

RICs, REMICs, REITs, and FASITs

Corporations that qualify as regulated investment companies (RICs), real estate mortgage investment conduits (REMICs), real estate investment trusts (REITs), or financial asset securitization investment trusts (FASITs) under the IRC cannot be included in a combined group. Rather, they must file as separate entities on Form 4. See sec. Tax [2.61\(2\)\(c\)](#), Wisconsin Administrative Code, for details.

Tax Exempt Organizations

If a tax-exempt organization is a corporation and has unrelated business taxable income as defined in section [512](#), IRC, it may be included in a combined group if it meets the three tests presented in the section *Separate Return or Combined Return?* If the organization is in a combined group, it must be included in the combined group's Form 6. If the organization is not in a combined group, it must file Form 4T, *Wisconsin Tax Exempt Organization Business Franchise or Income Tax Return*.

Urban Transit Companies

Certain urban transit companies are subject to a special tax under sec. [71.39](#), Wis. Stats. Contact the department for further information.

Line-by-Line Instructions for Form 6, Page 1

Complete pages 1 through 14 of Form 6 and the appropriate schedules referenced on Form 6. Do not enter "See attached" instead of completing the entry spaces. If more space is needed, submit separate sheets using the same size and format as the printed forms.

Round cents to the nearest whole dollar by eliminating amounts less than 50 cents and increasing amounts from 50 cents through 99 cents to the next higher dollar.

Do not write "None" on the amount lines if there is not an entry for the lines. Instead, leave the lines blank.

CAUTION: Federal line numbers referred to on Form 6 are based on the information available when the instructions were completed and may change if the IRS makes subsequent modifications.

■ **Header Information** – Before completing items A through D, fill in the combined group's 2022 taxable year at the top of the form if filing a fiscal-year or short period return, and enter the designated agent's name and address. The name and address information should be written on single lines. Do not stack the information on the lines. If more room is needed, abbreviate where possible.

■ **Item A. Federal Employer Identification Number** – Enter the designated agent's federal employer identification number (FEIN).

■ **Item B. No Business Transacted in Wisconsin** – If the corporation was incorporated under Wisconsin law or licensed to do business in Wisconsin but had no property or activity (nexus) in Wisconsin for the taxable year, or is protected from filing tax returns because of Public Law [86-272](#), check here. Submit a complete copy of the corporation's federal return with the Form 6.

■ **Item C. State and Year of Incorporation** – Enter the 2-letter postal abbreviation for the state (or name of the foreign country) under whose laws the designated agent corporation is organized and the year of incorporation.

■ **Item D1. Amended Return** – Check here if this is an amended return and include Schedule AR. Schedule AR is used to provide a detailed explanation of the changes made, including any supporting form or schedule. Do not include a copy of the original return with the amended return.

An amended return is filed electronically by using one of the third-party software providers:

revenue.wi.gov/Pages/OnlineServices/corp-partnership-third-party-vendors.aspx

■ **Item D2. First Return** - Check here if this is the first year a Wisconsin return is filed because the corporation wasn't in existence or didn't do business in Wisconsin in prior years.

■ **Item D3. Final Return** – Check here if the corporation ceased to exist or withdrew from Wisconsin during the year and will no longer be filing Form 6. If the corporation liquidated, provide a copy of the plan of liquidation and federal Form 966. Note: checking this box will not close all accounts with the department; only the corporation account will close.

■ **Item D4 and D5. Short Period** – Check the applicable line if a short period return is being filed due to a change in the corporation's accounting period or a stock purchase or sale.

Be sure to use the correct year's tax return when filing for a short period. If the tax returns are not yet available, wait until the returns become available and file under extension. For example, if a taxpayer has a short period from January 1, 2023 through March 31, 2023, the 2023 Form 6 will not be ready by July 15, 2023 (unextended due date for a March 31 year-end). Wisconsin law provides for an automatic 7-month extension to file the return, so filing under extension will allow the correct years return to be filed when the 2023 Form 6 is available (typically the middle of January 2024). Note that an extension does not extend the time to pay a balance due. In order to avoid interest charges, pay the amount due by the unextended due date.

■ **Item D6. Controlled Group Election** – Check the box if the group wishes to make the controlled group election and . attach a statement which provides all of the following in order for the election to be effective:

- A list of every corporation in the commonly controlled group.
- A statement that each corporation has agreed to be bound by the election.
- A statement that the election shall apply to any member that subsequently enters the group.

What the Controlled Group Election Does. If a group makes the controlled group election, the entire commonly controlled group is deemed to be engaged in a single unitary business, regardless of whether the companies are actually engaged in a unitary business. Additionally, all income of the commonly controlled group is considered to be apportionable income of that unitary business.

The controlled group election is binding for the taxable year it is elected and for the next nine taxable years.

Note: The controlled group election may simplify combined return filing because it eliminates the need to determine which corporations are engaged in the unitary business (Test 2). The controlled group election does not have any effect on the commonly controlled group (Test 1) or on water's edge (Test 3). The election applies for a ten-year period.

Requirements for Controlled Group Election. Any commonly controlled group is eligible to make the controlled group election, provided it is timely made. To be effective for the taxable year 2022, the election must be made on a timely filed 2022 Form 6. A return filed under extension is considered timely filed.

Section Tax [2.63](#), Wisconsin Administrative Code, provides more information about the continuity of the controlled group election, including rules that apply in cases of corporate reorganizations.

■ **Line 1. Combined Unitary Income** – Complete pages 2 through 7 of Form 6 to compute the amount to enter on line 1. The amount on Form 6, line 1 must equal the amount on Form 6, Part II, line 8. This amount represents the combined unitary income of the group. However, this amount does not include non-sharable net capital loss carryovers or capital gain/loss items that are not includable in combined unitary income. See the instructions to Form 6CL for details.

■ **Line 2. Wisconsin Apportionment Percentage** – If the combined group is using apportionment, complete a Wisconsin Schedule A-01, A-02, A-03, A-04, A-05, A-06, A-07, A-08, A-09, A-10, or A-11, as applicable, separately for each member of the group.

Then, enter the numerators and denominators from Schedule A-01 to - A-11, as applicable, on Form 6, Part III, lines 1a and 1b. The combined group's apportionment percentage will be computed on line 1d. See the instructions to Schedule A-01 to A-11 (as applicable) for details. Also see the *General Instructions for Apportionment* presented earlier in these instructions.

If the combined group doesn't use apportionment because it does business only in Wisconsin, check the box and enter "100.0000%."

Note: On line 2, *Fill all spaces to the right of the decimal point.* Round to the nearest ten-thousandths of a percent (for example, 12.3456%).

■ **Line 4. Wisconsin Nonapportionable and Separately Apportioned Income** – Complete this line only if an amount is entered on Form 6, Part II, line 6 and some of the income excluded from combined unitary income is allocable or apportionable to Wisconsin. For each applicable member, compute this amount on Form N, line 14, and enter it on Form 6, Part III, line 4 for each member. On line 4 of page 1, enter the combined total from Form 6, Part III, line 4. See the instructions to Forms N for details.

■ **Line 6. Net Capital Loss Adjustment** – Enter the combined total from Form 6, Part III, line 5. For each applicable member, this amount represents an additional deduction allowable to the member to account for net capital loss carryovers that could not be shared with the rest of the group. To compute the amount on line 5 of Part III, prepare Form 6CL, *Wisconsin Capital Loss Adjustment*, for each applicable member. See the instructions for Forms 6CL and Form 6, Part III, line 5 for details.

■ **Line 8. Loss Adjustment for Insurance Companies** – Enter the combined total from Form 6, Part III, line 6. This is where insurance companies adjust their current year net business loss so that the carryforward to next year is computed without regard to the dividends received deduction, as required under sec. [71.45\(4\)](#), Wis. Stats. For each applicable insurance company in the group, compute this amount on line 24 of Form 6I. See the Form 6I instructions for details.

■ **Line 10. Wisconsin Net Business Loss Carryforward** – Enter the combined total from Form 6, Part III, line 7. In Part IV of Form 6, each combined group member applies its own net business loss carryforward against its own income and accounts for any net business loss carryforwards that are eligible to be shared. See the Part IV instructions for details.

See section Tax [2.61\(9\)](#), Wisconsin Administrative Code, for rules that explain when net business loss carryforwards may be shared among combined group members and how the sharing is administered.

CAUTION: On line 10, do not enter the sum of all members' amounts from Form 6BL. First compute Form 6, Part IV for each member to determine the amount of loss eligible to be used. On line 10, enter the combined total of all the members' amounts on Form 6, Part III, line 7.

■ **Line 11. Wisconsin Net Income (Loss)** – Subtract line 10 from line 9. If line 9 shows a loss, enter the loss from line 9 on line 11.

If there is excess income inclusion from a real estate mortgage investment conduit, check the box and see the instructions for Part III, line 8.

■ **Line 12. Gross Tax** – Enter total from all members Form 6, Part III, line 9 combined total column.

■ **Line 13. Nonrefundable Credits** – Enter the amount from the combined total column of Form 6, Part III, line 10. On Form 6, Part V, each combined group member applies its own available credits against its own tax liability, and also applies any research credits that are eligible to be shared with the other members of the group. See the Part V instructions for details.

CAUTION: On line 13, do not enter the sum of all members' available credits. First compute Form 6, Part V for each member to determine the amount of credit eligible to be used. On line 13, enter the sum of the combined total of all members' credits from Form 6, Part III, line 10.

If any member of the group is sharing its research credits, complete Form 6CS, *Sharing of Research Credits*. See the Form 6CS instructions for details of what research credits may be shared and how to compute the shared amount. Also see sec. Tax [2.61\(10\)](#), Wisconsin Administrative Code, for rules that apply to sharing research credits.

■ **Line 14. Net Tax** – Subtract line 13 from line 12. If line 13 is more than line 12, enter zero (0).

■ **Line 15. Economic Development Surcharge** – Enter the sum of each member's economic development surcharge from the combined total column of Part III, line 11c of Form 6. See the Part III, line 11 instructions for details.

■ **Line 16. Endangered Resources Donation** – A donation supports the preservation and management of more than 200 endangered and threatened Wisconsin plants and animals. It also helps protect Wisconsin's finest remaining examples of prairies, forests, and wetlands.

Support endangered resources in Wisconsin. The donation amount on line 16 will reduce a refund or be added to tax due.

Donations can be made online at the following web site:

<https://www.billerpayers.com/app/donationsui/?bsn=swidnrdonations#/donations/payment> A check also be sent directly to the:

Endangered Resources Fund, Department of Natural Resources
PO Box 7921
Madison, WI 53707-7921.

■ **Line 17. Veterans Trust Fund Donation** – Use this line to make a donation to the Wisconsin Department of Veterans Affairs for the benefit of veterans or their dependents. The donation will either reduce a refund or increase a tax due.

■ **Line 19. Estimated Tax Payments** – In general, the designated agent must make estimated payments on behalf of the entire combined group. Enter the total estimated tax payments applicable to the period included in the combined return, regardless of whether those payments were made by designated agent or by other members of the combined group. Include EFT payments, payments made with a Form Corp-ES voucher, or overpayments applied from prior years' returns, minus any "quick refund" applied for on Form 4466W.

■ **Line 20. Wisconsin Tax Withheld** – Enter the sum of each member's Wisconsin tax withheld as reported on the combined total column from Form 6, Part III, line 12. See the Part III, line 12 instructions for details. If this is an amended return, enter the Wisconsin tax withheld reported on the original return, unless the amount originally reported was incorrect.

■ **Line 21. Refundable Credits** – Enter the sum of each member's refundable credits from the combined total column of Form 6, Part III, line 13. See the Part III, line 13 instructions for details.

■ **Line 22. Amended Return - Amount Previously Paid** - Complete this line only if this is an amended 2022 Form 6. Fill in the amount of tax paid with the original Form 6 plus any additional amounts paid after it was filed.

Fill in only the portion actually paid. Also, include any additional tax that may have resulted if the original return was changed or audited. This includes additional tax paid with a previously filed 2022 amended return and additional tax paid as a result of a department adjustment to the return. Do not include payments of interest or penalties.

■ **Line 24. Amended Return - Amount Previously Refunded** - Complete this line only if this is an amended 2022 Form 6. Fill in the refund from the original 2022 return (not including the amount applied to the 2023 estimated tax).

If the refund was reduced because of underpayment interest or penalties, fill in the amount of the refund before the reduction for underpayment interest or penalty. If the 2022 return was adjusted by the department, fill in the refund shown on the adjustment notice. If the adjustment notice shows a tax due rather than a refund, complete line 22 instead of line 24.

■ **Line 26. Interest, Penalty, and Late Fee Due** – The combined group is generally treated as a single corporation for purposes of determining required estimated payments and any interest, penalty, or late fee due. See the instructions to Form U for details. Enter the amount from Form U, line 17 or 26. Check the box if underpayment interest is figured using the annualized income installment method on Form U, page 2.

If an amended return is filed and interest for underpayment of estimated taxes was previously assessed, complete an amended Form U, Part I, in accordance with the instructions. Enter the difference between the underpayment interest from the amended Form U, line 17, and the amount previously paid on Form 6, line 26. Show an overpayment as a negative number. File Form U with the amended return. Otherwise, leave line 26 blank. The department will compute interest on the amount of refund approved or tax owed.

■ **Line 27. Amount Due** – If the total of lines 18 and 26 is larger than line 25, subtract line 25 from the total of lines 18 and 26. Pay by electronic funds transfer through [My Tax Account](#), the department's free online business tax system, or mail a check with a 2022 Form Corp-ES, *Corporation Estimated Tax Voucher*, to the address shown on the voucher. Otherwise, if the electronic filing waiver is approved, paper clip the check to the front of Form 6.

■ **Line 28. Overpayment** – If line 25 is larger than the total of lines 18 and 26, subtract the total of lines 18 and 26 from line 25.

CAUTION: If a development zones investment credit must be recaptured because the property is disposed of or ceases to be qualified property before the end of the recapture period, add the amount from line 11 of the schedule located on page 5 of the Schedule DC instructions to the tax due on line 27 or reduce the overpayment on line 28.

■ **Line 29. 2023 Estimated Tax** – Enter the amount of any overpayment from line 28 that is to be credited to the combined group's 2023 estimated tax. The balance of any overpayment will be refunded. An overpayment shown on a final return will be refunded to the designated agent. These payments cannot be claimed on the surviving corporation's return in a merger situation.

[Changing an Election to Apply a Refund to Estimated Tax](#)

Section [71.29\(3\)](#), Wis. Stats., provides an election to apply all or a portion of a claimed refund to the following year's estimated tax payments, provided the refund has not been paid or applied elsewhere (for example, against a delinquent tax liability).

An election to apply a refund to estimated tax may be changed to:

- request payment of the refund,
- credit the refund against an amended return tax liability for any year, or
- credit the refund against a notice of amount due for any year.

Notification of a change in election must occur on or before the unextended due date of the following year's tax return or before the following year's tax return is filed, whichever is earlier.

The change in election must be in writing and attached to an amended return or sent via email, fax, or letter to:

- DORFranchise@revenue.wi.gov
- Fax: (608) 267-0834
- Wisconsin Department of Revenue
Mail Stop 5-144
PO Box 8906
Madison WI 53708-8906

If a timely election to move the estimated payments is not made, any tax due on the return is subject to interest from the unextended due date of the return until the date paid. Interest is due regardless of whether the original amount of estimated payments exceeded the tax due on the return because the estimated payments were moved to the next taxable year.

Amended Returns

If this is an amended return and the 2023 return has already been filed, include on line 29 the overpayment claimed as a credit on the 2023 return or on the previously filed original or amended 2022 return. Otherwise, allocate the overpayment from line 28 between line 29 and line 30.

Form 6, Page 2

Note: If a foreign company does not have a FEIN because they are not required to obtain one, the foreign company should enter all 9's in the FEIN field.

■ **Line 1. Net Income from Federal Consolidated Return - Differing Taxable Years.** In general, the combined return will use the same taxable year as the federal consolidated return. However, if there is more than one federal consolidated return and the consolidated returns use differing taxable years, the information entered on line 1 should be for the taxable year that is included in this combined return. Generally, this is the taxable year that ended during the combined group's taxable year.

If a federal consolidated group uses a different taxable year than the rest of the combined group and those members' income is included in this return, prepare a separate income statement for the months included in the combined group's taxable year, then prepare separate income statements for all members of that federal consolidated group and include the total from those separate income statements on line 1.

More Than Three Federal Consolidated Groups. If there are more than three federal consolidated groups in the combined group, enter the information for the two largest federal consolidated groups on line 1, respectively. Then prepare a separate schedule to identify the remaining federal consolidated groups and their amounts from Form

1120, line 28. On line 1, enter the sum of the Form 1120, line 28 amounts from the separate schedule and enter “See attached” on the line for Parent Company Name.

■ **Line 2. Corporations in Combined Group Which Are Not in Federal Consolidated Return** – Examples of corporations included in the combined group which are not in the federal consolidated return include:

Corporations with Less Than 80% Common Ownership – Identify any companies that are in the combined group but are not included in a federal consolidated return because they do not meet the 80% ownership test required to file a federal consolidated return. On a separate schedule, list each of the companies identified, its federal employer identification number (FEIN), and federal taxable income from Form 1120, line 28 or from whichever federal form applies to the corporation.

Foreign Corporations – Identify any companies that are in the combined group but are not included in a federal consolidated return because they are foreign corporations. On a separate schedule, list each of those companies, its federal employer identification number (FEIN), and federal taxable income.

Include all income that is effectively connected with the conduct of a trade or business in the United States, plus any other U.S. source income. For federal purposes, these amounts may have been reported on Form 1120-F or they may have been amounts for which federal income tax was withheld by the payer.

Note: If federal income was reduced by provisions of a federal treaty, enter the amount after applying the provisions of the federal treaty. If a federal treaty reduced the federal tax rate, include the entire amount of federal income, including the income to which the reduced rate applied.

Other Corporations Not in Consolidated Group – Identify any other companies that are in the combined group but are not included in a federal consolidated return. On a separate schedule, list each of those companies, its federal employer identification number (FEIN), and federal taxable income, and explain why the company is not includable in a federal consolidated return.

■ **Line 4. Corporations in Federal Consolidated Return Which are Not Combined Group Members** - Identify all companies included in the federal consolidated return(s) on line 1 that aren’t includable in the combined group.

For each company identified, determine its “separate taxable income” as computed for federal income tax purposes under Treas. Reg. §[1.1502-12](#). That is, determine its federal taxable income without regard to any items that had to be accounted for at the consolidated group level, such as capital gains and losses, section [1231](#) gains and losses, involuntary conversions, and charitable contributions.

Corporations Not Engaged in the Combined Group’s Unitary Business – On a separate schedule, list each of those companies, its federal employer identification number (FEIN), and federal separate taxable income. Enter the total of the federal separate taxable incomes on line 4.

CAUTION: If the group made the controlled group election, do not enter any amounts on line 4. Under the controlled group election, all corporations in the commonly controlled group are considered to be engaged in the same unitary business.

Corporations Not in the Combined Group Under Water’s Edge Rules – Identify any companies included in the federal consolidated return(s) that are *completely* excluded from the combined group under the water’s edge rules, but do not include companies already accounted for on line 1. On a separate schedule, list each company excluded under the water’s edge rules, its federal employer identification number (FEIN), and federal separate taxable income. Enter the total of the federal separate taxable incomes on line 4.

The following is an explanation of the water’s edge rules:

Water’s Edge Rules in General. The water’s edge rules are explained in sec. Tax [2.61\(4\)](#), Wisconsin Administrative Code. In part, these rules provide that if a foreign (non-U.S.) or domestic (U.S.) corporation is an “80/20 corporation,” it may be excluded from a combined group even if it is otherwise part of the group’s unitary business.

The water's edge rules also provide that for some corporations, only part of their income from the unitary business is includable in the combined unitary income, with the remainder accounted for on a separate entity basis. The instructions for Form N, *Wisconsin Nonapportionable, Separately Accounted, and Separately Apportioned Income*, describe these aspects of the water's edge rules in more detail.

Note: If a combined group member has some income that is includable in combined unitary income and some that is excluded under the water's edge rules, do not report the excluded amount on line 4. Instead, report the excluded amount on Form N, line 7.

Qualifying as an "80/20 Corporation." A corporation is considered to be an "80/20 corporation" if 80 percent or more of its worldwide gross income during the taxable year that would otherwise be includable in the combined return is "active foreign business income," as determined in [subchapter N](#) of the IRC including income of a subsidiary corporation, and attributable to the active conduct of a trade or business in a foreign country or in a U.S. possession. A corporation is considered a subsidiary if the parent corporation owns, directly or indirectly, stock with at least 50 percent of the total voting power of the corporation and the stock has a value equal to at least 50 percent of the total value of the stock of the corporation. An 80/20 corporation may be either a foreign corporation or a domestic corporation, as long as it meets the active foreign business income test.

"Active foreign business income" means gross income which is both:

1. Derived from sources outside the United States, as determined under subchapter N of the IRC and
2. Attributable to the corporation's active conduct of a trade or business in a foreign country or possession of the United States.

For special rules regarding the 80/20 test as it relates to parent-subsidiary chains, disregarded entities, and part-year group members, see sec. Tax [2.61\(4\)\(b\)](#), Wisconsin Administrative Code.

Foreign 80/20 Corporations. If an 80/20 corporation is a foreign corporation, then it is not a member of the combined group unless it elected to be included in a consolidated return for federal purposes. If a foreign 80/20 corporation was not included in a federal consolidated return, it is not accounted for on line 4.

If a foreign 80/20 corporation elected to be included in a consolidated return for federal purposes, it is treated in the same way as a domestic 80/20 corporation, described next.

Domestic 80/20 Corporations. If a domestic corporation is an 80/20 corporation, then its income includable in the combined unitary income is limited to only U.S. source income as provided in sections [861 through 865](#) of the IRC. Further, that U.S. source income must be of one of the following types to be included in combined unitary income:

1. Interest income or income generated from intangible property, regardless of who the payer is.
2. Income derived from interest or intangible expenses of other combined group members, to the extent not already included in 1. above.
3. Dividends from a real estate investment trust (REIT) that is not a "qualified REIT" under sec. [71.22\(9ad\)](#), Wis. Stats.
4. Gains or losses derived from the sale or lease of real or personal property located in the United States.

The expenses attributable to these types of income, including an allocated share of indirect expenses, are also includable in combined unitary income.

The water's edge rules for domestic 80/20 corporations, summarized above, are specifically provided in sec. [71.255\(2\)\(d\)](#), Wis. Stats., and sec. Tax [2.61\(4\)\(d\)2.](#), Wisconsin Administrative Code. In the statute, the term "consolidated foreign operating corporation" is used to describe a domestic 80/20 corporation. The terms "domestic 80/20 corporation" and "consolidated foreign operating corporation" have the same meaning.

If a domestic 80/20 corporation (or a foreign 80/20 corporation that elects to be included in a federal consolidated return) does not have U.S. source income of the types described in 1. through 4. above, it is not a combined group member. Include its federal separate taxable income on line 4.

Other Corporations Not in the Combined Group – Identify any companies not accounted for on line 4 that are in a federal consolidated group but not the combined group. On a separate schedule, list each of those companies, its federal employer identification number (FEIN), and federal separate taxable income, and explain why the company is not includable in the combined group. Enter the total federal separate taxable income of these companies on line 4.

■ **Line 7. Federal Net Income of Corporations in Controlled Group that are Not in Federal Consolidated Return or Combined Return** – Enter the total net income, as reported for federal income tax purposes, of all companies that are in the controlled group but are not in the federal consolidated return or combined return. Attach a schedule identifying each corporation.

■ **Line 8. Gross Sales** – Enter the total gross sales that correspond to the income amount on line 7. Don't include sales that were not includable in federal gross income.

■ **Lines 9 through 11. Contact Information and Miscellaneous** – Provide the information as instructed on the form.

■ **Third Party Designee** – If a tax preparer or tax preparation firm, or any other person has permission to discuss the 2022 tax return with the Department of Revenue, check "Yes" in the "Third Party Designee" area of the return. Also, fill in the designee's name, phone number, and any five digits the designee chooses as their personal identification number (PIN). When "Yes," is checked the department is authorized to discuss with the designee any questions that may arise during the processing of the return. The designee is also authorized to:

- Give the department any information missing from the return,
- Call the department for information about the processing of the return or the status of any refund or payment(s), and
- Respond to certain department notices about math errors, offsets, and return preparation.

The designee is not authorized to receive any refund check, bind the taxpayer to anything (including any additional tax liability), or otherwise represent the taxpayer before the department. To expand the designee's authorization, Form A-222 (*Power of Attorney*) must be filed. The authorization will automatically end no later than the due date (without regard to extensions) for filing the 2023 tax return.

■ **Signatures** – An officer of the designated agent corporation must sign at the bottom of page 2. If the return is prepared by someone other than an employee of the corporation, the individual who prepared the return must sign the form in the space provided for the preparer's signature and furnish the preparing firm's federal employer identification number. A self-employed individual must enter "PTIN" and the preparer tax identification number in the space for the preparer's federal employer identification number.

Part I: Modified Federal Taxable Income

Enter the corporation's name and federal employer identification number. For paper filers, enter as much of the corporation's name that will fit in the space provided. The full corporation name will be entered on Part VI of Form 6. **Note: If a foreign company does not have a FEIN because they are not required to obtain one, the foreign company should enter all 9's in the FEIN field.**

Note: The designated agent must be included in one of the member columns.

Enter the information for each member in a separate column. If there are more than three members, use additional pages 3 and 4 of Form 6. Enter the elimination adjustments for all members in elimination adjustments column as **positive and negative values**. A positive value will increase the total of the member's amounts reported in the combined total column and a negative value will decrease the total of the member's amounts reported in the combined total column. If more than three members exist, enter the elimination entries on the final pages 3 and 4 completed. Once all members have been entered and the elimination adjustments column completed, compute the combined

total column for all the members of the group by summing the amounts in the member's columns with the elimination adjustments.

For example, if there are seven members in the combined group, enter members one through three on pages 3 and 4 of Form 6, leaving the elimination adjustment column and combined total column blank. Next, enter members four through six on pages 3 and 4 of Form 6, leaving the elimination adjustments column and combined total columns blank. Finally, complete another page 3 and 4 of Form 6 for the seventh and final member. Leave the other two columns blank, enter the elimination adjustments as positive and negative values, and enter the combined totals for all members of the group in the final column.

Note: A member should only appear in one column of Form 6. If the member has two taxable periods due to filing two short period returns, the information should be combined into one column and an attachment included with the return detailing the computation of the amounts included in the column.

For example, Member B files two short period returns – the first for the taxable period of January 1, 2022 through March 31, 2022 and the second for the taxable period of April 1, 2022 through December 31, 2022. Member B should only be included in one column of Form 6. The items of income, deduction, and credit for both periods should be combined into one column. For the taxable period on Form 6, Part VI, line 2, enter a beginning period of January 1, 2022 and an ending period of December 31, 2022.

■ **Lines 1 through 26. Modified Federal Taxable Income** – Enter the information for each member of the combined group from the member's federal corporate return. Lines 1 through 26 are identical to federal Form 1120. If a form other than federal Form 1120 is being used, enter the information on lines 1 through 26 that corresponds to the form being filed.. Be sure the taxable income reported on line 28 is the taxable income for the form being filed.

■ **Lines 29 through 33** – If the elimination adjustments on lines 1 through 26 already accounted for the recomputed capital gains, charitable contributions, and intercompany transactions, skip lines 29 through 33 and leave the lines blank.

■ **Line 29. Net Capital Gains Included on Line 28** – Enter the total of the net capital gains reported on the consolidated return(s) shown on Form 6, page 2, line 1, and on the separate federal returns for any companies included on Form 6, page 2, line 2. Generally, these amounts are on line 8 of Form 1120 or 1120-F. Enter as a negative number in the columns for each member. The elimination adjustment column may be positive or negative.

■ **Line 30. Recomputed Net Capital Gain** -- Line 30 is generally computed by applying the capital loss limitation to the group as a whole in the same manner it would apply to a federal consolidated group under Treas. Regs. [§1.1502-22](#) and [1.1502-23](#). If there are no capital losses to offset the capital gains, do not allocate the capital gains among the members of the combined group. The capital gain income is reported by the member(s) that generated it.

To compute the amount on line 30, complete a separate federal Schedule D, *Capital Gains and Losses*, and the federal schedules referenced in Schedule D, including federal Form 4797, *Sales of Business Property*, and federal Form 4684, *Casualties and Thefts*, where applicable, as if the Wisconsin combined group is a federal consolidated group, but with two important exceptions:

1. Do not include any net capital loss carryovers that are non-sharable losses.
2. Do not include any gain or loss amounts that aren't includable in combined unitary income.

Each of these exceptions is described in detail below. If the computation on the federal Schedule D for the combined group results in a net capital gain, enter that net capital gain as a positive amount on line 30. Submit a copy of the recomputed federal Schedule D, federal Form 4797, and federal Form 4684, as applicable, with the return.

Non-sharable Losses. Non-sharable capital losses that cannot be included in the computation of line 30 are those that originated:

- In a taxable year beginning before January 1, 2009, or
- In the combined unitary income of another combined group, or

- In transactions that were reportable on a separate entity basis.

The rules which characterize a net capital loss as sharable or non-sharable are the same as those that characterize a net business loss as sharable or non-sharable. For special rules that apply in cases of subgroups and a corporation's options regarding sharable losses, see sec. Tax [2.61\(9\)](#), Wisconsin Administrative Code.

CAUTION: Do not include net capital loss carryovers from taxable years beginning before 2009 in the computation of the group's net capital gain on line 30.

Combined group members that have non-sharable capital loss carryovers may still use those carryovers to offset their share of the combined group's net capital gain. Those members should use Wisconsin Form 6CL, *Capital Loss Adjustment*, to claim their non-sharable capital loss carryovers. See the Form 6CL instructions for details.

Alternatively, a combined group member may choose to carry back a non-sharable capital loss carryover to a taxable year beginning before 2009 to the extent allowed under section [1212](#) of the IRC.

Gain or Loss Amounts Not Includable in Combined Unitary Income. A combined group member's capital gains and losses, section [1231](#) gains and losses, or gains and losses from involuntary conversions may not be includable in combined unitary income because they are attributable to a separate unitary business or because they are excluded under the water's edge rules.

In either case, instead of including these items in the computation of the group's net capital gain on line 30, report them separately for that member when completing Part II of that member's Form N, *Wisconsin Nonapportionable, Separately Accounted, and Separately Apportioned Income*. See the Form N instructions for details.

Note: If a combined group member's capital gains and losses, section [1231](#) gains and losses, or gains and losses from involuntary conversions are not includable in combined unitary income, report them on Part II of Form N, not on line 30.

■ **Line 31. Sum of Charitable Contributions, Net Section 1231 Losses, Involuntary Conversions** – Enter the sum of the charitable contributions deduction, net section [1231](#) losses, and losses from involuntary conversions reported on the consolidated return(s) shown on Form 6, page 2, line 1 and on the separate federal returns for any companies included on Form 6, page 2, line 2. Charitable contributions are generally on line 19 of federal Form 1120 or 1120-F. Section 1231 losses and losses from involuntary conversions are generally accounted for on federal Form 4797. Enter as a positive number in the columns for each member. The elimination adjustment column may be positive or negative.

■ **Line 32. Sum of Recomputed Charitable Contributions, Net Section 1231 Losses, Losses from Involuntary Conversions** – Enter the sum of the charitable contributions deduction and deductions for net section 1231 losses and involuntary conversions, as applicable, applying limitations at the combined group level. Enter as a negative number in the columns for each member. The elimination adjustment column may be positive or negative. Further details are shown below:

Charitable Contributions. Determine the charitable contributions deduction under Treas. Reg. [§1.1502-24](#) as if the combined group is a federal consolidated group. Unlike net capital loss carryovers, unused charitable contribution deduction carryovers may be applied at the group level even if they were incurred in a taxable year beginning before 2009, as long as the carryover period has not expired.

Net Section 1231 Losses and Losses from Involuntary Conversions. If the computations on the federal Forms 4797 and 4684 prepared as described in the instructions for line 30 results in a net section [1231](#) loss, a loss from involuntary conversions, or both, include those losses on line 32.

■ **Line 33. Adjustment for Intercompany Deferrals** – On line 33 apply the provisions of Treas. Reg. [§1.1502-13](#) so that intercompany transactions between members of the combined group are treated the same way as between members of a consolidated group for federal purposes.

Compute the amount on line 33 as follows:

1. For companies included in both the combined group and a federal consolidated group, reverse out the effect of adjustments already computed under Treas. Reg. [§1.1502-13](#) for purposes of the federal return.
2. For all companies in the combined group, compute adjustments under Treas. Reg. [§1.1502-13](#) as if the combined group is a federal consolidated group.
3. Compute the sum of the amounts derived from 1. and the ordinary income/loss items from 2. and enter the result on line 33.

Following are specific instructions for computing the amounts in these steps:

Step 1: Reverse Intercompany Adjustments for Federal Consolidated Group. If intercompany adjustments are recomputed under Treas. Reg. [§1.1502-13](#) for purposes of the federal consolidated return and those adjustments are included in the amount on Form 6, page 2, line 5, then include on line 33 an amount to offset those adjustments. This amount may be either positive or negative.

CAUTION: Do not double-count these items on Form 6, Part I, lines 29 and 31, and Form 6, page 2, line 4 when computing line 33.

Step 2: Compute Intercompany Adjustments for Combined Group. Identify any transactions that took place between members of the combined group and compute adjustments to defer income, gain, or loss between those members in the same manner as prescribed for members of consolidated groups under Treas. Reg. [§1.1502-13](#).

In general, Treas. Reg. [§1.1502-13](#) provides that income, deduction, gain, or loss on transactions between members of a consolidated group is deferred so that these transactions do not affect the combined group's income as a whole. As an example, assume Corporations S and B are in a federal consolidated group. In Year 1, S sells land with a basis of \$50,000 to B for \$80,000. Under Treas. Reg. [§1.1502-13](#), in Year 1, make an adjustment to exclude S's \$30,000 gain from the group's income.

However, any deferred gain must recognize when a triggering event occurs. For Wisconsin purposes, all of the following are triggering events:

- The buyer resells the object of the deferred inter-company transaction to an entity that is not a member of the combined group,
- The object of the deferred intercompany transaction is used outside the combined group's unitary business as a result of the buyer's resale, conversion, or transfer of the asset, or
- The buyer and seller are no longer members of the same combined group.

Continuing the previous example, assume in Year 3, B sells the land to P, an unrelated party, for \$90,000. In Year 3, make an adjustment to recognize S's \$30,000 deferred gain from Year 1 in addition to the \$10,000 of gain that B recognized on the sale to P.

However, since Wisconsin did not recognize Treas. Reg. [§1.1502-13](#) for taxable years beginning before January 1, 2009, **do not make adjustments to recognize gains or losses deferred under Treas. Reg. [§1.1502-13](#) that were incurred in taxable years beginning before January 1, 2009.**

See Treas. Reg. [§1.1502-13](#) for more details and examples of how to compute adjustments for various types of intercompany transactions.

Step 3: Completing Line 33. For the intercompany adjustments computed in Step 2, separate the amounts into ordinary income/loss items and capital gain/loss items (including section 1231 gains and losses and gains and losses from involuntary conversions).

Combine the amount computed in Step 1 with the ordinary income/loss items computed in Step 2. If the net effect is a reduction in the combined group's income, enter the amount on line 33 as a negative number. If the net effect is an increase in the combined group's income, enter the amount on line 33 as a positive number.

■ **Line 34. Other Adjustments Based on Federal Law** – Use line 34 to report any other adjustments that are necessary to reconcile the federal taxable income.

CAUTION: On line 34, do not include Wisconsin modifications that should be reported on Form 6, Part II, or separately reportable items that should be reported on Form N.

If there are adjustments reported on line 34, on a separate schedule list the name and federal employer identification number (FEIN) of each company with an amount included on line 34, the amount of adjustment for that company, and explain why the adjustment is necessary.

Part II: Unitary Income Computation

Enter the corporation's name and federal employer identification number. Enter as much of the corporation's name that will fit in the space provided. The full corporation name will be entered on Part VI of Form 6. **If a foreign company does not have a FEIN because they are not required to obtain one, the foreign company should enter all 9's in the FEIN field.**

Note: The designated agent must be included in one of the member columns.

Additions to Income:

Enter the information for each member in a separate column. If there are more than three members, use additional pages 5, 6, and 7 of Form 6. Enter the elimination adjustments for all members in elimination adjustments column as **positive and negative values**. A positive value will increase the total of the member's amounts reported in the combined total column and a negative value will decrease the total of the member's amounts reported in the combined total column. If more than three members exist, enter the elimination on the final pages 5, 6, and 7 completed. Once all members have been entered and the elimination adjustments column completed, compute the combined total column for all the members of the group by summing the amounts in the member's columns with the elimination adjustments.

For example, if there are seven members in the combined group, enter members one through three on pages 5, 6 and 7 of Form 6, leaving the elimination adjustment column and combined total column blank. Next, enter members four through six on pages 5, 6, and 7 of Form 6, leaving the elimination adjustments column and combined total columns blank. Finally, complete another page 5, 6, and 7 of Form 6 for the seventh and final member. Leave the other two columns blank, enter the elimination adjustments as positive and negative values, and enter the combined totals for all members of the group in the final column.

■ **Line 2a. Interest Income** – Enter interest income received on state and municipal obligations and any other interest income that is exempt from federal income tax and isn't included in federal taxable income.

Corporations subject to the Wisconsin income tax rather than the franchise tax should not enter interest income on line 2a that is exempt from income tax under both Wisconsin and federal law. This includes interest on the following types of obligations:

- Public housing authority or community development authority bonds issued by municipalities located in Wisconsin
- Wisconsin Housing Finance Authority bonds
- Wisconsin municipal redevelopment authority bonds
- Wisconsin Housing and Economic Development Authority bonds issued on or after December 11, 2003, to fund multifamily affordable housing or elderly housing projects
- Wisconsin Housing and Economic Development Authority bonds issued before January 29, 1987, except business development revenue bonds, economic development revenue bonds, and CHAP housing revenue bonds
- Public housing agency bonds issued before January 29, 1987, by agencies located outside Wisconsin where the interest therefrom qualifies for exemption from federal taxation for a reason other than or in addition to section [103](#) of the IRC
- Local exposition district bonds

- Wisconsin professional baseball park district bonds
 - Bonds issued by the Government of Puerto Rico, Guam, the Virgin Islands or, for bonds issued after October 16, 2004, the Government of American Samoa
 - Local cultural arts district bonds
 - Wisconsin professional football stadium bonds
 - Wisconsin Aerospace Authority bonds
 - Bonds issued on or after October 27, 2007, by the Wisconsin Health and Education Facilities Authority to fund acquisition of information technology hardware or software
 - Conduit revenue bonds issued under sec. [66.0304](#), Wis. Stats., if the bonds or notes are used to fund multifamily affordable housing projects or elderly housing projects in Wisconsin and the Wisconsin Health and Education Facilities Authority has the authority to issue the bonds. The bonds or notes are used by a health facility to fund the acquisition of information technology hardware or software in Wisconsin and the Wisconsin Health and Educational Facilities Authority has the authority to issue the bonds. Bonds or notes issued to fund a redevelopment project or housing project in Wisconsin.
 - Bonds issued by the Wisconsin Housing and Economic Development Authority to provide loans to a public affairs network
 - Wisconsin Health and Educational Facilities Authority Bonds if the bonds or notes are issued for the benefit of a person who is eligible to receive the proceeds from another entity for the same purpose for which the bonds or notes are issued and the interest income received from the other bonds or notes is exempt from Wisconsin taxation.
 - Bonds or notes issued by the Wisconsin Health and Educational Facilities Authority under sec. [231.03\(6\)](#), Wis. Stats., if the bonds or notes were issued in an amount totaling \$35 million or less, and the interest income is not otherwise exempt.
- **Line 2b. State Taxes** – Enter taxes imposed by Wisconsin, any other state, and the District of Columbia that are value-added taxes, single business taxes, or taxes on or measured by net income, gross income, gross receipts, or capital stock and that were deducted in computing federal taxable income.

Note: The state taxes added back on line 2 should include all components of the Texas Margins Tax regardless of which computation is used. However, the Ohio Commercial Activity Tax is not required to be added back since it is deductible.

■ **Line 2c. Related Entity Expenses** – A corporation must make an addition modification to “add back” expenses attributable to transactions with related parties. The expenses that must be added back include the following, if paid, accrued, or incurred to a related entity:

- Interest expenses
- Rent expenses
- Management fees
- Intangible expenses

However, if the corporation is a combined group member and pays, accrues, or incurs one of these types of expenses to another member of the same combined group, do not add those expenses back if the net effect of the transaction on combined unitary income was zero (in other words, if the payer’s expense and the corresponding income of the member to which the expense was paid are both included in combined unitary income so that they cancel each other out).

Corporations that are partners, members, or beneficiaries of pass-through entities must include on line 2c their share of the pass-through entity’s related entity expenses shown on line 22a of Schedule 3K-1 and line 14a of Schedule 2K-1, as applicable.

Note: If the corporation meets one of the specific conditions provided in the Wisconsin Statutes, the corporation may make a subtraction modification on Form 6, Part II, line 4b.

Definitions Applicable to Line 2c. In determining whether an addback of related entity expenses is necessary, the following definitions apply:

“Related entity” – A related person under one of the following sections of the IRC :

- Section [267\(b\)](#), which defines relationships through which taxpayers would be considered “related” for purposes of the disallowance of deduction or loss on transactions between related taxpayers
- Section [1563](#), relating to controlled groups of corporations, which is incorporated into section [267](#) by reference
- Section [707\(b\)](#), relating to partners of partnerships, which is also incorporated into section [267](#) by reference

A "related entity" also includes certain real estate investment trusts (REITs) if they are not "qualified REITs." For more on qualified REITs, see [Wisconsin Tax Bulletin #158, page 17, Questions A2 and A3](#).

“Interest expenses” – Interest that would otherwise be deductible under section [163](#) of the IRC and otherwise deductible in the computation of Wisconsin income.

“Rent expenses” – Gross amounts that would otherwise be deductible under the IRC, as modified for Wisconsin purposes, for the use of, or the right to use, real property and tangible personal property in connection with real property, including services rendered in connection with such property, regardless of how reported for financial accounting purposes and regardless of how computed.

“Management fees” – Expenses and costs, not including interest expenses, pertaining to accounts receivable, accounts payable, employee benefit plans, insurance, legal matters, payroll, data processing, purchasing, taxation, financial matters, securities, accounting, or reporting on compliance matters or similar activities, to the extent that the amounts would otherwise be deductible in determining net income under the IRC as modified for Wisconsin purposes.

“Intangible expenses” – Any of the following, to the extent the amounts would otherwise be deductible in determining net income under the IRC as modified for Wisconsin purposes:

- Expenses, losses, or costs for, related to, or directly or indirectly in connection with, the acquisition, use, maintenance, management, ownership, sale, exchange, or any other disposition of intangible property
- Losses related to, or incurred in connection directly or indirectly with, factoring transactions or discounting transactions
- Royalty, patent, technical, and copyright fees
- Licensing fees

If a corporation purchases an amortizable intangible asset from a related entity, the amortization expenses on that asset are considered intangible expenses and should be added back.

Schedule RT Filing Requirement for Amount on Line 2c. If the amount a member reports on line 2c exceeds \$100,000, the member must file Schedule RT, *Wisconsin Related Entity Expenses Disclosure Statement*, with its return. However, for combined groups using apportionment, multiply the member's amount on line 2c by the apportionment percentage (Form 6, page 1, line 2) for purposes of determining whether the \$100,000 threshold for filing Schedule RT is met.

■ **Line 2d. Actual distribution of previously taxed income (PTI) aka Previously taxed earnings and profits (PTEP).** PTI/PTEP represents a distribution from a non-US entity that was previously taxed for federal purposes but not taxed by Wisconsin.

■ **Line 2e. Expenses Related to Nontaxable Income** – Enter expenses included in federal taxable income that are directly or indirectly related to nontaxable income. Examples of expenses related to nontaxable income include taxes, interest, and administrative fees related to the production of nontaxable income.

Interest, dividends, and capital gains from the disposition of intangible assets are nontaxable if both of the following are true:

- The operations of the payer are not unitary with those of the payee, and
- The payer and payee are not related as parent company and subsidiary or affiliates and the investment activity from which the income is received is not an integral part of a unitary business.

Income may also be nontaxable under the principles of the U.S. Supreme Court decision in *Allied-Signal v. Director, Div. of Taxation*, 504 U.S. 768 (1992), if the investment is passive and does not serve an operational function.

For corporations subject to the Wisconsin income tax rather than the franchise tax, nontaxable income also includes interest on United States government obligations.

Also enter on this line any losses included in federal taxable income from disposing of assets if gains from disposing those assets would have been non-taxable income if the assets were disposed of at a gain.

■ **Line 2f. Basis, Section 179, Depreciation Differences** –

Difference in federal and Wisconsin basis of depreciated or amortized assets:

Enter the amount by which the federal deduction for depreciation or amortization exceeds the Wisconsin deduction for depreciation or amortization. Provide a schedule showing the computation details. These differences can happen because of IRC sections not adopted for Wisconsin purposes and electing a different depreciation method under the IRC in effect for Wisconsin purposes. For further information about the differences between federal and Wisconsin basis and depreciation, see the section titled *Conformity with IRC and Exceptions* in the Form 6 instructions, as applicable.

Note: If the total Wisconsin adjusted basis is more than total federal adjusted basis, see the instructions for Form 6, Part II, line 4j.

Section 179 expenses:

For taxable years beginning on or after January 1, 2014, sections [179](#), [179A](#), [179B](#), [179C](#), [179D](#), and [179E](#) of the IRC related to expensing of depreciable business assets, apply for Wisconsin tax purposes. "Internal Revenue Code" means the federal IRC in effect for the year in which the property is placed in service.

For further information about the differences between the limitations for federal and Wisconsin purposes, see the section titled *Conformity with IRC and Exceptions* in the Form 6 instructions.

Depreciation differences:

Enter the amount by which the federal deduction for depreciation or amortization exceeds the Wisconsin deduction. Include a schedule showing the computation details.

These differences can happen because of IRC sections not adopted for Wisconsin purposes and electing a different depreciation method under the IRC in effect for Wisconsin purposes.

For 2014 and beyond, bonus depreciation was reinstated by the federal government, and an adjustment is required to account for the depreciation difference because Wisconsin has not adopted federal bonus depreciation provisions. For Wisconsin purposes, depreciation, depletion, and amortization is computed based on the IRC in effect on January 1, 2014, and bonus depreciation was not in effect on that date.

■ **Line 2g. Amount by Which the Federal Basis of Assets Disposed of Exceeds the Wisconsin Basis** – Enter the amount by which the federal basis of assets disposed of exceeds the Wisconsin basis. If more than one asset is

disposed of, the bases of the assets may be combined so only one entry on this line. Provide a schedule showing the computation details.

For example, assume a corporation sold the following assets during the current taxable year:

	Federal Basis	Wisconsin Basis	Difference
Equipment	\$1,500	\$500	\$1,000
Machinery	1,000	2,000	(1,000)
Building	20,000	10,000	10,000
Totals	\$22,500	\$12,500	\$10,000

The amount to enter on line 2g would be \$10,000. If the Wisconsin bases of the assets had exceeded the federal bases, an entry would be made on Form 6, Part II, line 4k, instead.

The modification may also apply in cases where a parent corporation disposes of subsidiary stock for which the basis is determined under Treas. Reg. §1.1502-32. See sec. Tax 2.61(6)(f), Wisconsin Administrative Code, for details.

■ **Line 2h. Addition for Credits Computed** – Enter the total amount of credits computed on each member's 2022 return from the list provided (except the manufacturing and agriculture credit is the amount computed in 2021).

- **Line 2h-a:** Business development credit (Schedule BD)
- **Line 2h-b:** Community rehabilitation program credit (Schedule CM)
- **Line 2h-c:** Development zones credits (Schedule DC)
- **Line 2h-d:** Economic development credit (Schedule ED)
- **Line 2h-e:** Electronics and information technology manufacturing zone credit (Schedule EIT)
- **Line 2h-f:** Employee college saving account contribution credit (Schedule ES)
- **Line 2h-g:** Enterprise zone jobs credit (Schedule EC)
- **Line 2h-h:** Farmland preservation credit (from Schedules FC or FC-A)
- **Line 2h-i:** Jobs tax credit (Schedule JT)
- **Line 2h-j:** Manufacturing investment credit (Schedule MI)
- **Line 2h-k:** Manufacturing and agriculture credit (credit computed on 2021 Schedule MA-A and/or MA-M)
- **Line 2h-l:** Research credits (Schedule R)
- **Line 2h-m:** Reserved for future use – Do not enter an amount on this line.

■ **Line 2i. Special Additions for Insurance Companies** – If any member of the combined group is an insurance company, Form 6I must be completed to account for addition modifications that are unique to insurance companies. Enter the total from Form 6I, line 4.

■ **Line 2j. Other Additions** – Enter any other additions to federal income that are not specifically listed in lines 2a-2i above. Include the numerical code number in the space to the right of the letter.

For example:

j Other additions:
a 01
b
c
d

CAUTION: Do not enter additions on line 2j that are specifically designated on lines 2a-2i above. For example, if a depreciation adjustment is passed through from a partnership on Schedule 3K-1, enter the amount on line 2f, not line 2j.

Additions to federal income may include:

- **01 Federal capital loss carryovers** (if previously deducted for Wisconsin).
- **02 Adjustments required as a result of changes made to the IRC which don't apply for Wisconsin.** For Wisconsin, the IRC means the federal Internal Revenue Code as amended to December 31, 2020, with exceptions. See "Conformity with Internal Revenue Code and Exceptions" earlier in the instructions for a list of IRC provisions adopted and not adopted.
- **03 Adjustments required as a result of making different elections for Wisconsin and federal purposes.** For additional information, see page 8 of Wisconsin Tax Bulletin [214](#).
- **04 Separately stated items of income and adjustments** for differences between the federal and Wisconsin treatment of any items of an S corporation that opts out of Wisconsin tax-option status.
- **05 Other** (include a statement detailing the source and amounts).
- **06 For 100% Wisconsin groups: Intercompany transactions** (except those to which Treas. Reg. [§1.1502-13](#) already applies) for expenses paid, accrued, or incurred by one member of the combined group to another, are disregarded so that they neither increase nor decrease a member's portion of the combined unitary income. This does not apply to intercompany transactions which occurred in taxable years beginning before January 1, 2009 or to intercompany transactions where the income, expense, gain, or loss would not otherwise be subject to combination. See Part III, line 2 for more information.
- **07 For 100% Wisconsin groups: Capital gains and losses.** The net capital gain or loss, after applying any sharable net capital loss carryover, is first determined for the combined group as a whole. If the result is a net capital gain for the group, the net capital gain is assigned to the members that would have a net capital gain from the unitary business if they were not members of the combined group, in proportion to the amount of that net capital gain. If the result is a net capital loss for the group, the net capital loss is assigned to the members that would have a net capital loss from the unitary business if they were not members of the combined group, in proportion to the amount of that net capital loss. Then each member computes its net capital gain or loss from separate entity items. See Part III, line 2 for more information.
- **08 For 100% Wisconsin groups: Basis adjustments.** A combined group member's basis in stock of a subsidiary that is a member of the same combined group is adjusted to reflect the subsidiary's distributions and items of income, gain, deduction, and loss taken into account while the subsidiary was a member of the combined group. Intercompany interest and other expenses are included in these adjustments, even if those transactions were disregarded in the computation of the member's income for the taxable year. See Part III, line 2 for more information.
- **09 For 100% Wisconsin groups: Earnings and profits.** A combined group member's earnings and profits are adjusted to reflect the undistributed earnings and profits of a subsidiary that is a member of the same combined group. The provisions of [26 CFR 1.1502-33](#), and the regulations which it references, shall apply in determining earnings and profits as if the Wisconsin combined group is a federal consolidated group. Undistributed earnings and profits attributed to a subsidiary of a combined group member from any lower-tier subsidiary may not be included in the combined group member's earnings and profits or its subsidiary's earnings and profits except to the extent the lower-tier subsidiary's earnings and profits are attributable to net income that was or would have been, included in the group's combined unitary income. Intercompany interest and other expenses are included in these adjustments, even if those transactions were disregarded in the computation of the member's income for the taxable year. See Part III, line 2 for more information.
- **10 Moving expenses**, as defined in sec. [71.01 \(8j\)](#), Wis. Stats., paid or incurred during the taxable year to move the taxpayer's Wisconsin business operation, in whole or in part, to a location outside the state or to move the taxpayer's business operations outside the United States may not be deducted as provided under the IRC.
- **11 Entity-Level Tax Election Made by a Partnership** – If the corporation is a partner in a partnership that makes the entity level tax election, make an adjustment to remove the items of income, gain, loss, or deduction that were included in federal taxable income before net operating loss and special deductions. If the partnership

makes the election, the box on Schedule 3K-1, Part C, box 3 will be checked. Include a copy of the Schedule 3K-1 and all supplemental schedules with the return.

Subtractions from Income:

■ **Line 4a. Wisconsin Subtraction Modification for Dividends** – Enter the total from line 4 of Form 6Y. See the Form 6Y instructions for an explanation of dividends that are eligible for the subtraction.

■ **Line 4b. Related Entity Expenses** – If the combined group made an addition modification for related entity expenses on Form 6, Part II, line 2c, this is where the amount that qualifies for a deduction is reported. Enter the amount of the expenses from Form 6, Part II, line 2c, that are deductible using the criteria described in *Conditions for Deducting Related Entity Expenses*, below.

For corporations that are partners, members, or beneficiaries of pass-through entities, also include the amount of allowable related entity expense reported on line 22b of Schedule 3K-1 and on line 14b of Schedule 2K-1, as applicable.

Conditions for Deducting Related Entity Expenses. Section [71.80\(23\)\(a\)3](#), Wis. Stats., provides that a related entity expense that was added back on Form 6, Part II, line 2c, qualifies for a deduction if all of the following conditions are met:

- The primary motivation for the transaction was one or more business purposes other than the avoidance or reduction of state income or franchise taxes;
- The transaction changed the economic position of the taxpayer in a meaningful way apart from tax effects; and
- The expenses were paid, accrued, or incurred using terms that reflect an arm's length relationship.

Factors that may indicate that the expense does not qualify for a deduction include the following:

- There was no actual transfer of funds from the taxpayer to the related entity, or the funds were substantially returned to the taxpayer, either directly or indirectly.
- If the transaction was entered on the advice of a tax advisor, the advisor's fee was determined by reference to the tax savings.
- The related entity does not regularly engage in similar transactions with unrelated parties on terms substantially similar to those of the subject transaction.
- The transaction was not entered into at terms comparable to arm's length as determined by Treas. Reg. [1.482-1\(b\)](#).
- There was no realistic expectation of profit from the transaction apart from the tax benefits.
- The transaction resulted in improper matching of income and expenses.
- An expense for the transaction was accrued under FIN 48.

The statutes (sec. [71.80\(23\)\(a\)1. and 2.](#), Wis. Stats.) provide some additional conditions under which a related entity expense may qualify for a deduction, subject to some important exceptions. Those conditions are:

- If the expense was paid to a related entity that is merely acting as a conduit between the taxpayer and an unrelated entity, or
- If the related entity was subject to a tax measured by net income or receipts and the net income or receipts of the transaction were included in its tax base.

More Information on Related Entity Expenses. For more information on the deductibility of related entity expenses, see the Schedule RT instructions. Even if Schedule RT is not required the instructions to Schedule RT provide helpful information regarding deductibility of related entity expenses.

■ **Line 4c. Income from Related Entities Whose Expenses Were Disallowed** – If any corporation in the combined group has income from a related entity which paid, accrued, or incurred expenses to the corporation, and that related entity could not deduct those expenses according to the instructions for line 4b, the corporation may subtract the corresponding income from its taxable income.

In order to claim a subtraction on line 4c, the corporation must obtain Schedule RT-1 from the related entity and submit Schedule RT-1 with Form 6. See the Schedule RT-1 instructions for further details.

■ **Line 4d. Subpart F and Section 965(a) Income** –

- Enter the Subpart F income included in the amount on Form 6, page 1, line 1. Each combined group member enters the amount required to be reported on Form 1120, Schedule C, line 16, column (a).
 - Do not include Previously Taxed Earnings and Profits (PTEP) aka Previously Taxed Income (PTI) required to be reported on Form 1120, Schedule M-1 or M-3, *Reconciliation of Income (Loss) per Books with Income per Return*.
 - PTEP/PTI is not netted against a Subpart F income subtraction.
- Enter the Section 965(a) inclusion included in the amount on Form 6, page 1, line 1. Each combined group member enters the amount required to be reported on federal Form 965.

■ **Line 4e. Global Intangible low-taxed income (GILTI)** - Enter the GILTI amount included on Form 6, page 1, line 1. Each combined group member enters the amount required to be reported on Form 1120, Schedule C, line 17, column (a).

■ **Line 4f. Foreign Dividend Gross-Up** – Enter the foreign dividend gross-up income included in the amount on Form 6, page 1, line 1. Each combined group member enters the amount required to be reported on Form 1120, Schedule C, line 18, column (a).

■ **Line 4g. Nontaxable Income** – Enter nontaxable income included in computing federal taxable income. Include a schedule with the return showing the payers and amounts of nontaxable income and explaining why that income isn't taxable.

- Interest, dividends, and capital gains from the disposition of intangible assets are nontaxable if both of the following are true:
 - The operations of the payer are not unitary with those of the payee, and
 - The payer and payee are not related as parent company and subsidiary or affiliates and the investment activity from which the income is received is not an integral part of a unitary business.
- Income may also be nontaxable under the principles of the U.S. Supreme Court decision in *Allied-Signal v. Director, Div. of Taxation*, 504 U.S. 768 (1992), if the investment is passive and does not serve an operational function.
- For corporations subject to the Wisconsin income tax rather than the franchise tax, nontaxable income also includes interest on United States government obligations.

CAUTION: Expenses related to nontaxable income aren't deductible and must be added to federal taxable income on Form 6, Part II, line 2e.

■ **Line 4h. Foreign Taxes** – Enter foreign taxes paid or accrued during the year not deducted in computing federal taxable income and not included on Form 6, Part II, line 4f.

■ **Line 4i. Cost Depletion** – For taxable years beginning on or after January 1, 2014, Wisconsin allows percentage depletion, so an adjustment is generally not required.

■ **Line 4j. Basis, Section 179, and Depreciation Differences** –

Enter the amount by which the Wisconsin deduction for depreciation or amortization exceeds the federal deduction for depreciation or amortization. Provide a schedule showing the computation details. These differences can happen because of IRC sections not adopted for Wisconsin purposes and electing a different depreciation method under the IRC in effect for Wisconsin purposes. For further information about the differences between federal and Wisconsin basis and depreciation, see the section titled Conformity with IRC and Exceptions in the Form 6 instructions, as applicable.

Note: If the total Wisconsin adjusted basis is less than total federal adjusted basis, see the instructions for Form 6, Part II, line 2f.

■ **Line 4k. Amount by Which the Wisconsin Basis of Assets Disposed of Exceeds the Federal Basis** - Enter the amount by which the Wisconsin basis of assets disposed of exceeds the federal basis. See the instructions for Form 6, Part II, line 2g, for an example. Provide a schedule showing the computation details.

• **Investment in a Wisconsin Qualified Opportunity Fund (QOF)**

A corporation may qualify for a basis adjustment under sec. [71.26\(3\)\(vm\)](#), Wis. Stats., if all of the following conditions are met:

- In a previous year, the corporation deferred paying tax on a capital gain by investing in a Wisconsin QOF.
- For the year in which the corporation invested in the Wisconsin QOF, the Wisconsin QOF properly filed Wisconsin [Form WQOF](#) and provided a copy to the corporation. **Exception:** Form WQOF is not required for taxable years beginning prior to January 1, 2020.
- The corporation held the investment in the Wisconsin QOF for at least 5 years.
- For the taxable year beginning in 2022, the corporation qualifies for the federal exclusion under sec. [1400Z-2\(b\)\(2\)\(B\)\(iii\)](#), IRC, or sec. [1400Z-2\(b\)\(2\)\(B\)\(iv\)](#), IRC.

If the above conditions are met, the corporation may use the following worksheet to calculate its subtraction.

Worksheet	Amount
Line 1 – If the investment in the WI QOF was held for at least 5 years but less than 7 years, enter 10%. If the investment in the WI QOF was held for 7 years or more, enter 15%.	
Line 2 – Amount of deferred gains from the investment in a WI QOF.	
Line 3 – Multiply line 2 by line 1. This is the amount of the corporation's basis adjustment to include on Form 6, Part II, Line 4k.	

■ **Line 4l. Federal Wage Credits** – Enter wages not deductible in computing federal income because they are being used in computing federal wage tax credits. For additional information, see page 8 of Wisconsin Tax Bulletin [214](#).

■ **Line 4m. Federal Research Credit Expenses** – Enter research expenses not deductible in computing federal income because they are being used in computing the federal credit for increasing research activities.

■ **Line 4n. Other Subtractions** – Enter any other subtractions to federal income that are not specifically listed in lines 4a-4m and 4o. Include the numerical code number in the space to the right of the letter. For example:

n Other subtractions:
a 01
b
c
d

CAUTION: Do not enter subtractions on line 4n that are specifically designated on lines 4a-4m and 4o. For example, if a depreciation adjustment is passed through from a partnership on Schedule 3K-1, enter the amount on line 4j, not on line 4n.

Other Subtractions from federal income may include:

- **01** Adjustments required as a result of changes made to the IRC which don't apply for Wisconsin. For Wisconsin, the Internal Revenue Code means the federal IRC as amended to December 31, 2020, with exceptions. See "Conformity with Internal Revenue Code and Exceptions" earlier in the instructions for a list of IRC provisions adopted and not adopted
- **02** Adjustments required as a result of **making different elections for Wisconsin and federal purposes**. For additional information, see page 8 of Wisconsin Tax Bulletin [214](#).
- **03 Separately stated items** of expense and adjustments for differences between the federal and Wisconsin treatment of any items of an S corporation that opts out of Wisconsin tax-option status.
- **04** For credit unions, an adjustment to **remove income from non-public deposits** from Wisconsin income as described in the instructions to Schedule CU-1.
- **05 Other** (include a statement detailing the source and amounts).
- **06 For 100% Wisconsin groups: Intercompany transactions** (except those to which Treas. Reg. [§1.1502-13](#) already applies) for expenses paid, accrued, or incurred by one member of the combined group to another, are disregarded so that they neither increase nor decrease a member's portion of the combined unitary income. This does not apply to intercompany transactions which occurred in taxable years beginning before January 1, 2009 or to intercompany transactions where the income, expense, gain, or loss would not otherwise be subject to combination. See Part III, line 2 for more information.
- **07 For 100% Wisconsin groups: Capital gains and losses**. The net capital gain or loss, after applying any sharable net capital loss carryover, is first determined for the combined group as a whole. If the result is a net capital gain for the group, the net capital gain is assigned to the members that would have a net capital gain from the unitary business if they were not members of the combined group, in proportion to the amount of that net capital gain. If the result is a net capital loss for the group, the net capital loss is assigned to the members that would have a net capital loss from the unitary business if they were not members of the combined group, in proportion to the amount of that net capital loss. Then each member computes its net capital gain or loss from separate entity items. See Part III, line 2 for more information.
- **08 For 100% Wisconsin groups: Basis adjustments**. A combined group member's basis in stock of a subsidiary that is a member of the same combined group is adjusted to reflect the subsidiary's distributions and items of income, gain, deduction, and loss taken into account while the subsidiary was a member of the combined group. Intercompany interest and other expenses are included in these adjustments, even if those transactions were disregarded in the computation of the member's income for the taxable year. See Part III, line 2 for more information.
- **09 For 100% Wisconsin groups: Earnings and profits**. A combined group member's earnings and profits are adjusted to reflect the undistributed earnings and profits of a subsidiary that is a member of the same combined group. The provisions of [26 CFR 1.1502-33](#), and the regulations which it references, shall apply in determining earnings and profits as if the Wisconsin combined group is a federal consolidated group. Undistributed earnings and profits attributed to a subsidiary of a combined group member from any lower-tier subsidiary may not be included in the combined group member's earnings and profits or its subsidiary's earnings and profits except to the extent the lower-tier subsidiary's earnings and profits are attributable to net income that was or would have been, included in the group's combined unitary income. Intercompany interest and other expenses are included in these adjustments, even if those transactions were disregarded in the computation of the member's income for the taxable year. See Part III, line 2 for more information.
- **10** The amount of net income from an out-of-state business performing **disaster relief work**. See [Publication 411 – Disaster Relief](#), for more information.
- **11 Entity-Level Tax Election Made by a Partnership** – If the corporation is a partner in a partnership that makes the entity level tax election, enter an adjustment to remove the items of income, gain, loss, or deduction that were included in federal taxable income before net operating loss and special deductions.

If the partnership makes the election, the box on Schedule 3K-1, Part C, box 3 will be checked. Include a copy of the Schedule 3K-1 and all supplemental schedules with the return.

- **12** Income received from the state of Wisconsin with moneys received from the **coronavirus relief fund** authorized under 42 USC 801 to be used for any of the following purposes:
 - Grants to small businesses
 - A farm support program
 - Broadband expansion
 - Privately owned movie theater grants
 - A nonprofit grant program
 - A tourism grants program
 - A cultural organization grant program
 - Music and performance venue grants
 - Lodging industry grants
 - Low-income home energy assistance
 - A rental assistance program
 - Supplemental childcare grants
 - A food insecurity initiative
 - Ethanol industry assistance
 - Wisconsin Eye
- Income received in the form of a grant issued by the Wisconsin Economic Development Corporation during and related to the COVID-19 pandemic under the ethnic minority emergency grant program.
- Income received in the form of a grant issued by the restaurant revitalization fund under section 5003 of Public Law 117-2 (American Rescue Plan Act of 2021)

Note: For Wisconsin, expenses paid for with these programs and deducted in the computation of federal adjusted gross income are not required to be added back on the Wisconsin return. Income from these programs is included in federal income pursuant to sec. 61, IRC, unless an exception applies. Income from these programs included in federal income should be excluded for Wisconsin.

Line 4o. Nontaxable Income from Life Insurance Operations – If any corporation in the combined group is an insurance company that has both life insurance operations and non-life insurance operations, enter the amount of nontaxable income from life insurance operations as computed on Form 6I, line 13. See the Form 6I instructions for details.

■ **Line 6. Total Nonapportionable and Separately Apportioned Income** – Complete this line only if any member of the group has nonapportionable income, items accounted for using separate accounting, or other income or loss that cannot be included in combined unitary income. For example, this line may apply in cases where a combined group member has income from the unitary business that is excluded from combined unitary income under the water's edge rules.

If any member of the group has income or loss reportable on line 6 (often called income or loss from "separate entity items"), prepare Form N for each applicable member and enter the total from line 8 of all Forms N.

The total on line 6 represents taxable income that is excluded from the group's combined unitary income. If any of this amount is allocable or separately apportionable to Wisconsin, enter the Wisconsin amount later on Form 6, Part III, line 4. See the instructions to Form N for details.

■ **Line 7a: Elimination adjustment for 100% Wisconsin Group Members** - Complete this line only for members of 100% Wisconsin combined groups (if 100% apportionment is entered on Form 6, page 1, line 2). Enter each member's elimination adjustment in their respective column. If a member does not have elimination adjustments, leave the line blank.

■ **Line 7b: Pre-apportioned income after elimination adjustments** - Complete this line only for members of 100% Wisconsin combined groups (if 100% apportionment is entered on Form 6, page 1, line 2). Subtract line 7a from line 7 for each member's column and enter the result here and on Form 6, Part III, line 2. If a member did not have an elimination adjustment on line 7a, enter the amount from line 7 on line 7b, and enter the amount from line 7b on Form 6, Part III, line 2.

Part III: Member's Share of Form 6 Items

Enter the corporation's name and federal employer identification number. Enter as much of the corporation's name that will fit in the space provided. The corporation's full name will be entered on Part VI of Form 6. **If a foreign company does not have a FEIN because they are not required to obtain one, the foreign company should enter all 9's in the FEIN field.**

Note: The designated agent must be included in one of the member columns.

Enter the information for each member in a separate column. If there are more than three members, use additional pages 8 and 9 of Form 6. Once all members have been entered compute the combined total column for all the members of the group.

For example, if there are seven members in the combined group, enter members one through three on pages 8 and 9 of Form 6, leaving the combined total column blank. Next, enter members four through six on pages 8 and 9 of Form 6, leaving the combined total column blank. Finally, complete another page 8 and 9 of Form 6 for the seventh and final member. Leave the other two columns blank and enter the combined total for all members of the group in the final column.

■ **Line 1a. Apportionment Numerator** – Enter the amount from Schedule A-01, A-02, A-03, A-04, A-05, A-06, A-07, A-08, A-09, A-10, or A-11. 100% Wisconsin groups should leave this line blank.

■ **Line 1b. Apportionment Denominator** – Enter the amount from Schedule A-01 to A-11. 100% Wisconsin groups should leave this line blank.

■ **Line 1c. Total Combined Apportionment Total** – Enter the combined total from line 1b for all combined group members and enter it on the line for each group member. 100% Wisconsin groups should leave this line blank.

■ **Line 1d. Apportionment Percentage** – For each combined group member, divide the amount on line 1a by the amount on line 1c. 100% Wisconsin groups should leave this line blank.

Enter the apportionment schedule each member used. For example, if Schedule A-01, *Wisconsin Single Sales Factor Apportionment Data for Nonspecialized Industries*, was used by the first member, enter "01" in the members column.

■ Line 2. Members Share of Combined Unitary Income

Non-100% Wisconsin Groups:

For each member, multiply the amount on the combined total line from Form 6, Part II, line 8 by the member's amount on line 1d.

100% Wisconsin Groups:

For combined groups that are engaged in business solely in Wisconsin, and therefore not eligible to use apportionment, each member's net income subject to combination is determined on a separate entity basis and then adjusted to reflect the member's status as a combined group member. These incomes are added together to arrive at the combined unitary income. Therefore, if some combined group members have net income from the unitary business and others in the same group have net loss from the unitary business, the combined group's tax liability is based on the total aggregate net income or loss of the unitary business.

Do not multiply Part II, line 8 by Part III, line 1d. Since a 100% Wisconsin group does not use apportionment, the amount on each member's line 2 should equal the member's amount from Part II, line 7b; however, the corporation must make the adjustments prescribed in sec. Tax [2.61\(8\)](#), Wisconsin Administrative Code, to reflect the corporation's status as a combined group member. To make those adjustments, complete Part II lines 2j and/or 4n as appropriate. See the instructions for Part II lines 2j and 4n for further information.

The following adjustments are required under sec. Tax [2.61\(8\)](#), Wisconsin Administrative Code:

- **Intercompany transactions** (except those to which Treasury Reg. [§1.1502-13](#) already applies) for expenses paid, accrued, or incurred by one member of the combined group to another, are disregarded so that they neither increase nor decrease a member's portion of the combined unitary income. This does not apply to intercompany transactions which occurred in taxable years beginning before January 1, 2009 or to intercompany

transactions where the income, expense, gain, or loss would not otherwise be subject to combination.

- **Capital gains and losses.** The net capital gain or loss, after applying any sharable net capital loss carryover, is first determined for the combined group as a whole. If the result is a net capital gain for the group, the net capital gain is assigned to the members that would have a net capital gain from the unitary business if they were not members of the combined group, in proportion to the amount of that net capital gain.

If the result is a net capital loss for the group, the net capital loss is assigned to the members that would have a net capital loss from the unitary business if they were not members of the combined group, in proportion to the amount of that net capital loss. Then each member computes its net capital gain or loss from separate entity items.

- **Basis adjustments.** A combined group member's basis in stock of a subsidiary that is a member of the same combined group is adjusted to reflect the subsidiary's distributions and items of income, gain, deduction, and loss taken into account while the subsidiary was a member of the combined group. Intercompany interest and other expenses are included in these adjustments, even if those transactions were disregarded in the computation of the member's income for the taxable year.
- **Earnings and profits.** A combined group member's earnings and profits are adjusted to reflect the undistributed earnings and profits of a subsidiary that is a member of the same combined group. The provisions of [26 CFR 1.1502-33](#), and the regulations which it references, shall apply in determining earnings and profits as if the Wisconsin combined group is a federal consolidated group. Undistributed earnings and profits attributed to a subsidiary of a combined group member from any lower-tier subsidiary may not be included in the combined group member's earnings and profits or its subsidiary's earnings and profits except to the extent the lower-tier subsidiary's earnings and profits are attributable to net income that was or would have been, included in the group's combined unitary income. Intercompany interest and other expenses are included in these adjustments, even if those transactions were disregarded in the computation of the member's income for the taxable year.

After making the adjustments above, if there are some members with net income from the unitary business and others with net losses from the unitary business, do not make any adjustments on line 2 to offset the losses against the incomes. Those adjustments will be accounted for on line 3.

Line 3. Adjustment for Current Year Loss Offset – Complete this line if the combined group is a 100% Wisconsin group and there are some members with net income from the unitary business and others with net loss from the unitary business, as computed on line 2.

Note: Skip line 3 if all members have a positive amount on line 2 or if all members have a negative amount on line 2.

A member's positive amount (income) on Line 2 must be offset by other members' negative amounts (losses) on Line 2. Line 3 is used to account for these offsets for purposes of computing the member's gross tax and accounting for net business losses.

The computation of the amount on line 3 depends on whether the combined unitary income reported on Form 6, Part II, line 8 is a positive amount (income) or a negative amount (loss).

If combined unitary income is positive, compute the total of the members' negative amounts reported on line 2, and allocate that total to the members with positive amounts on line 2 in proportion to those positive amounts. If combined unitary income is negative, compute the total of the members' positive amounts reported on line 2, and allocate that total to the members with negative amounts on line 2 in proportion to those negative amounts.

If offset amounts are computed, the allocation method described above must be used. On line 3, report the adjustments to each member's amount on line 2 as necessary to reflect the offset.

The following examples illustrate how to determine the adjustment amounts to enter on line 3:

Example 1: Combined Group ABCD consists of Member A, Member B, Member C, and Member D. The members' amounts on line 2 are as follows:

Form 6,Part III	A	B	C	D
Line 2:	10,000	30,000	-15,000	-10,000

As a whole, Group ABCD has combined unitary income of \$15,000 = (\$10,000 + \$30,000 - \$15,000 - \$10,000), which is reported on Form 6, Part II, line 8. This amount consists of a total of \$40,000 of income from Members A and B and a total of -\$25,000 of loss from Members C and D. The loss amount from Members C and D is allocated to Members A and B on a pro rata basis in proportion to their income amounts on line 2. Thus, the amount of loss allocated to Member A is -\$6,250 = \$10,000/(40,000 x -\$25,000) and the amount allocated to Member B is -\$18,750 = \$30,000/(40,000 x -\$25,000).

Therefore, the amounts reported by each member on Form 6, Part III, lines 2 and 3 are as follows:

Form 6,Part III	A	B	C	D
Line 2:	10,000	30,000	-15,000	-10,000
Line 3:	-6,250	-18,750	15,000	10,000
	3,750	11,250	0	0

Note that after the allocation, C and D have \$0 of the combined unitary income and A and B have the entire \$15,000 the group's combined unitary income.

Example 2: Assume the same facts as Example 1, except that Member A reports \$15,000 on line 2 and Member B reports \$5,000 on line 2, so the amounts are as follows:

Form 6,Part III	A	B	C	D
Line 2:	15,000	5,000	-15,000	-10,000

As a whole, Group ABCD has a combined unitary loss of -\$5,000 (= \$15,000 + \$5,000 - \$15,000 - \$10,000), which is reported on Form 6, Part II, line 8. This amount consists of a total of \$20,000 of income from Members A and B and a total of -\$25,000 of loss from Members C and D. The income amount from Members A and B is allocated to Members C and D on a pro rata basis in proportion to their loss amounts on line 2. Thus, the amount of income allocated to Member C is \$12,000 = -\$15,000/(-\$25,000 x \$20,000) and the amount allocated to Member D is \$8,000 = -\$10,000/(-\$25,000 x \$20,000).

Therefore, the amounts reported by each member on lines 2 and 3 are as follows:

Form 6,Part III	A	B	C	D
Line 2:	15,000	5,000	-15,000	-10,000
Line 3:	-15,000	-5,000	12,000	8,000
Total	0	0	-3,000	-2,000

Note that after the allocation, A and B have \$0 of the combined unitary loss and C and D -\$5,000 of the group's combined unitary loss.

For combined groups that are not 100% Wisconsin groups and use the apportionment method to compute income, if a member has a negative apportionment factor which results in negative apportionable income on line 2, the member is required to enter the amount from line 2 on line 3 as a positive value to offset the negative value on line 2.

For combined groups that are not 100% Wisconsin groups and use the apportionment method to compute income, if the numerator of a member's modified sales factor is a positive number and the denominator is a negative number

or zero, all of the combined unitary income shall be apportioned to the member. The member's separate company denominator has no effect on this determination. If this results in apportioning all of the combined unitary income to more than one member, the combined unitary income is apportioned to the members having positive modified sales factor numerators in proportion to the amounts of their numerators. See example below.

Example: Combined Group XY consists of Member X and Member Y. In its taxable year 2009, Group XY has combined unitary income of \$50,000. X and Y have the following apportionment factors:

	Member X	Member Y
Modified Sales Factor Numerator	\$5,000	\$15,000
Separate Company Denominator	(\$10,000)	\$5,000

The modified sales factor denominator, or sum of the separate company denominators, is (\$5,000). The amount of combined unitary income that would be apportioned to X is \$12,500 (= \$50,000 x (\$5,000 / \$20,000)). The combined unitary income that would be apportioned to Y is \$37,500 (= \$50,000 x (\$15,000 / \$20,000)).

■ **Line 4. Wisconsin Net Nonapportionable and Separately Apportioned Income** – If any member has net income or loss not included in combined unitary income, complete Form N to determine the amount of Wisconsin income (if any). Enter the amount from Form N, line 14 on line 4.

■ **Line 5. Net Capital Loss Adjustment** – If the combined group reported a net capital gain on Form 6, Part I, line 30, and any member has non-sharable capital loss carryovers or a current year net capital loss from Form N, complete Form 6CL to determine the amount of additional capital loss allowable to that member. On line 5, enter the amount from the corporation's Form 6CL, Part I, line 9e. See the Form 6CL instructions for details.

■ **Line 6. Loss Adjustment for Insurance Companies** – If the corporation is an insurance company and the sum of lines 2 through 4 minus line 5 is a negative amount, reduce the loss amount by the dividends received deduction. See the Form 6I instructions for details. If the corporation has an amount on Form 6I, line 24, enter that amount on line 6.

■ **Line 7. Net Business Loss Carryforward** – If the sum of lines 2 through 4 minus line 5 is a positive amount and the corporation has a net business loss carryforward, see the instructions for Form 6, Part IV. Enter the amount from Form 6, Part IV, line 18.

■ **Line 8. Wisconsin Net Income:**

- If a member **did not check the box for excess inclusion income** from a real estate mortgage investment conduit, compute Wisconsin net income as provided below.

Line 2: Members share of combined income
 + Line 3: Adjustment for current year loss offset
 + Line 4: Nonapportionable and separately apportioned
 - Line 5: Net capital loss adjustment
 + Line 6: Loss adjustment for insurance companies
 - Line 7: Net business loss carryforward
 Wisconsin Net Income

- If a member **checked the box for excess inclusion income** from a real estate mortgage investment conduit, compute the amount to enter on line 8 for each member that checked the box using the worksheet below:

Real Estate Mortgage Investment Conduit Excess Inclusion Income Computation (compute a separate worksheet for each member that checked the box on line 8):

1. Enter the member's excess inclusion income from federal Schedule Q (Form 1066) for the taxable year.....1. _____
2. Enter the member's apportionment percentage from Form 6, Part III, line 1d.....2. _____ %
3. Multiply line 1 by line 2.....3. _____

4. Enter the member's amount from Form 6, Part III, line 8; however, if the amount is a loss, enter 0 4. _____
- If line 4 is greater than line 3, there is no excess inclusion income adjustment required.
 - If line 4 is less than line 3, enter the amount from line 3 on Form 6, Part III, line 8 and check the box below the line.

■ **Line 9. Gross Tax** – For corporations other than insurance companies, the gross tax on line 9 is computed as follows:

Share of combined unitary income (= line 2 + 3)	
+ Income from separate entity items (line 4)	
- Net capital loss adjustment (line 5)	
- Net business loss carryforward (line 7)	
Wisconsin net income	
x 7.9% (0.079)	
= Gross tax (line 9) (Cannot be less than zero)	

Line 9 Computation for Insurance Companies. For insurance companies, the gross tax on line 9 is generally the lesser of the amount computed for regular corporations, as shown above, or 2% of its gross premiums. An insurance company completes Form 6I, Part IV to determine its gross tax. For an insurance company, the amount to enter on Form 6, Part III, line 9 is the lesser of the amounts on Form 6I, line 26 or line 29.

■ **Line 10. Nonrefundable Credits** – If the corporation has nonrefundable credits to use against its gross tax, or research credits eligible to be shared with the other combined group members, see the instructions for Form 6, Part V. Enter the amount from Form 6, Part V, line 6.

■ **Line 11. Economic Development Surcharge** – The economic development surcharge is computed separately for each member based on each member's activities reported on Form 6, Part III. If one member of the combined group has nexus with Wisconsin, all members of the combined group are considered to have nexus with Wisconsin for purposes of the economic development surcharge. However, only members that have "gross receipts from all activities" of \$4 million or more during the taxable year are subject to the economic development surcharge.

Gross Receipts for Purposes of Economic Development Surcharge. The gross receipts for purposes of applying the \$4 million threshold comes from Form 6, Part VI, line 6. See sec. Tax [2.32](#), Wisconsin Administrative Code and the instructions for Form 6, Part VI, line 6 for the definition of "Gross Receipts from All Activities".

Computation of Surcharge. If the corporation's gross receipts from all activities on line 11a are \$4 million or more, multiply the gross tax on line 11b by 3% and enter the result on line 11c, except if the result is less than \$25, enter \$25, and if the result is greater than \$9,800, enter \$9,800.

If the corporation is simultaneously included in more than one return (for example, if the corporation is a member of another combined group), the economic development surcharge can apply only once for the corporation's entire gross tax for its taxable year.

For more information about the economic development surcharge, refer to [Publication 400](#), *Wisconsin's Economic Development Surcharge*, which is available on the department's web site at revenue.wi.gov/html/taxpubs.html. Also, for additional information and examples relating to the economic development surcharge for combined group members, see sec. Tax [2.82\(5\)](#) and [\(6\)](#), Wisconsin Administrative Code.

■ **Line 12. Wisconsin Tax Withheld** – Enter the corporation's Wisconsin tax withheld from pass-through entities, as reported on Wisconsin Schedules 3K-1 or 2K-1. include a copy of the Schedule 3K-1 or 2K-1 with the combined return. Also enter the amount of Wisconsin tax withheld from lottery prizes.

If this is an amended return, enter the Wisconsin tax withheld reported on the original Form 6, unless the amount originally reported was incorrect.

■ **Line 13. Refundable Credits** –Report each member's refundable credits. In the space next to the line, enter the 2-digit code corresponding to each refundable credit from the table below, and the amount of credit for each code listed.

Any refundable credits in excess of the combined group's tax liability will be refunded to the designated agent

Most credits must be computed on a department-prescribed schedule. The table indicates the schedule that must be used by each member to compute the credit and the line number of that schedule that shows the total available credit. The applicable credit schedule(s) must be included with the combined return.

Codes for Refundable Credits

Credit	Code	Schedule	Line
Business development credit	62	BD	3
Electronics and Information Technology Manufacturing Zone Credit	63	EIT	5
Enterprise zone jobs credit	52	EC	3
Farmland preservation credit	53	FC	17
Farmland preservation credit	61	FC-A	13
Jobs tax credit	60	JT	5
15% Refundable portion of research credit	64	R	20

Note: Combined groups should not file Schedule CR to summarize their credits. The credit codes on Form 6, Part III, line 13 replace Schedule CR.

For information on how to qualify for credits, see Publication 123, *Business Tax Incentives* (available on the Department of Revenue's web site at revenue.wi.gov/html/taxpubs.html). The instructions to each credit schedule may also provide helpful information. These schedules and instructions are on the department's web site at revenue.wi.gov/html/formpub.html.

Part IV: Wisconsin Net Business Loss Carryforward

Enter the corporation's name and federal employer identification number. Enter as much of the corporation's name that will fit in the space provided. The corporation's name will be entered on Part VI of Form 6. **If a foreign company does not have a FEIN because they are not required to obtain one, the foreign company should enter all 9's in the FEIN field.**

Note: The designated agent must be included in one of the member columns.

Enter the information for each member in a separate column. If there are more than three members, use additional pages 9 and 10 of Form 6. Once all members have been entered, compute one combined total column for all the members of the group.

For example, if there are seven members in the combined group, enter members one through three on pages 9 and 10 of Form 6, leaving the combined total column blank. Next, enter members four through six on pages 9 and 10 of Form 6, leaving the combined total columns blank. Finally, complete another page 9 and 10 of Form 6 for the seventh and final member. Leave the other two columns blank and enter the combined totals for all members of the group in the final column.

If any member will be using any net business loss carryforwards in this return, Form 6, Part IV must be completed to ensure that non-sharable loss carryforwards and sharable loss carryforwards are calculated correctly.

Combined group members must use business loss carryforwards in a specific order. A combined group member shall apply Net business loss (NBL) carryforwards as incurred chronologically in the following order:

1. For 100% Wisconsin combined groups only: sharing of current year unitary losses;
2. Its own pre-2009 NBL carryforward to offset its own Wisconsin net income from separate entity items;
3. Its own pre-2009 NBL carryforward to offset its share of the Wisconsin combined group's Wisconsin income;
4. Its own post-2008 sharable NBL carryforward to offset its share of the Wisconsin combined group's Wisconsin income;
5. Its share of post-2008 sharable NBL carryforward from other combined group members to offset its share of the Wisconsin combined group's Wisconsin income;
6. Its share of sharable pre-2009 NBL carryforward from other combined group members up to the allowable 5% amount to offset its share of the Wisconsin combined group's Wisconsin income.

See the common question, "Net Business Losses for Combined Groups" available at: revenue.wi.gov/Pages/FAQS/ise-combrptd.aspx for further information.

■ **Line 1. Member's Portion of Combined Unitary Income** – Enter the amounts from Form 6, Part III, line 2 plus line 3.

■ **Line 2. Member's Net Nonapportionable Income** – Enter the amount from Form 6, Part III, line 4.

■ **Line 4. Member's Capital Loss Adjustment** – Enter the amount from Form 6, Part III, line 5 as a positive number.

■ **Line 6. Available Non-sharable Net Business Loss Carryforward** – Enter the amount from Form 6BL, line 30, column (i) the member elects to use to offset current year income. The total available non-sharable net business loss carryforward is not required to be used. For example, the member **may choose to use less nonsharable net business loss carryforward on line 6 in order to use a credit that may be expiring.** See the Tax Releases in *Wisconsin Tax Bulletin* issues [138](#) (April 2004), [139](#) (July 2004), and [196](#) (January 2017) for more details on using carryforwards of net business losses and credits. *Wisconsin Tax Bulletins* are on the department's web site at revenue.wi.gov/Pages/ISE/wtb-Home.aspx.

Line 7. Nonsharable Net Business Loss Carryforward Used – This is the amount of nonsharable net business loss carryforward being used to offset the member's own income.

■ **Line 9. Available Sharable Net Business Loss Carryforward** – Enter the amount from Form 6BL, line 30, columns (j) and (k) the member elects to use to offset current year income.

■ **Line 10. Sharable Net Business Loss Carryforward Used** – This is the amount of sharable net business loss carryforward being used to offset the member's own income. This does not include any amounts that are being shared with other combined group members. The amount of sharable net business loss carryforward being shared with other combined group members is reported on line 13.

■ **Line 11. Remaining Sharable Net Business Loss Carryforward** – This is the amount of sharable net business loss carryforward eligible to be shared with other combined group members to offset their remaining current year combined unitary income.

Caution: Combined group members are not required to share any remaining shareable net business loss carryforward. However, the remaining sharable net business loss carryforward amounts from each combined group member electing to share must be aggregated in order to calculate lines 13 and 14 of Form 6, Part IV.

■ **Line 12. Remaining Income** – This is the remaining income not offset by the member's non-sharable or shareable net business loss carryforward.

Caution: The remaining income amounts for each combined group member are aggregated in order to calculate lines 13 and 14 of Form 6, Part IV. However, net business loss carryforwards may not be shared with any combined group member whose remaining income on line 12 is zero or less.

■ **Line 13. Shareable Net Business Loss Carryforward Amount Being Shared With Other Members—** Enter the amount of the shareable net business loss each member is sharing with other combined group members. See the examples for the calculation. The sum of all member's line 13 amounts should equal the sum of all member's line 14 amounts.

Note: The combined group member's Form 6BL, columns (f), (g), and (h) should include the amount being shared with other combined group members since this amount of shareable net business loss is being used up.

■ **Line 14. Shareable Net Business Loss Carryforward Amount Being Shared With This Member –** Enter the amount of the shareable net business loss being shared with this member. See the examples for the calculation. The sum of all member's line 13 amounts should equal the sum of all member's line 14 amounts.

The following examples illustrate how to determine the shareable net business loss carryforward amounts being shared with other members of the combined group:

Example 1: Combined Group ABCD consists of Member A, Member B, Member C, and Member D. The combined group members' remaining shareable net business loss carryforward amounts and remaining income amounts for 2022 are as follows:

Form 6, Part IV	A	B	C	D
Line 11	24,000	16,000	0	0
Line 12	0	0	20,000	5,000

Member A and Member B have no remaining income and have offset all of their own income with their own non-shareable and shareable net business loss carryforward amounts. Member C and Member D still have remaining income after using their own non-shareable and shareable net business loss carryforward amounts.

The amount of shareable net business loss carryforwards being shared between the combined group members are as follows:

Form 6, Part IV	A	B	C	D
Line 13	15,000	10,000	0	0
Line 14	0	0	20,000	5,000

Line 13 calculation: Member A calculates \$15,000 for line 13 ($(\$24,000/\$40,000) \times \$25,000$ aggregate remaining income amount) and Member B calculates \$10,000 for line 13 ($(\$16,000/\$40,000) \times \$25,000$ aggregate remaining income amount).

The shareable net business loss carryforward amounts being shared with other combined group members must be calculated on a prorated basis. The prorated basis is the taxpayer's own remaining shareable net business loss amount divided by the aggregate remaining shareable net business loss amount. This amount is then multiplied by the **lesser** of the aggregate shareable net business loss carryforward amount **or** the aggregate remaining income amount.

After the aggregate shareable net business loss is shared with the other combined group members, the remaining aggregate shareable net business loss is \$15,000 ($\$40,000 - \$25,000$). The remaining shareable net business loss amounts remain an attribute of the corporation that originally incurred the loss. At the end of 2022, Member A would have a \$9,000 ($\$24,000 - \$15,000$) shareable net business loss carryforward and Member B would have a \$6,000 ($\$16,000 - \$10,000$) shareable net business loss carryforward.

Line 14 calculation: Member C calculates \$20,000 for line 14 ($(\$20,000/\$25,000) \times \$25,000$ aggregate remaining income amount) and Member D calculates \$5,000 for line 14 ($(\$5,000/\$25,000) \times \$25,000$ aggregate remaining income amount).

The amount of shareable net business loss carryforward being used by each member must be calculated on a prorated basis. The prorated basis is the taxpayer's own remaining income amount divided by the aggregate remaining income amount. This amount is then multiplied by the **lesser** of the aggregate shareable net business loss carryforward amount **or** the aggregate remaining income amount.

Since Member C and Member D only have \$25,000 of aggregate remaining income and \$40,000 of aggregate remaining shareable net business loss carryforward is available, all of the income of Member C and Member D has been offset.

Example 2: Combined Group ABCD consists of Member A, Member B, Member C, and Member D. The combined group members' remaining shareable net business loss carryforward amounts and remaining income amounts for 2022 are as follows:

Form 6, Part IV	A	B	C	D
Line 11	24,000	16,000	0	0
Line 12	0	0	27,000	20,000

Member A and Member B have no remaining income and have offset all of their own income with their own non-shareable and shareable net business loss carryforward amounts. Member C and Member D still have remaining income after using their own non-shareable and shareable net business loss carryforward amounts.

The amount of shareable net business loss carryforwards being shared between the combined group members are as follows:

Form 6, Part IV	A	B	C	D
Line 13	24,000	16,000	0	0
Line 14	0	0	22,979	17,021

Line 13 calculation: Member A calculates \$24,000 for line 13 ($(\$24,000/\$40,000) \times \$40,000$ aggregate shareable net business loss amount) and Member B calculates \$16,000 for line 13 ($(\$16,000/\$40,000) \times \$40,000$ aggregate shareable net business loss amount).

The shareable net business loss carryforward amounts being shared with other combined group members must be calculated on a prorated basis. The prorated basis is the taxpayer's own remaining shareable net business loss amount divided by the aggregate remaining shareable net business loss amount. This amount is then multiplied by the **lesser** of the aggregate shareable net business loss carryforward amount **or** the aggregate remaining income amount.

After the aggregate shareable net business loss is shared with the other combined group members, the remaining aggregate shareable net business loss is \$0 ($\$40,000 - \$40,000$). The remaining shareable net business loss amounts remain an attribute of the corporation that originally incurred the loss. At the end of 2022, Member A would have \$0 ($\$24,000 - \$24,000$) and Member B would have \$0 ($\$16,000 - \$16,000$) shareable net business loss carryforwards.

Line 14 calculation: Member C calculates \$22,979 for line 14 ($(\$27,000/\$47,000) \times \$40,000$ aggregate shareable net business loss amount) and Member D calculates \$17,021 for line 14 ($(\$20,000/\$47,000) \times \$40,000$ aggregate shareable net business loss amount).

The amount of shareable net business loss carryforward being used by each member must be calculated on a prorated basis. The prorated basis is the taxpayer's own remaining income amount divided by the aggregate remaining income amount. This amount is then multiplied by the **lesser** of the aggregate shareable net business loss carryforward amount **or** the aggregate remaining income amount.

For tax year 2022, Member C would have taxable income of \$4,021 ($\$27,000 - \$22,979$) and Member D would have taxable income of \$2,979 ($\$20,000 - \$17,021$).

■ **Line 15. Remaining Income** – This is the remaining income not offset by the member's own nonshareable or shareable loss carryforward, or the shareable net business loss carryforwards from other members. Each member's remaining income amounts shall be aggregated in order to calculate lines 16 and 17.

■ **Line 16. Pre-2009 Net Business Loss Carryforward Amount Being Shared with Other Members**

If a member has unused net business loss carryforwards incurred in taxable years beginning before January 1, 2009, the pre-2009 net business loss carryforwards not used by the member prior to the taxable year beginning on or after January 1, 2012 may be shared up to five percent per year with other combined group members in taxable years beginning on or after January 1, 2012, and before January 1, 2032.

The pre-2009 net business loss carryforward is a one-time computation. It is a member's total net business loss carryforward as of the beginning of the first taxable year that begins after December 31, 2008, and not used by the member in any taxable year beginning before January 1, 2012.

The pre-2009 net business loss carryforward is determined in Step 1 on page 9 of the 2012 Form 4M instructions.

Step 1: Determine the maximum amount in each year for this member that can be converted from nonshareable to shareable and be shared with other members in that taxable year.

- Line A Enter the amount from line F from page 9 of the 2012 Form 4M instructions. A. _____
- Line B Maximum percentage allowed to be shared per taxable year (5%) B. 0.05
- Line C Multiply line A by line B. Round to the dollar. C. _____
- Line D Enter the member's taxable year beginning date from Form 6, Part VI, line 2. D. _____
- Line E Enter the member's taxable year ending date from Form 6, Part VI, line 2. E. _____
- Line F Number of days between dates on lines D and E. Do not enter more than 365 days. For example, the number of days between February 14 and February 19 is 5 days. F. _____
- Line G Tentative maximum amounts that this member may share with other Members for this taxable year. Multiply line C by (line F divided by 365). Round to the dollar. G. _____
- Line H Enter the amount of nonshareable net business loss that the member is using from its Form 6, Part IV, line 7. H. _____
- Line I Maximum amount that this member may share with other members for this taxable year.
 Subtract line H from line A.
 - If the difference is greater to or equal to line G, enter the amount from line G and go to line J.
 - If the difference is greater than zero but less than line G, enter the difference and go to line J.
 - If the difference is zero or less, enter zero and stop. There are no remaining nonshareable net business loss carryforwards available. I. _____
- Line J Does the member choose to share less than the maximum amount allowed to be shared this year from line I ? If yes, enter that amount here. This amount must be between zero and the amount on line I. If no, enter the amount from line I. J. _____

Step 2: Allocate to other members. Using the allocation method shown in the instructions for line 14, Examples 1 and 2, allocate the amounts (line J) being shared with other members. After this allocation has been made, enter the member's amount shared with other members on Form 6, Part IV, line 16.

The sum of all group members line 16 amounts should equal the sum of all group members line 17 amounts. The member's Form 6BL, columns (f), (g), and (h) should include the amounts that the member is sharing with other members since this amount is being used up.

Step 3: Compute carryforward, if any. If the member did not use the maximum amount (line I) to offset the income of other members, the remainder may be added to that portion of the pre-2009 net business loss carryforward that may offset the income of all other members in a subsequent year until the pre-2009 net business loss carryforward is completely used or expired. Pre-2009 net business loss carryforwards may not be used in any taxable year that begins on or after January 1, 2032.

Line K Enter the amount from line I. K. _____

Line L Enter the amount from Form 6, Part IV, line 16. L. _____

Line M Subtract line L from line K. This amount may be carried forward. M. _____

The member's Form 6BL, column (f) should include the amount that the member is converting to the new class of pre-2009 shareable net business loss carryforward. In addition, this amount will be added to the member's Form 6BL, column (k) for the subsequent taxable year.

■ **Line 17. Pre-2009 Net Business Loss Carryforward Amount Being Shared With This Member** – Enter the amount of pre-2009 net business loss carryforward being shared with this combined group member. See the instructions for line 14, Examples 1 and 2, for the allocation method.

The sum of all members' line 16 amounts should equal the sum of all members' line 17 amounts.

Part V: Nonrefundable Credits

Enter the corporation's name and federal employer identification number. Enter as much of the corporation's name that will fit in the space provided. The corporation's full name will be entered on Part VI of Form 6. **If a foreign company does not have a FEIN because they are not required to obtain one, the foreign company should enter all 9's in the FEIN field.**

Note: The designated agent must be included in one of the member columns.

Enter the information for each member in a separate column. If there are more than three members, use an additional page 11 of Form 6. Once all members have been entered, compute one combined total column for all the members of the group.

For example, if there are seven members in the combined group, enter members one through three on page 11 of Form 6, leaving the combined total column blank. Next, enter members four through six on page 11 of Form 6, leaving the combined total columns blank. Finally, complete another page 11 of Form 6 for the seventh and final member. Leave the other two columns blank and enter the combined totals for all members of the group in the final column.

If the member is using nonrefundable credits, Part V must be completed to ensure that sharable credits and non-sharable credits are properly accounted for.

■ **Line 1. Available Nonrefundable Credits** – Enter the total amount of available nonrefundable tax credits from the credit schedules and Schedule CF.

In the spaces to the left of the lines, enter the 2-digit code corresponding to each available credit from the table below, and the total amount of available credit for each code listed. (Enter the credit code on the line that looks like “_____”).

Note: Combined groups should not complete Schedule CR to summarize their credits. The credit codes on Form 6, Part V replace Schedule CR.

If credits are carried forward from prior years or there are current year unused credits that are being carried forward, complete a Schedule CF for each credit.

Codes for Nonrefundable Credits

Credit	Code	Schedule
Agriculture credit	36	MA-A
Biodiesel fuel production credit: Carryforward	18	CF
Community development finance credit: unused carryover from prior years	01	CF
Community rehabilitation program credit	02	CM
Dairy and livestock farm investment credit: Carryforward	03	CF
Development opportunity zone investment credit: unused carryover from prior years	35	CF
Development zones credit	04	DC
Development zone capital investment credit	37	DC
Early stage seed investment credit	11	VC
Economic development credit	12	ED
Electronic medical records credit: carryover	32	CF
Employee college savings account contribution credit	38	ES
Ethanol and biodiesel fuel pump credit: carryover	13	CF
Film production company investment credit certified under 2008 law: carryover	14	CF
Film production services certified under 2008 law – nonrefundable portion	15	CF
Health insurance risk-sharing plan assessments credit	16	CF
Internet equipment credit: carryforward	17	CF
Low-income housing tax credit	39	LI
Manufacturer's sales tax credit: carryforward	19	MS
Manufacturing investment credit	20	MI
Manufacturing credit	34	MA-M
Postsecondary education credit: carryover	21	CF
Research expense credit	22	R
Research expense credit for activities related to certain energy efficient products	23	R
Research expense credit for activities related to internal combustion engines	24	R
Research facilities credit: carryover	25	CF
Research facilities credit for activities related to certain energy efficient products: carryover	26	CF
Research facilities credit for activities related to internal combustion engines: carryover	27	CF
Super research and development credit: carryover	28	CF
Supplement to the federal historic rehabilitation credit	29	HR
Technology zone credit	30	TC
Veteran employment credit: carryover	33	CF
Water consumption credit: carryover	31	CF

■ **Line 2. Gross Tax** – Enter the member's gross tax from Form 6, Part III, line 9.

■ **Line 3. Summary of Nonrefundable Credits Used to Offset Tax** – In the spaces to the left of the lines, enter the 2-digit code corresponding to each available credit from the table below, and the amount of credit **the taxpayer is electing to use** for each code listed. (Enter the credit code on the line that looks like “”). See [Wisconsin Tax Bulletins 138 \(April 2004\)](#), and [196 \(January 2017\)](#) for more details on electing to use credits.

Most credits must be computed on a department-prescribed schedule. The table below indicates the schedule that must be used to compute the credit and the line number of that schedule that shows the total available credit. Only enter the amount of each credit the taxpayer is electing to use to offset the tax liability. The applicable credit schedule(s) must be included with the combined return.

See *Wisconsin Tax Bulletins* [138 \(April 2004\)](#), [139 \(July 2004\)](#), [178 \(January 2013\)](#), [183 \(January 2014\)](#), and [196 \(January 2017\)](#) for more details on using carryforwards of credits and net business losses. *Wisconsin Tax Bulletins* can be accessed on the Department of Revenue's web site at revenue.wi.gov/Pages/ISE/wtb-Home.aspx.

Combined groups should not complete Schedule CR to summarize their credits. The credit codes on Form 6, Part V replace Schedule CR.

If credits from prior years are being used or current year unused credits are being carried forward, complete a Schedule CF for each credit.

Several nonrefundable credits expired for taxable years beginning on or after January 1, 2014. Those credits may no longer be computed; however, any eligible remaining carryover may be used until fully utilized or expired, whichever comes first. The credit schedule originally used to compute the credit is not completed for a carryforward of an expired credit. Instead, Schedule CF is completed for each credit that is being carried forward. See the Schedule CF instructions for further details. When completing Form 6, Part V, line 3, use the credit codes from the table below, not the credit codes from the Schedule CF instructions.

Codes for Nonrefundable Credits

Credit	Code	Schedule
Agriculture credit	36	MA-A
Biodiesel fuel production credit: Carryforward	18	CF
Community development finance credit: unused carryover from prior years	01	CF
Community rehabilitation program credit	02	CM
Dairy and livestock farm investment credit: Carryforward	03	CF
Development opportunity zone investment credit: unused carryover from prior years	35	CF
Development zones credit	04	DC
Development zone capital investment credit	37	DC
Early stage seed investment credit	11	VC
Economic development credit	12	ED
Electronic medical records credit: carryover	32	CF
Employee college savings account contribution credit	38	ES
Ethanol and biodiesel fuel pump credit: carryover	13	CF
Film production company investment credit certified under 2008 law: carryover	14	CF
Film production services certified under 2008 law – nonrefundable portion	15	CF
Health insurance risk-sharing plan assessments credit	16	CF
Internet equipment credit: carryforward	17	CF
Low-income housing tax credit	39	LI
Manufacturer's sales tax credit: carryforward	19	MS
Manufacturing investment credit	20	MI
Manufacturing credit	34	MA-M
Postsecondary education credit: carryover	21	CF
Research expense credit	22	R
Research expense credit for activities related to certain energy efficient products	23	R
Research expense credit for activities related to internal combustion engines	24	R

Credit	Code	Schedule
Research facilities credit: carryover	25	CF
Research facilities credit for activities related to certain energy efficient products: carryover	26	CF
Research facilities credit for activities related to internal combustion engines: carryover	27	CF
Super research and development credit: carryover	28	CF
Supplement to the federal historic rehabilitation credit	29	HR
Technology zone credit	30	CF
Veteran employment credit: carryover	33	CF
Water consumption credit: carryover	31	CF

Wisconsin law provides that the listed credits “may” be claimed for a taxable year. Because the statutes use the word “may” instead of “shall” or “must,” the taxpayer has the option of claiming all, a portion, or none of the credit available for a particular year. Any amount not used in the year for which a credit is computed may be carried forward and offset against tax until entirely used or the 15-year carryforward period expires, whichever is earlier. For further information see, [Wisconsin Tax Bulletins 138 \(April 2004\)](#) and [196 \(January 2017\)](#). However, more than one credit is being claimed, the credits must be claimed in a specific order. See [sec. 71.30\(3\), Wis. Stats. for the order.](#)

For information on how to qualify for credits, see Publication 123, *Business Tax Incentives* (available on the Department of Revenue’s web site at revenue.wi.gov/html/taxpubs.html). The instructions for each credit schedule may also provide helpful information. These schedules and instructions can be found on the department’s web site at revenue.wi.gov/html/formpub.html.

■ **Line 4. Credit Used by Member** – Subtract line 3e from line 2. This is the remaining tax after applying the credits..

■ **Line 5. Sharing of Research Credits** – If the available credits include one or more research credits, and those credits are still available after the corporation accounts for the credits used on line 3e, the corporation may choose to share the remaining research credits with the other combined group members.

Complete Form 6CS, *Sharing of Research Credits*, to determine the amount that may be shared. Enter the shared amount on line 5. “Research credits” include:

- Nonrefundable research credits (Schedule R)
- Research facilities credit carryovers (Schedule CF)
- Development zones research credit carryforward (Schedule CF)

See the Form 6CS instructions for further details on sharing research credits.

■ **Line 6. Total Nonrefundable Credits** – Enter the amount from this line on Form 6, Part III, line 10.

CAUTION: The amount of credits available for carryforward to 2023 must be reduced by the total amount on line 6.

Part VI: Additional Member Information

Enter the information for each member in a separate column. If there are more than three members, use additional pages 12, 13, and 14 of Form 6. For example, if there are seven members in the combined group, enter members one through three on pages 12, 13 and 14 of Form 6. Next, enter members four through six on additional pages 12, 13, and 14 of Form 6. Finally, complete a new page 12, 13, and 14 of Form 6 for the seventh and final member.

Note: The designated agent must be included in one of the member columns.

Enter the elimination adjustments for all members in the elimination adjustments column as **positive and negative values**. A positive value will increase the total of the member's amounts reported in the combined total column and a negative value will decrease the total of the member's amounts reported in the combined total column.

■ **Line 1. State and Year of Incorporation** – Enter the 2-letter postal abbreviation for the state (or name of the foreign country) under whose laws the designated agent corporation is organized and the year of incorporation.

■ **Line 2. Period Included in This Return** – Enter the beginning and ending dates of the member's taxable year included in the combined return, even if they are the same beginning and ending dates as the combined group's taxable year.

- A combined group member using a different taxable year than the group itself, may convert to the combined group's taxable year in one of two ways:
 1. Preparing a separate income statement for the member for the months included in the combined group's taxable year.
 2. Using the amounts for the member's taxable year that ends during the combined group's taxable year.
- The designated agent must use the same method for all combined group members that have differing taxable years, and the same method must be used each year.
- If a member joined or left the combined group during the year, the beginning or ending date, or both, shown on line 2 will be different than the beginning and ending dates of the combined group's taxable year.
- A member should only appear in one column of Form 6. If the member has two taxable periods due to filing two short period returns, the information should be combined into one column and an attachment included with the return detailing the computation of the amounts included in the column.

For example, Member B files two short period returns – the first for the taxable period of January 1, 2022 through March 31, 2022 and the second for the taxable period of April 1, 2022 through December 31, 2022. Member B should only be included in one column of Form 6. The items of income, deduction, and credit for both periods should be combined into one column. For the taxable period on Form 6, Part VI, line 2, enter a beginning period of January 1, 2022 and an ending period of December 31, 2022.

■ **Line 3. Member's Taxable Year End** – Enter the month and day of the corporation's most recently ended taxable year, as determined for federal income tax purposes. If the corporation and the combined group have the same taxable year end, enter the month and day of the last day included in this return.

■ **Line 4. Extended Due Date** – If the combined group has an extension of time to file its Wisconsin return, enter the extended due date.

Disaster Relief Extension. If the return is filed under extension because of a federal or state disaster, include a statement indicating which disaster extension is being used and attach it to the return. Additional information on disaster areas can be found here: revenue.wi.gov/Pages/FAQS/pcs-extensn.aspx#ext5

■ **Line 5. Internal Revenue Service Adjustments** – If a corporation's federal tax return is adjusted by the IRS and the adjustments affect the Wisconsin net tax payable, the amount of a Wisconsin credit, a Wisconsin net business loss carryforward, or a Wisconsin capital loss carryforward, the adjustments must be reported to the Department of Revenue within 180 days after they become final.

File an amended return electronically by using one of the third-party software providers:

revenue.wi.gov/Pages/OnlineServices/corp-partnership-third-party-vendors.aspx

If an approved electronic filing waiver has been approved, send a copy of the final federal audit reports and any associated amended Wisconsin returns to the Wisconsin Department of Revenue, PO Box 8908, Madison, WI 53708-8908.

If submitting a federal audit report without an amended return, mail it to the Audit Bureau, Wisconsin Department of Revenue, Mail Stop 3-107, PO Box 8906, Madison, WI 53708-8906. Don't include these items with the tax return for the current year.

■ **Line 6. Total Company Gross Receipts from All Activities** – Enter the corporation's total "gross receipts from all activities" as defined at sec. Tax [2.32\(2\)\(a\)](#), Wisconsin Administrative Code.

The taxable year used to determine this amount is the period included in the combined return, as identified on Form 6, Part VI, line 2.

The definition of Gross Receipts for the Economic Development Surcharge differs from the definition of Gross Sales for Apportionment as defined at sec. Tax [2.39\(2\)\(c\)](#), Wisconsin Administrative Code.

Economic Development Surcharge—Gross Receipts Defined

Gross receipts or sales reportable on federal Form 1120, U. S. corporation income tax return	Gross dividends reportable on federal Form 1120
Gross interest income reportable on federal Form 1120	Gross rents reportable on federal Form 1120
Gross receipts passed through from other entities, and all other receipts that are included in gross income for Wisconsin franchise or income tax purposes.	The gross sales price from the disposition of capital assets and business assets includable in computing the net gain or loss on federal Form 1120
Gross royalties reportable on federal Form 1120	

■ **Line 7. Wisconsin Sales** – Enter the combined group members' apportionment factor numerators from Form 6, Part III, line 1a. If the combined group member does not use apportionment, ignore this line.

■ **Line 8. Total Company Sales** – Enter the combined group member's common apportionment factor denominator from Form 6, Part III, line 1b. If the combined group member doesn't use apportionment, ignore this line.

■ **Line 9. Wisconsin Payroll** – Enter the total amount of the combined group member's payroll located in Wisconsin. Include only amounts attributable to employees of the corporation. In the computation of payroll located in Wisconsin, include individuals that satisfy one or more of the following:

- The individual's service is performed entirely in Wisconsin.
- The individual's service is performed in and outside Wisconsin, but the service performed outside Wisconsin is incidental to the individual's service in Wisconsin.
- A portion of the individual's service is performed in Wisconsin and the base of operations of the individual is in Wisconsin.
- A portion of the individual's service is performed in Wisconsin and, if there is no base of operations, the place from which the individual's service is directed or controlled is in Wisconsin.
- A portion of the individual's service is performed in Wisconsin and neither the base of operations of the individual nor the place from which the service is directed or controlled is in any state in which some part of the service is performed, but the individual's residence is in Wisconsin.

■ **Line 10. Total Company Payroll** – Enter the combined group member's total payroll everywhere. Include only amounts attributable to employees of the corporation.

■ **Line 11. Wisconsin Tangible Property** – Enter the combined group member's end of year real and personal property cost basis located in Wisconsin. Do not include rented property.

■ **Line 12. Total Company Property** – Enter the total combined group member's end of year real and personal property cost basis located everywhere. Do not include rented property.

■ **Line 13. Total Assets** – Enter the combined group member's total company assets reported on the federal return. If the federal return is a consolidated return, enter the total company assets for this corporation as reported for purposes of the consolidated return.

■ **Line 14. Indicator for Nonunitary in Another State** – Check the box if the corporation is excluded from a combined ("unitary") return in another state because it is not considered engaged in a unitary business in that state and

include a statement to identify the state for which the corporation is excluded from the combined return and explain why that state does not consider the corporation to be part of the combined group's unitary business.

Note: Answer "No" if the group made the controlled group election or if the corporation is a nonmember corporation filing Form N with the combined return.

■ **Line 15. Multiple Return Indicator** – If the combined group member was included in another Wisconsin return for any part of the period indicated on line 2 (other than a previously filed combined return for the same combined group), check the "Yes" box. If that other return was for another combined group, enter the FEIN of that group's designated agent on an attached statement.

■ **Line 16. Insurance Company Indicator** – Check the "Yes" box if the combined group member is an insurance company.

Note: If the corporation is an insurance company, it may be required to file Form 6I to make adjustments specific to insurance companies. See the Form 6I instructions for details.

■ **Line 17. Tax Exempt Corporation Indicator** – Check the "Yes" box if the combined group member is a tax exempt corporation.

■ **Line 18. Final Return** – Check the "Yes" box if the combined group member ceased to exist or withdrew from Wisconsin during the year and provide a copy of the plan of liquidation and federal Form 966 if the corporation liquidated.

■ **Line 19. Member Joined Group During Year** – Check the "Yes" box if this is the first year that the corporation is part of the combined group.

■ **Line 20. Member Left Group During Year** – Check the "Yes" box if the corporation left the combined group during the year.

■ **Line 21. Short Period** – If the period included in this return is less than a full year, check the "Yes" box to indicate the short period is due to a change in the corporation's accounting method.

Be sure to use the correct year's tax return when filing for a short period. If the tax returns are not yet available, wait until the returns become available and file under extension. For example, if a taxpayer has a short period from January 1, 2023 through March 31, 2023, the 2023 Form 6 will not be ready by July 15, 2023 (unextended due date for a March 31 year-end). Wisconsin law provides for an automatic 7-month extension to file the return, so filing under extension will allow the correct year's return to be filed when the 2023 Form 6 is available (typically the middle of January 2024). Note that an extension does not extend the time to pay a balance due. In order to avoid interest charges, pay the amount due by the unextended due date.

■ **Line 22. Short Period: Stock Purchase or Sale** – If the period included in this return is less than a full year, check the "Yes" box to indicate the short period is due to a stock purchase or sale.

Be sure to use the correct year's tax return when filing for a short period. If the tax returns are not yet available, wait until the returns become available and file under extension. For example, if a taxpayer has a short period from January 1, 2023 through March 31, 2023, the 2023 Form 6 will not be ready by July 15, 2023 (unextended due date for a March 31 year-end). Wisconsin law provides for an automatic 7-month extension to file the return, so filing under extension will allow the correct year's return to be filed when the 2023 Form 6 is available (typically the middle of January 2024). Note that an extension does not extend the time to pay a balance due. In order to avoid interest charges, pay the amount due by the unextended due date.

■ **Line 23. Limited Liability Companies** – A single-member LLC that is disregarded for federal income tax purposes is also disregarded for Wisconsin franchise or income tax purposes. The income from a disregarded entity owned by a member of the combined group must be included in the combined return as if the member itself earned the income. Check the "Yes" box if any member was the sole owner of a disregarded entity and prepare and submit Schedule DE with this return.

■ **Line 24. Limited Liability Companies – Check the box** as the sole owner of an LLC.

■ **Line 25. Use Tax** – A corporation may be liable for use tax. Use tax is the counterpart of sales tax. All tangible personal property, certain coins and stamps, certain leased properties affixed to real estate, certain digital goods, and selected services, taxable under Wisconsin's sales tax law, which are stored, used, or consumed in Wisconsin, are subject to use tax if the proper sales tax is not paid. Examples of purchases that frequently result in a use tax liability include, but are not limited to, the following:

- Mail order and Internet purchases. Wisconsin use tax is owed when such items as computers, furniture, or office supplies are purchased from a vendor who is not registered to collect Wisconsin tax.
- Inventory. If inventory is purchased without tax for resale, and then used instead of selling them, use tax is owed.
- Give-aways. Generally, if items are purchased without tax and then give them away in Wisconsin, use tax is owed.

If a taxpayer holds a seller's permit, use tax certificate, or consumer's use tax certificate, use tax is reported on the sales and use tax return, Form ST-12. Otherwise, Form UT-5 is completed to report use tax.

For more information on use tax, visit the department's web site at revenue.wi.gov/html/sales.html, call (608) 266-2776, or e-mail DORSalesandUse@wisconsin.gov.

■ **Line 26. Uncertain Tax Positions** - If Schedule UTP-Uncertain Tax Position Statement was required to be completed with the federal return, include a copy of the schedule with the Wisconsin tax return.

■ **Line 27. Reportable Transaction Disclosure Statement** – If Form 8886-Reportable Transaction Disclosure Statement was required to be completed with the federal return, include a copy of the form with the Wisconsin tax return.

If a corporation was required to include any form with its federal tax return to disclose a "reportable transaction," as defined under sec. [71.81\(1\)\(c\)](#), Wis. Stats., it must file a copy of that form with the Department of Revenue within 60 days of the date it is required to file it for federal income tax purposes, provided that it is otherwise required to file a Wisconsin return. This includes federal Form 8886, *Reportable Transaction Disclosure Statement*. To file these forms for Wisconsin purposes, check the "yes" box on Form 6, Part VI, line 27 and submit the form with the Form 6.

Required Attachments

Include the following items as attachments to the combined Form 6:

- A copy of the complete federal return of each member of the group (see *Methods of Providing Federal Return*, presented next, for alternative ways to meet this requirement)
- If a federal consolidated return is filed, a copy of federal Form 851, *Affiliations Schedule*, as submitted to the IRS
- Wisconsin Schedule DE identifying the solely-owned LLCs of each member of the group
- Any extension of time to file the return
- Other department-prescribed supplemental schedules as described in these instructions, including any attachments or additional schedules required per the instructions

Methods of Providing Federal Return. For combined group members that also file in a federal consolidated return, there are three alternative ways a combined group can meet the requirement to provide the complete federal return of each member of the group. The alternatives are:

1. A copy of the federal consolidated return, including all supporting forms, schedules, and statements, as submitted to the IRS
2. Pro forma federal returns prepared separately for each member of the combined group included in the federal consolidated return, including all supporting forms and schedules prepared separately for each member
3. A spreadsheet showing the line-by-line computation of taxable income of each member of the combined group included in the federal consolidated return, plus the supporting forms, schedules, and statements filed with the IRS pertaining to each member, including balance sheets, a reconciliation of income per books with income per return, and a reconciliation of retained earnings, to the extent the member was required to submit these items to the IRS.

Note: Submit supplemental schedules not pre-programmed into the electronic filing software in one of two ways:

1. Submitting them electronically in .pdf format along with the electronically filed return, or
2. Mailing them to the department with a Form W-RA, *Required Attachments for Electronic Filing*.

Additional Information, Assistance, and Forms

Web Resources

The Department of Revenue's web page, available at revenue.wi.gov, has a number of resources to provide additional information and assistance, including:

- Related [forms](#) and their instructions
- [Common Questions](#)
- [Publications](#) on specific tax topics
- The [Wisconsin Tax Bulletin](#)
- A home page specifically for [combined reporting topics](#)
- Links to the [Wisconsin Statutes and Administrative Code](#)

Contact Information

If you cannot find the answer to your question on the department's web page, contact the department using any of the following methods:

- E-mail your question to DORFranchise@wisconsin.gov
- Call (608) 266-2772
- (Telephone help is also available using TTY equipment. Call the Wisconsin Telecommunications Relay System at 711 or, if no answer, (800) 947-3529. These numbers are to be used only when calling with TTY equipment.)
- Send a fax to (608) 267-0834
- Write to the Audit Bureau, Wisconsin Department of Revenue, Mail Stop 3-107, PO Box 8906, Madison, WI 53708-8906
- Call or visit any Department of Revenue office

Obtaining Forms

If you need forms or publications, you may:

- Download them from the department's web site at revenue.wi.gov
- Call (608) 266-1961
- Call or visit any Department of Revenue office

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of December 16, 2022: Chapter 71 Wis. Stats., and Chapter Tax 2, and Chapter 3, Wis. Adm. Code