

Instructions for 2025 Schedule 4W: Wisconsin Subtractions from Federal Income

Purpose of Schedule 4W

Corporations complete Schedule 4W to report subtraction modifications that are needed to account for differences between taxable income under Wisconsin law and under federal law. The corporation files Schedule 4W with its Wisconsin Form 4.

Line-by-Line Instructions

■ **Line 1. Wisconsin Subtraction Modification for Dividends** – Enter the total from line 4 of Schedule 4Y. See the Schedule 4Y instructions for an explanation of dividends that are eligible for the subtraction.

■ **Line 2. Related Entity Expenses** – If the corporation made an addition modification for related entity expenses on Schedule 4V, line 3, this is where you report the amount that qualifies for a deduction. Enter the amount of the expenses from Schedule 4V, line 3, 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 Schedule 4V, line 3, qualifies for a deduction if all 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 you weren't required to file Schedule RT for the expenses you added back on Schedule 4V, the instructions to Schedule RT provide helpful information regarding deductibility of related entity expenses.

■ **Line 3. Income from Related Entities Whose Expenses Were Disallowed** – If the corporation 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 2, the corporation may subtract the corresponding income from its taxable income.

To claim a subtraction on line 3, the corporation must obtain Schedule RT-1 from the related entity and include Schedule RT-1 with Schedule 4W. See the Schedule RT-1 instructions for further details.

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

- Enter income from controlled foreign corporations under Subpart F of the Internal Revenue Code as reported on Form 1120, Schedule C, line 16, column (a).
- Do not include Previously Taxed Income (PTI) required to be reported on Form 1120, Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return. An addition adjustment for PTI should not be netted against a Subpart F income subtraction. Report PTI as an addition on Schedule 4V, line 4.
- Enter section 965(a) inclusion as reported on Form 1120.

Line 5. Global intangible low-taxed income (GILTI) -Enter GILTI as reported on Form 1120, Schedule C, line 17, column (a).

■ **Line 6. Foreign Dividend Gross-Up** – Enter foreign dividend gross-up reported on Form 1120, Schedule C, line 18, column (a).

■ **Line 7. Nontaxable Income** – Enter nontaxable income included in computing federal taxable income. Include a schedule with your 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.

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 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.

CAUTION: Expenses related to nontaxable income aren't deductible and must be added to federal taxable income on Schedule 4V, line 5.

■ **Line 8. Foreign Taxes** – Enter foreign taxes paid or accrued during the year, but only if the income on which the tax is based is included in Wisconsin taxable income. Do not enter amounts that were deducted from federal taxable income or amounts included on Schedule 4W, line 6.

■ **Line 9. Cost Depletion** – For taxable years beginning on or after January 1, 2014, Wisconsin allows percentage depletion, so an adjustment is generally not required.

■ **Line 10. Basis, Section 179, Depreciation Difference, Amortization of Assets** –

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 Internal Revenue Code in effect for Wisconsin purposes. For further information about the differences between federal and Wisconsin basis and depreciation, see the section titled Conformity with Internal Revenue Code and Exceptions in the Form 4 instructions, as applicable.

■ **Line 11. Basis Differences** –

- Enter the amount by which the Wisconsin basis of assets disposed of exceeds the federal basis. See the instructions for Schedule 4V, line 7, 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 2025, 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 Schedule 4W, line 11.	

■ **Line 12. Adjustments due to federal credits** – Enter expenses that aren't deductible in computing federal income because they are being used in computing federal credits based on those expenses. See page 8 of Wisconsin Tax Bulletin [214](#) for additional information.

■ **Line 13. Federal Research Credit Expenses** – Enter research expenses that aren't deductible in computing federal income because they are being used in computing the federal credit for increasing research activities.

■ **Line 14. Financial institution loan exemption** – Qualifying financial institutions enter the total amount of the interest, fees, and penalties derived from the issuance of a commercial loan.

■ **Line 15. Other Subtractions** – Enter any other subtractions from federal income that are not specifically listed in lines 1-14 above, except for the insurance company adjustment, which is reported on line 16.

CAUTION: Do not enter subtractions on line 15 that are specifically designated on lines 1 -14 above. For example, if a depreciation adjustment is passed through from a partnership on Schedule 3K-1, enter the amount on Schedule 4W, line 10, not on line 15.

Other subtractions may include:

- Adjustments required as a result of changes made to the Internal Revenue Code which don't apply for Wisconsin. For Wisconsin, the Internal Revenue Code means the federal Internal Revenue Code as of December 31, 2022, with the following exceptions.
 - **Provisions of the Internal Revenue Code Not Adopted by Wisconsin include:**
 - 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 of [P.L. 109-432](#), which increases the rates of the alternative incremental credit and provides a new alternative simplified credit.
 - 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, 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. 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.
- Section 2122 of [P.L. 111-240](#), which clarifies the income sourcing rules for guaranteed fees.
- Sections 754 and 760 of [P.L. 111-312](#), which specifies certain tax incentives for investments in the District of Columbia and specifies that gross income does not include gain on certain small business stock.
- Sections 104, 318, 322, 323, 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, 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, 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.
- Section 167, relating to the extension and modification of accelerated depreciation for business property on an Indian reservation.
- Section 169, relating to the extension of special expensing rules for certain film and television productions; special expensing for live theatrical productions.
- Section 170, relating to the extension of deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
- Section 171, relating to the extension and modification of empowerment zone tax incentives.
- Section 189, relating to the extension of special allowance for second generation biofuel plant property.
- 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.

- 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.
- 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](#):
 - Section 11011, relating to the 20% deduction for domestic qualified business income.
 - Section 11012, relating to the limitation on losses for taxpayers other than corporations.
 - Section 13201 (a) to (e) and (g), relating to the temporary 100% expensing for certain business assets (bonus depreciation).
 - Section 13206, relating to the amortization of research and experimental expenditures beginning in 2022.
 - Section 13221, relating to special rules for the taxable year of inclusion.
 - Section 13301, relating to the 30% taxable income limitation for the deduction of interest.
 - Section 13304(a), (b), and (d) relating to the limit on the deduction by employers of fringe benefits (meals, entertainment, and transportation).
 - Section 13531, relating to the limitation on deductions for FDIC premiums.
 - Section 13601, relating to the modification of the limitation on excessive employee remuneration.
 - Section 13801, relating to the production period for beer, wine, and distilled spirits.
 - Section 14101, relating to the deduction for the foreign-source portion of dividends received by domestic corporations from specified 10% owned foreign corporations.
 - Section 14102, relating to the special rules for sale or transfers involving specified 10% owned foreign corporations.
 - Section 14103, relating to the treatment of deferred foreign income upon transition to a participation exemption system of taxation.
 - Section 14201, relating to the current year global intangible low-taxed income by U.S. shareholders.
 - Section 14202, relating to the deduction for foreign derived intangible income and global intangible low-taxed income.
 - Section 14211, relating to the elimination of the inclusion of foreign base company oil related income.
 - Section 14212, relating to the repeal of the inclusion based on withdrawal of previously excluded subpart F income from qualified investment.
 - Section 14213, relating to the modification of stock attribution rules for determining the status as a controlled foreign corporation.
 - Section 14214, relating to the modification of the definition of a U.S. shareholder.
 - Section 14215, relating to the elimination of the requirement that a corporation must be controlled for 30 days before the subpart F inclusions apply.
 - Section 14221, relating to the limitations on income shifting through intangible property transfers.
 - Section 14222, relating to certain related party amounts paid or accrued in hybrid transactions or with

- hybrid entities.
- 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.
 - Section 14302, relating to the separate foreign tax credit limitation basket for foreign branch income.
 - Section 14304, relating to the election to increase the percentage of domestic taxable income offset by the overall domestic loss treated as foreign source.
 - Section 14401, relating to the base erosion anti-abuse tax.
 - Sections 40304, 40305, 40306, and 40412 of [P.L. 115-123](#):
 - Section 40304, relating to the extension of classification of certain racehorses as 3-year property.
 - Section 40305, relating to the extension of 7-year recovery period for motor-sports entertainment complexes.
 - Section 40306, relating to the extension of accelerated depreciation for business property on an Indian reservation.
 - 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](#):
 - 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.
 - 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](#).
 - Section 104, relating to the deduction of qualified tuition and related expenses.
 - Section 114, relating to the classification of certain racehorses as 3-year property.
 - Section 115, relating to the 7-year recovery period for motorsports entertainment complexes.
 - Section 116, relating to the accelerated depreciation for business property on Indian reservations.
 - Section 130, relating to special allowance for second generation biofuel plant property.
 - 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.

- Section 5003, 9041, 9673, 9675, and 9708 of [P.L. 117-2](#).
 - Section 5003, relating to additional restaurant revitalization grant funds.
 - Section 9041, relating to the excess business loss limitation extension for noncorporate taxpayers to December 31, 2026.
 - Section 9673, relating to restaurant revitalization grants not being included in gross income and deductions allowed.
 - Section 9675, relating to the exclusion from income for most student loans discharged after December 31, 2020, and before January 1, 2026.
 - Section 9708, relating to the expanded definition of "covered employee" for publicly held corporations deducting excessive employee remuneration.
- Section 13903(b) of [P.L. 117-169](#), relating to the extension of the excess business loss limitation for noncorporate taxpayers through December 31, 2028.
- Section 2 of [P.L. 118-146](#), relating to charitable contributions to a post or organization of past or present members of the Armed Forces of the United States (veteran service organizations).
- Sections 3 and 4 of [P.L. 118-148](#), relating to the exclusion from income of disaster relief payments related to the train derailment in East Palestine, Ohio. Sections 70301, 70302, 70303, 70307, 70309, 70322 (a), 70421, 70430, 70434, 70435, 70438, 70509, and 70602 of [P.L. 119-21](#).
 - Section 70301, relating to 100% bonus depreciation for property acquired after January 19, 2025.
 - Section 70302, relating to full expensing for domestic research or experimental expenditures.
 - Section 70303, relating to excluding depreciation, amortization, and depletion deductions from the definition of adjusted taxable income for the purposes of the business interest expense limitation, and adding trailers and campers to the definition of a motor vehicle for the purposes of the floor plan financing rules.
 - Section 70307, relating to 100% depreciation allowance for certain real property used in manufacturing, production, or refining of tangible personal property.
 - Section 70309, relating to treating spaceports like airports under the exempt facility bond rules.
 - Section 70322 (a), relating to adding gains from the sale of intangible property and any other property subject to depreciation, amortization, or depletion to the list of income eligible for the foreign-derived deduction under Section 250, IRC.
 - Section 70421, relating to permanent renewal and enhancement of opportunity zones.
 - Section 70430, relating to exempting additional residential construction contracts from the percentage of completion method.
 - Section 70434, relating to adding sound recording productions to the definition of qualifying productions for the purpose of section 181, IRC.
 - Section 70435, relating to a 25% exclusion for interest income received by eligible lenders on loans secured by rural or agricultural real property.
 - Section 70438, relating to allowing an increased federal standard deduction for certain individuals with personal casualty losses from qualified disasters.
 - Section 70509, relating to removing certain solar and wind energy property from 5-year property if construction began after December 31, 2024.
 - Section 70602, relating to treatment of certain payments from partnerships to partners for property or services.
- Section 2 of [P.L. 119-29](#), relating to allowing filing extensions for state declared disasters.
- **Provisions of the Internal Revenue Code Adopted by Wisconsin include:**

Changes made by the following public laws **apply** for Wisconsin purposes for taxable years beginning after December 31, 2024:

- The following sections of [P.L. 119-21](#):
 - Section 70306, relating to increased dollar limitations for expensing of depreciable business assets under Section 179, IRC.
 - Section 70352, relating to the repeal of the election for a 1-month deferral in the determination of the taxable year of specified foreign corporations.
 - Section 70413, relating to adding certain educational materials for elementary and secondary school students to the definition of "qualified higher education expenses" for the purposes of accounts under Section 529, IRC.
 - Section 70414, relating to adding certain postsecondary credentialing expenses to the definition of "qualified higher education expenses" for the purposes of accounts under Section 529, IRC.
 - Section 70431, increasing the percentage of gains on qualifying small business stock that can be excluded from income, increasing the maximum gain per issuer that can be excluded from income, and increasing the maximum amount of assets a qualifying small business can have.
 - Section 71306, relating to a permanent safe harbor for high-deductible health plans offering telehealth services without a deductible.
- Adjustments required as a result of making different elections for Wisconsin and federal purposes. See page 8 of Wisconsin Tax Bulletin [214](#).
- 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.
- For credit unions, an adjustment to remove income from non-public deposits from Wisconsin income as described in the instructions to Schedule CU-1.
- The amount of net income of an out-of-state business from performing disaster relief work. See [Publication 411 – Disaster Relief](#), for more information
- 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 your return.

■ **Line 16. Nontaxable Income from Life Insurance Operations** – If the corporation 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 Schedule 4I, line 13. See the Schedule 4I instructions for details.

Additional Information and Assistance

Web Resources.

The Department of Revenue's web page, available at revenue.wi.gov, has several 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 in the resources available on the Department of Revenue'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, PO Box 8906, Madison, WI 53708-8906

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of October 24, 2025: Chapter 71 Wis. Stats., and Chapter Tax 2, Wis. Adm. Code