



**Part II Reconciliation of Book Income or Net Income per Income Statement With Net Income**

	1 Wisconsin	2 Outside	3 Total
<b>6</b> Book income or net income per income statement (must agree with Part I, line 5) . . . . .			
<b>7</b> Addition adjustments to arrive at federal net income (sum of lines 2 through 5 of federal Schedule M-1, or for Schedule M-3 filers, the sum of addition adjustments from Parts II and III)			
<b>8</b> Add lines 6 and 7 . . . . .			
<b>9</b> Subtraction adjustments to arrive at federal net income (federal Schedule M-1, line 9, or for Schedule M-3 filers, the sum of subtraction adjustments from Parts II and III) . . . . .			
<b>10</b> Subtract line 9 from line 8. This is federal taxable income before net operating loss deduction and special deductions . . . . .			
<b>11</b> Addition adjustments to arrive at Wisconsin net income			
<b>a</b> Interest income from state and municipal obligations . . . . .			
<b>b</b> State taxes accrued or paid . . . . .			
<b>c</b> Expenses related to nontaxable income . . . . .			
<b>d</b> Percentage depletion . . . . .			
<b>e</b> Federal section 179 expense deduction in excess of Wisconsin deduction . . . . .			
<b>f</b> Federal depreciation/amortization in excess of Wisconsin depreciation/amortization . . . . .			
<b>g</b> Amount by which the federal basis of assets disposed of exceeds the Wisconsin basis . . . . .			
<b>h</b> Dairy and livestock farm investment credit (from Schedule DI, line 7) . . . . .			
<b>i</b> Research credits computed (from Schedule R, lines 15 or 28 and 32; Schedule R-1, lines 14 or 27 and 31; and Schedule R-2, lines 14 or 27 and 31) . . . . .			
<b>j</b> Development zones credits computed (from Schedule DC, lines 5, 13, and 21) . . . . .			
<b>k</b> Community development finance credit (from Schedule C1, line 10) . . . . .			
<b>l</b> Technology zone credit (from Schedule TC, line 6) . . . . .			
<b>m</b> Internet equipment credit (from Schedule IE, line 3)			
<b>n</b> Farmland preservation credit (from prior Schedule FC, line 18) . . . . .			
<b>o</b> Farmland tax relief credit (from prior Schedule FT, line 6) . . . . .			
<b>p</b> Enterprise zone jobs credit (Schedule EC, line 16) . . . . .			
<b>q</b> Dairy manufacturing facility investment credit (from Schedule DM, line 6) . . . . .			
<b>r</b> Other (1) _____			
(2) _____			
<b>12</b> Add lines 11a through 11r. This is total additions (enter amount from column 3 on Form 4, line 2)			
<b>13</b> Add lines 10 and 12 . . . . .			
<b>14</b> Subtraction adjustments to arrive at Wisconsin net income			
<b>a</b> Wisconsin dividends received deduction (from Schedule Y, line 4) . . . . .			
<b>b</b> Subpart F income . . . . .			
<b>c</b> Gross-up of foreign dividend income . . . . .			
<b>d</b> Nontaxable income (attach schedule) . . . . .			
<b>e</b> Foreign taxes (do not include deemed taxes) . . . . .			
<b>f</b> Cost depletion . . . . .			
<b>g</b> Wisconsin depreciation/amortization in excess of federal depreciation/amortization . . . . .			
<b>h</b> Amount by which the Wisconsin basis of assets disposed of exceeds the federal basis . . . . .			
<b>i</b> Federal work opportunity credit wages . . . . .			
<b>j</b> Federal research credit expenses . . . . .			
<b>k</b> Manufacturer's sales tax credit carryforward (see instructions) . . . . .			
<b>l</b> Other (1) _____			
(2) _____			
<b>15</b> Add lines 14a through 14l. This is total subtractions (enter amount from col. 3 on Form 4, line 4) .			
<b>16</b> Subtract line 15 from line 13. This is net income. Enter amount from column 1 on Form 4, line 11 (amount from column 3 must agree with amount on Form 4, page 1, line 5) . . . . .			

**17 a** Transfers to Wisconsin branches: Enter the amount of sales \$ \_\_\_\_\_, purchases \$ \_\_\_\_\_, management fees paid \$ \_\_\_\_\_, interest paid \$ \_\_\_\_\_, and royalties paid \$ \_\_\_\_\_ by branches outside Wisconsin.

**b** Transfers to out-of-state branches: Enter the amount of sales \$ \_\_\_\_\_, purchases \$ \_\_\_\_\_, management fees paid \$ \_\_\_\_\_, interest paid \$ \_\_\_\_\_, and royalties paid \$ \_\_\_\_\_ by Wisconsin branches.

Attach an explanation of how transfer prices were determined.

**18** Explain how income and expenses were allocated in and outside Wisconsin \_\_\_\_\_