



# **TAX BULLETIN**

July 2013  
Number 180

## **New Tax Laws**

The Wisconsin Legislature has enacted a number of changes to the Wisconsin tax laws. Following is an index and brief descriptions of the major individual and fiduciary income tax, corporation franchise and income tax, estate tax, economic development surcharge, sales and use tax, premier resort area tax, local exposition tax, state rental vehicle fee, dry cleaning fee, excise tax, and other provisions. These provisions are contained in 2013 Acts 19 and 20 (the Governor's 2013-2015 Budget Bill).

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#### A. Individual Income Taxes

1. **Combat Zone Related Deaths** (2013 Acts 19 and 20, create sec. 71.05(6)(b) 48. and 48m., effective for taxable years beginning on or after January 1, 2013.)

A subtraction from income is provided for any amount of income received by an individual who is on active duty in the U.S. armed forces and who dies while on active duty if the individual's death occurred while he or she was serving in a combat zone or as a result of wounds, disease, or injury incurred while serving in a combat zone. The subtraction applies to income received by the individual in the year in which he or she dies and in the year immediately preceding that year if the individual has not filed a return for the year before the year in which he or she dies.

2. **Certain Federal Law Enacted Applies Simultaneously for Wisconsin Purposes** (2013 Act 20, renumber sec. 71.01(6)(un) to 71.01(6)(h) and amend as renumbered, effective for taxable years beginning before January 1, 2013.)

The following change to the Internal Revenue Code made by federal P. L. 112-240, enacted in 2013, applies for Wisconsin purposes at the same time as for federal purposes:

- Section 902 of P.L. 112-240 relating to the treatment of the rollover of a retirement plan distribution to a designated Roth account, effective for transfers after December 31, 2012, in taxable years ending after such date.

3. **Medical Care Insurance Subtraction Revised** (2013 Act 20, amend sec. 71.05(6)(b)19.a., 35.a., 38.a., and 42.a., effective for taxable years beginning on or after January 1, 2014.)

For purposes of computing the subtraction for medical care insurance, the amount paid by the individual for medical care insurance must be reduced by any premium assistance credit under section 36B of the Internal Revenue Code.

4. **Phase-out of Subtraction for Tuition and Mandatory Fees Adjusted for Inflation** (2013 Act 20, create sec. 71.05(6)(b)28.i., effective for taxable years beginning on or after January 1, 2013.)

Current law provides that the subtraction for tuition and mandatory fees is phased-out when federal adjusted gross income of the claimant is:

- Between \$50,000 and \$60,000 if single or filing as head of household,
- Between \$80,000 and \$100,000 if married filing jointly, or
- Between \$40,000 and \$50,000 if married filing separately.

This Act provides that these phase-out amounts shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the month of August 2011. The adjustment may occur only if the resulting amount is greater than the corresponding amount that was calculated for the previous year. Each amount that is revised shall be rounded to the nearest multiple of \$10 or, if the revised amount is a multiple of \$5, such amount shall be increased to the next higher multiple of \$10.

5. **Subtraction for Private School Tuition** (2013 Act 20, create sec. 71.05(6)(b)49., effective for taxable years beginning on or after January 1, 2014.)

A subtraction from income is allowed for tuition expenses that are paid by a claimant for tuition for a pupil to attend an eligible institution.

For each elementary pupil, the maximum amount of tuition expenses which a claimant may subtract in a taxable year is \$4,000.

For each secondary pupil, the maximum amount of tuition expenses which a claimant may subtract in a taxable year is \$10,000.

If an individual is an elementary pupil and a secondary pupil in the same taxable year, the claimant may claim the subtraction for only one grade for that pupil for that taxable year.

#### Definitions

"Claimant" means an individual who claims a pupil as a dependent under section 151(c) of the Internal Revenue Code on his or her tax return.

"Elementary pupil" means an individual who is enrolled in grades kindergarten to 8 at an eligible institution.

"Eligible institution" means a private school with a private educational program that meets all of the criteria under sec. 118.165(1), Wis. Stats.

"Pupil" means an elementary pupil or secondary pupil.

"Secondary pupil" means an individual who is enrolled in grades 9 to 12 at an eligible institution.

"Tuition" means any amount paid by a claimant for a pupil's tuition to attend an eligible institution.

6. **Deferral of Capital Gain Reinvested in a Qualified New Business Venture** (2013 Act 20, repeal sec. 238.20 and amend sec. 71.05(24)(a)4. and (b)(intro.), effective for taxable years beginning on or after January 1, 2014.)

The provision that allows long-term capital gain on the sale of an asset to be deferred if reinvested in a "qualified new business venture" is limited to taxable years beginning after December 31, 2010, and before January 1, 2014.

7. **Capital Gain Exclusion for Investment in a Qualified Wisconsin Business Revised** (2013 Act 20, repeal secs. 71.05(25)(a)4. and (b)1. and 2. and 238.145, renumber sec. 71.05(25)(a)3. to 71.05(25)(a)1s. and 71.05(25)(b)(intro.) to 71.05(25)(b) and amend as renumbered, amend sec. 71.05(25)(title) and (a)2., and create sec. 73.03(69), various effective dates.)

*Effective for taxable years beginning after December 31, 2015:*

For an investment in a qualified Wisconsin business made after December 31, 2010, and held for a least 5 uninterrupted years, a claimant may subtract from federal adjusted gross income the amount of the claimant's qualifying gain in the year to which the claim relates, to the extent that it is not subtracted under the 30 percent or 60 percent capital gain exclusion under sec. 71.05(6)(b)9. or 9m., Wis. Stats.

"Qualifying gain" means a long-term capital gain under the Internal Revenue Code realized from the sale of an investment made after December 31, 2010, and held for at least 5 uninterrupted years in a business that for the year of investment and at least 2 of the 4 subsequent years was a qualified Wisconsin business, except that a qualifying gain may not include any amount for which the claimant deferred gain under sec. 71.05(24) or (26), Wis. Stats.

A "qualified Wisconsin business" means a business certified by the Wisconsin Economic Development Corporation under sec. 238.145, Wis. Stats. (2011-2012), or registered with the Department of Revenue under sec. 73.03(69), Wis. Stats.

*Effective January 1, 2014:*

The Department of Revenue shall implement a program to register businesses that are a "qualified Wisconsin business" for purposes of the capital gain exclusion in sec. 71.05(25) and the income tax deferral in sec. 71.05(26), Wis. Stats.

A business may register with the department if, in the business's taxable year ending immediately before the date of the businesses registration, all of the following apply:

1. The business has at least two full-time employees and the amount of payroll compensation paid by the business in this state is equal to at least 50 percent of the amount of all payroll compensation paid by the business, and
2. The value of real and tangible personal property owned or rented and used by the business in Wisconsin is equal to at least 50 percent of the value of all real and tangible personal property owned or rented and used by the business.

A business must register electronically with the department each year for which the business desires registration.

For each year beginning after December 31, 2013, the department shall compile a list of businesses registered and shall make the list available to the public on its Internet site.

The department may adopt rules for the administration of the registration.

8. **Deferral of Gain on Sale of Capital Assets Revised** (2013 Act 20, repeal sec. 238.146, amend sec. 71.05(26)(title), (a)4., (b)(intro.), (c), (d), and (f), and create sec. 71.05(26)(bm), effective for taxable years beginning on or after January 1, 2014.)

For taxable years beginning after December 31, 2010, and before January 1, 2014, a claimant may subtract from federal adjusted gross income any amount of a long-term capital gain if the claimant does all of the following:

- Deposits the gain into a segregated account in a financial institution,
- Within 180 days after the sale of the asset that generated the gain, invests all of the proceeds in the account in a qualified Wisconsin business, and
- After making the investment, notifies the department, on a form prepared by the department, that the claimant will not declare on the claimant's income tax return the gain because the claimant has reinvested the capital gain. The form shall be sent to the department along with the claimant's income tax return for the year to which the claim relates.

For taxable years beginning on or after January 1, 2014, the requirement to deposit the gain into a segregated account in a financial institution is eliminated. Within 180 days after the sale of the asset that generated the gain, the claimant must invest all of the gain in a qualified Wisconsin business.

The basis of the investment must be reduced by the deferred gain.

If a claimant defers the payment of income taxes on the capital gain, the claimant may not use the gain to net capital gains and losses. If the gain is deferred under this provision, it may not be deferred under the provisions of sec. 71.05(24), Wis. Stats.

Deferred gain is not a "qualifying gain" for purposes of the capital gain exclusion under sec. 71.05(25), Wis. Stats.

9. **Veterans and Surviving Spouses Property Tax Credit Expanded** (2013 Act 20, create sec. 71.07(6e)(a)2.d., effective for taxable years beginning on or after January 1, 2014.)

The veterans and surviving spouses property tax credit is expanded to include, as an eligible individual, the unmarried surviving spouse of an individual who had served on active duty under honorable conditions in the U.S. armed forces or in forces incorporated as part of the U.S. armed forces; who was a resident of this state at the time of entry into that active service or who had been a resident of this state for any consecutive 5-year period after entry into that active duty service; who was a resident of this state at the time of his or her death; and following the individual's death, his or her spouse began to receive, and continues to receive, dependency and indemnity compensation, as defined in 38 USC 101(14).

10. **Donations to Badger Chapter of the American Red Cross** (2013 Act 20, amend sec. 71.10(5k)(i), effective for taxable years beginning on or after January 1, 2013.)

The department may pay the certified net amount of donations to the American Red Cross, Badger Chapter, directly to the Badger Chapter for its Wisconsin Disaster Relief Fund.

11. **Limitation on Donation Checkoffs** (2013 Act 20, create sec. 71.10(5s)(e), effective for taxable years beginning on or after January 1, 2015.)

Individuals may not make a designation for any checkoff which, in the previous tax year, did not generate at least \$75,000 of designations as certified by the secretary of revenue. Once a checkoff is affected by this paragraph, no further checkoffs may be designated to that checkoff in any taxable year.

## B. *Individual and Fiduciary Income Taxes*

1. **Internal Revenue Code References Updated for 2013 for Individuals, Estates, and Trusts** (2013 Act 20, repeal sec. 71.01(6)(o), renumber secs. 71.01(6)(p) to 71.01(6)(a), 71.01(6)(q) to 71.01(6)(b), 71.01(6)(r) to 71.01(6)(c), 71.01(6)(s) to 71.01(6)(d), 71.01(6)(t) to 71.01(6)(e), 71.01(6)(u) to 71.01(6)(f), and 71.01(6)(um) to 71.01(6)(g), and create sec. 71.01(6)(i), effective for taxable years beginning on or after January 1, 2013.)

Certain provisions of federal laws enacted in prior years that affect the definition of the Internal Revenue Code are adopted for Wisconsin income and franchise tax purposes. For taxable years that begin on or after January 1, 2013, the following provisions of federal law apply for Wisconsin income and franchise tax:

- P.L. 106-573 relating to restoring the installment method of accounting for accrual basis taxpayers.
- Section 9004 of P.L. 111-148 relating to the increase to the additional tax on distributions from health savings accounts and medical savings accounts not used for qualified medical expenses.
- Section 9005 of P.L. 111-148 relating to the \$2,500 limitation for salary reduction for a health flexible spending arrangement.
- Section 9012 of P.L. 111-148 relating to eliminating the deduction for the subsidy for employers that maintain prescription drug coverage for retirees who are eligible for Medicare Part D.
- Section 9013 of P.L. 111-148 relating to increasing the threshold for the itemized medical expense deduction from 7.5 percent to 10 percent of adjusted gross income.
- Section 9014 of P.L. 111-148 relating to limiting the deduction for employee remuneration if at least 25 percent of premium income to the insurer does not meet minimum essential coverage requirements.
- Section 9016 of P.L. 111-148 relating to the tax treatment of certain health organizations.
- Section 10902 of P.L. 111-148 relating to an inflation adjustment for the limitation on health flexible spending arrangements under cafeteria plans.
- Section 1403 of P.L. 111-152 relating to the delay in the limitation on health flexible spending accounts until 2013.
- Section 1858 of P.L. 112-10 relating to free choice vouchers.
- Section 1108 of P.L. 112-95 relating to the corporate repurchase of a debt instrument.
- Section 40211 of P.L. 112-141 relating to pension funding rules for determining segment rates.
- Section 40241 of P.L. 112-141 relating to transfers from excess pension assets to retiree medical accounts.
- Section 40242 of P.L. 112-141 relating to transfers from excess pension assets to fund the purchase of retiree group term life insurance.
- Section 100121 of P.L. 112-141 relating to an exemption from the 10 percent early distribution tax for phased retirement payments.
- Section 101 of P.L. 112-240 relating to deleting the sunset provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 and the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.
- Section 902 of P.L. 112-240 relating to the treatment of the rollover of a retirement plan distribution to a designated Roth account.



2. **Depreciation, Depletion, and Amortization Changed** (2013 Act 20, repeal sec. 71.01(7r)(b), amend secs. 71.01(7r)(a) and 71.05(16), and create sec. 71.98(3), effective for taxable years beginning on or after January 1, 2014.)

The provision in sec. 71.01(7r)(a), Wis. Stats., that required amortization or depreciation to be computed under the federal Internal Revenue Code as amended to December 31, 2000, is limited to taxable years beginning before January 1, 2014.

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

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

3. **Expensing of Depreciable Business Assets** (2013 Act 20, amend sec. 71.01(7r)(c) and create sec. 71.98(4), effective for taxable years beginning on or after January 1, 2014.)

The provision in sec. 71.01(7r)(c), Wis. Stats., was amended to reflect the fact that the increased Internal Revenue Code sec. 179 expense deduction for property used in farming was limited to taxable years beginning after December 31, 2007, and before January 1, 2010.

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

4. **Exclusion of Gain on Small Business Stock** (2013 Act 20, amend secs. 71.01(10)(intro.) and 71.05(6)(b)6. and create sec. 71.98 (5), various effective dates.)

The Wisconsin subtraction for net capital gain on the sale of small business stock is limited. The subtraction is available to the original purchaser of small business stock that is purchased at the time that the business is incorporated and before January 1, 2014, and that is sold before January 1, 2014.

For stock acquired on or after January 1, 2014, section 1202 of the Internal Revenue Code, as amended to December 31, 2012, related to the exclusion for gain from certain small business stock applies for Wisconsin. In general, "qualified small business stock" means any stock in a C corporation which is originally issued after the date of the enactment of the Revenue Reconciliation Act of 1993, if:

- As of the date of issuance, such corporation is a qualified small business, and
- Such stock is acquired by the taxpayer at its original issue (directly or through an underwriter) in exchange for money or other property (not including stock), or as compensation for services provided to such corporation.

5. **Certain Interest from Bonds Issued by the Wisconsin Health and Educational Facilities Authority Exempt from Wisconsin Tax** (2013 Act 20, create sec. 71.05(1)(c)11., effective for taxable years beginning on or after January 1, 2013.)

Interest from bonds or notes issued by the Wisconsin Health and Educational Facilities Authority is exempt from Wisconsin income tax if the bonds or notes are issued for the benefit of a person who is eligible to receive the proceeds of bonds or notes 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 under Subchapter I of Chapter 71 of the Wisconsin Statutes.

6. **Farm Loss Limitation Ends** (2013 Act 20, amend sec. 71.05(6)(a)10., effective for taxable years beginning on or after January 1, 2014.)

For taxable years beginning before January 1, 2014, the addition to income for farm losses is limited for persons who are not actively engaged in farming. The addition to income is eliminated for taxable years beginning on or after January 1, 2014.

7. **Business Relocation Subtraction Limited** (2013 Act 20, amend sec. 71.05(6)(b)47.am., b., and c., effective for taxable years beginning on or after January 1, 2014.)

The subtraction for income from a business that relocates to Wisconsin from another state or country is limited to taxable years beginning after December 31, 2010, and before January 1, 2014.

8. **Adjustment for Federal and Wisconsin Difference in Basis** (2013 Act 20, amend sec. 71.05(17) and (18) and create sec. 71.05(6)(b)50., effective for various taxable years.)

Starting with the first taxable year beginning after December 31, 2013, and for each of the next four taxable years, a subtraction is provided for 20 percent of the amount determined by subtracting the combined federal adjusted basis of all depreciated or amortized assets as of the last day of the taxable year beginning in 2013 that are also being depreciated or amortized for Wisconsin from the combined Wisconsin adjusted basis of those assets on the same day.

Limits to taxable years beginning before January 1, 2014, sec. 71.05(17), Wis. Stats., which provides that with respect to depreciable property that was required to be depreciated for taxable year 1986 under the Internal Revenue Code as amended to December 31, 1980, the difference between the adjusted basis for federal income tax purposes and the Wisconsin adjusted basis was to be taken into account for the year that the gain or loss is reportable.

Limits to taxable years beginning before January 1, 2014, sec. 71.05(18), Wis. Stats., which provides that with respect to property that is required to be depreciated for taxable year 1986 under the Internal Revenue Code as amended to December 31, 1980, and that was acquired in a transaction occurring in taxable year 1986 and thereafter in which the adjusted basis of the property is the same in the hands of the transferee and transferor, the adjusted basis of that property on the date of transfer is the basis allowable under the depreciation provisions of the Internal Revenue Code.

9. **Net Operating Loss Carry-Back and Carry-Forward** (2013 Act 20, amend sec. 71.05(8)(a) and (b), effective for taxable years beginning on or after January 1, 2014.)

The carry back of losses to reduce income of prior years may be permitted for two taxable years. There shall be added to Wisconsin income any amount deducted as a federal net operating loss carry-back or carry-over and there shall be subtracted for the first taxable year for which the subtraction may be made any Wisconsin net operating loss carry-back or carry-forward allowable in an amount not in excess of the Wisconsin taxable income computed before the deduction of the Wisconsin net operating loss carry-back or carry-forward.

A Wisconsin net operating loss may be carried back against Wisconsin taxable income of the previous two years and then carried forward against Wisconsin taxable incomes of the next 20 taxable years (previously 15 taxable years), if the taxpayer was subject to Wisconsin taxation in the taxable year in which the loss was sustained, to the extent not offset against other income of the year of loss and to the extent not offset against Wisconsin modified taxable income of the two years preceding the loss and of any year between the loss year and the taxable year for which the loss carry-forward is claimed.

"Wisconsin modified taxable income" means Wisconsin taxable income with the following exceptions: a net operating loss deduction or offset for the loss year or any taxable year before or thereafter is not allowed, the deduction for long-term capital gains is not allowed, the amount deductible for losses from sales or exchanges of capital assets may not exceed the amount includable in income for gains from sales or exchanges of capital assets and Wisconsin modified taxable income may not be less than zero.

10. **Income Tax Rates Reduced** (2013 Act 20, amend secs. 71.06(1p)(intro.), (2)(g)(intro.) and (h)(intro.), (2e)(a) and (b), (2m), and (2s)(d), 71.125(1) and (2), 71.17(6), 71.64(9)(b)(intro.), and 71.67(5)(a) and (5m) and create sec. 71.06(1q), (2)(i) and (j), and (2e)(c), effective for taxable years beginning on or after January 1, 2013.)

The individual income tax rates are reduced as follows:

- Prior rate 4.6 percent – New rate 4.4 percent
- Prior rate 6.15 percent – New rate 5.84 percent
- Prior rate 6.5 percent – New rate 6.27 percent
- Prior rate 6.75 percent – New rate 6.27 percent
- Prior rate 7.75 percent – New rate 7.65 percent

These rates also apply to fiduciaries. An electing small business trust is subject to tax at the highest rate (7.65 percent).

11. **Community Development Finance Authority Credit** (2013 Act 20, amend sec. 71.07(2), effective for taxable years beginning on or after January 1, 2014.)

No unused community development finance authority credit may be carried forward and claimed for taxable years beginning after December 31, 2013.

12. **Development Zones Jobs Credit Statutory Reference Limited** (2013 Act 20, amend sec. 71.07(2dj)(am)4h., effective July 2, 2013.)

For purposes of the development zones jobs credit, the statutory reference to a trial job under sec. 49.147(3) is limited to sec. 49.147(3), Wis. Stats. (2011-2012).

(**Note:** The development zones jobs credit cannot be claimed for taxable years that begin on January 1, 1998, or thereafter.)

13. **Development Zones Credit Revised** (2013 Act 20, renumber sec. 238.30(2m)(b) to 238.30(2m)(b)(intro.) and amend as renumbered, amend secs. 71.07(2dx)(a)4. and 5. and (b)2., 3., 4., and 5. and 238.30(intro.) and (4m), and create sec. 238.30(2m)(b)1. and 2., effective for taxable years beginning on or after January 1, 2013.)

The definition of "full-time job" for purposes of the development zones credit is revised to refer to the definition provided in sec. 238.30(2m), Wis. Stats., as it relates to the Wisconsin Economic Development Corporation (WEDC).

"Full-time job" means a regular position in which an individual, as a condition of employment, is required to work at least 2,080 hours per year, including paid leave and holidays, and for which the individual receives pay that is equal to at least 150% of the federal minimum wage and benefits that are not required by federal or state law. "Full-time job" does not include initial training before an employment position begins.

The WEDC may grant exceptions to the requirement that a full-time job means a position in which an individual, as a condition of employment, is required to work at least 2,080 hours per year if all of the following apply:

- The annual pay for the position is more than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage.

- An individual in the position is offered retirement, health, and other benefits that are equivalent to the retirement, health, and other benefits offered to an individual who is required to work at least 2,080 hours per year.

The definition of "member of a targeted group" is revised to include a person who is employed in a trial job or in a trial employment match program job, as defined in sec. 49.141(1)(n), Wis. Stats. (2011-2012).

The amount of credit is determined by multiplying the amount determined by WEDC (up to \$6,000 or up to \$8,000) by the number of full-time jobs created or retained less any wage subsidies paid under sec. 49.147(3)(a), Wis. Stats.

**14. Enterprise Zone Jobs Credit Revised** (2013 Act 20, amend sec. 71.07(3w)(b)1.a. and b., 2., and 3. and (bm)2., effective for taxable years beginning on or after January 1, 2013.)

Changes are made to the calculation of the enterprise zone jobs credit. The credit is calculated as follows:

1. Determine the amount that is the lesser of:
  - a. The number of full-time employees whose annual wages are greater than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the enterprise zone in the taxable year, minus the number of full-time employees whose annual wages were greater than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the area that comprises the enterprise zone in the base year.
  - b. The number of full-time employees whose annual wages are greater than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the state in the taxable year, minus the number of full-time employees whose annual wages were greater than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the state in the base year.
2. Determine the claimant's average zone payroll by dividing total wages for full-time employees whose annual wages are greater than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the enterprise zone in the taxable year by the number of full-time employees whose annual wages are greater than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the enterprise zone in the taxable year.
3. For employees in a tier I county or municipality, subtract the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage from the amount determined under 2. above and for employees in a tier II county or municipality, subtract \$30,000 from the amount determined under 2. above.
4. Multiply the amount determined under 3. above by the amount determined under 1. above.
5. Multiply the amount determined under 4. above by the percentage determined by the Wisconsin Economic Development Corporation (WEDC), but not to exceed 7 percent.

In addition to the above credit and subject to certain limitations, a credit is available equal to a percentage, as determined by WEDC but not to exceed 7 percent, of the claimant's zone payroll paid in the taxable year to all of the claimant's full-time employees whose annual wages are greater than the amount deter-

mined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality, not including the wages paid to the employees determined under 1. above, and who the claimant employed in the enterprise zone in the taxable year, if the total number of such employees is equal to or greater than the total number of such employees in the base year. A claimant may claim this credit for no more than five consecutive taxable years.

15. **Various Credits Limited** (2013 Act 20, renumber secs. 71.07(3h)(d) to 71.07(3h)(d)1., 71.07(5e)(d) to 71.07(5e)(d)1., 71.07(5g)(d) to 71.07(5g)(d)1., 71.07(5j)(d) to 71.07(5j)(d)1., 71.07(5r)(d) to 71.07(5r)(d)1., 71.07(5rm)(d) to 71.07(5rm)(d)1., 71.07(6n)(d) to 71.07(6n)(d)1., and 71.07(8r)(d) to 71.07(8r)(d)1., amend secs. 71.07(3h)(b), (3n)(a)2.(intro.), 5.(intro.), and 6.b. and (b)1. and 2., (3p)(a)3.(intro.), (b), and (c)5., (3r)(a)3.(intro.) and (b), (3rm)(b), (3rn)(a)4.(intro.) and (b), (5g)(a), (b), (c)1., (5i)(b), (5j)(b), and (5rm)(b)(intro.) and create secs. 71.07(3h)(d)2., (3n)(g), (3p)(d)4., (3r)(d)3., (3rm)(d)3., (3rn)(d)3., (5e)(d)2., (5f)(d)3., (5g)(d)2., (5h)(d)3., (5j)(d)2., (5r)(d)2., (5rm)(d)2., (6n)(d)2., and (8r)(d)2., various effective dates.)

The following credit may not be claimed for taxable years beginning on or after January 1, 2013:

*Nonrefundable credit*

Veteran employment credit

The following credits may not be claimed for taxable years beginning on or after January 1, 2014:

*Refundable credits*

- Dairy manufacturing facility investment credit
- Meat processing facility investment credit
- Food processing plant and warehouse investment credit
- Film production services credit
- Film production company investment credit
- Beginning farmer and farm asset owner credit

*Nonrefundable credits*

- Biodiesel fuel production credit
- Dairy and livestock farm investment credit
- Internet equipment credit
- Health insurance risk-sharing plan assessments credit
- Electronic medical records credit
- Ethanol and biodiesel fuel pump credit
- Post-secondary education credit
- Water consumption credit

The following credit may not be claimed for taxable years beginning on or after January 1, 2015:

*Refundable credit*

Woody biomass harvesting and processing credit

16. **Research Credit Expanded** (2013 Act 20, repeal sec. 71.07(10), amend sec. 71.05(6)(a)15., and create secs. 71.07(4k) and 71.10(4)(er), effective for taxable years beginning on or after January 1, 2013.)

The research credit that is available to corporations is available to an individual, a partner of a partnership, a shareholder of a tax-option corporation, or a member of a limited liability company.

Partnerships, tax-option corporations, and limited liability companies may not claim a credit, but the eligibility for, and the amount of, the credit are based on their payment of amounts. A partnership, tax-option corporation, or limited liability company shall compute the amount of the credit that each of its partners, shareholders, or members may claim and shall provide that information to each of them. Partners of a partnership, shareholders of tax-option corporations, and members of limited liability companies may claim the credit in proportion to their ownership interest.

The amount of the computed credit must be added to the individual's income to the extent not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, limited liability company's, or tax-option corporation's income.

The credit is nonrefundable. Unused credit may be carried forward and used to offset tax for up to 15 years.

17. **Research Facilities Credit Expanded** (2013 Act 20, repeal sec. 71.07(10), amend sec. 71.05(6)(a)15., and create secs. 71.07(4n) and 71.10(4)(eu), effective for taxable years beginning after December 31, 2012, and before January 1, 2014.)

The research facilities credit that is available to corporations is available to an individual, a partner of a partnership, a shareholder of a tax-option corporation, or a member of a limited liability company.

Partnerships, tax-option corporations, and limited liability companies may not claim a credit, but the eligibility for, and the amount of, the credit are based on their payment of amounts. A partnership, tax-option corporation, or limited liability company shall compute the amount of the credit that each of its partners, shareholders, or members may claim and shall provide that information to each of them. Partners of a partnership, shareholders of tax-option corporations, and members of limited liability companies may claim the credit in proportion to their ownership interest.

The amount of the computed credit must be added to the individual's income to the extent not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option corporation's income.

The credit is nonrefundable. Unused credit may be carried forward and used to offset tax for up to 15 years.

No credit may be claimed for taxable years beginning after December 31, 2013.

18. **Angel Investment Credit Limitation Removed** (2013 Act 20, repeal sec. 71.07(5d)(c)1., effective July 2, 2013.)

The provision that limits the amount of angel investment credit that may be claimed for all taxable years combined to \$47,500,000 is repealed.

19. **Manufacturing and Agriculture Credit Amended** (2013 Act 20, renumber sec. 71.07(5n)(c) to 71.07(5n)(c)1. and create sec. 71.07(5n)(c)2., 3., 4., and 5., effective for taxable years beginning on or after January 1, 2014.)

For taxable years beginning on or after January 1, 2014, the manufacturing and agriculture credit may be offset only against the amount of the tax imposed upon or measured by the business operations of the claimant on which the credit is computed.

For shareholders of a tax-option corporation, the credit may be offset only against the tax imposed on the shareholder's prorated share of the tax-option corporation's income.

For partners of a partnership, the credit may be offset only against the tax imposed on the partner's distributive share of partnership income.

For members of a limited liability company, the credit may be offset only against the tax imposed on the member's distributive share of the limited liability company's income.

20. **Supplement to Federal Historic Rehabilitation Credit Increased** (2013 Act 20, renumber sec. 71.07(9m)(a) to 71.07(9m)(a)(intro.) and amend as renumbered and create sec. 71.07(9m)(a)1. and 2., effective for taxable years beginning on or after January 1, 2013.)

The amount of supplement to federal historic rehabilitation credit is equal to one of the following percentages of the costs of qualified rehabilitation expenditures:

- For taxable years beginning before January 1, 2013, 5 percent.
- For taxable years beginning after December 31, 2012, 10 percent.

### C. Corporation Franchise and Income Taxes

1. **Internal Revenue Code References Updated for 2013 for Corporations, Nonprofit Organizations, Regulated Entities, Tax-Option (S) Corporations, and Insurance Companies** (2013 Act 20, repeal secs. 71.22(4)(o), 71.22(4m)(m), 71.26(2)(b)15., 71.34(1g)(o), and 71.42(2)(n), renumber secs. 71.22(4)(p) to 71.22(4)(a), 71.22(4)(q) to 71.22(4)(b), 71.22(4)(r) to 71.22(4)(c), 71.22(4)(s) to 71.22(4)(d), 71.22(4)(t) to 71.22(4)(e), 71.22(4)(u) to 71.22(4)(f), 71.22(4)(um) to 71.22(4)(g), 71.22(4m)(n) to 71.22(4m)(a), 71.22(4m)(o) to 71.22(4m)(b), 71.22(4m)(p) to 71.22(4m)(c), 71.22(4m)(q) to 71.22(4m)(d), 71.22(4m)(r) to 71.22(4m)(e), 71.22(4m)(s) to 71.22(4m)(f), 71.22(4m)(sm) to 71.22(4m)(g), 71.26(2)(b)16. to 71.26(2)(b)1., 71.26(2)(b)17. to 71.26(2)(b)2., 71.26(2)(b)18. to 71.26(2)(b)3., 71.26(2)(b)19. to 71.26(2)(b)4., 71.26(2)(b)20. to 71.26(2)(b)5., 71.26(2)(b)21. to 71.26(2)(b)6., 71.26(2)(b)22. to 71.26(2)(b)7., 71.34(1g)(p) to 71.34(1g)(a), 71.34(1g)(q) to 71.34(1g)(b), 71.34(1g)(r) to 71.34(1g)(c), 71.34(1g)(s) to 71.34(1g)(d), 71.34(1g)(t) to 71.34(1g)(e), 71.34(1g)(u) to 71.34(1g)(f), 71.34(1g)(um) to 71.34(1g)(g), 71.42(2)(o) to 71.42(2)(a), 71.42(2)(p) to 71.42(2)(b), 71.42(2)(q) to 71.42(2)(c), 71.42(2)(r) to 71.42(2)(d), 71.42(2)(s) to 71.42(2)(e), 71.42(2)(t) to 71.42(2)(f), and 71.42(2)(tm) to 71.42(2)(g), renumber secs. 71.22(4)(un) to 71.22(4)(h), 71.22(4m)(sn) to 71.22(4m)(h), 71.26(2)(b)23. to 71.26(2)(b)8., 71.34(1g)(un) to 71.34(1g)(h), and 71.42(2)(tn) to 71.42(2)(h) and amend as renumbered, and create secs. 71.22(4)(i), 71.22(4m)(i), 71.26(2)(b)9., 71.34(1g)(i), and 71.42(2)(i), effective for taxable years beginning on or after January 1, 2013.)

Certain provisions of federal laws enacted in prior years that affect the definition of the Internal Revenue Code are adopted for Wisconsin income and franchise tax purposes. For taxable years that begin on or after January 1, 2013, the provisions of federal law listed in Item B.1 apply for Wisconsin income and franchise tax. In addition, the Internal Revenue Code is modified as follows:

- For corporations (except nonprofit organizations, RICs, REMICs, REITs, and FASITs), tax-option (S) corporations, and insurance companies, for property placed in service in taxable years beginning on or after January 1, 2001, depreciation or amortization must be computed under the federal Internal Revenue Code as amended to December 31, 2000.
- For corporations (except nonprofit organizations, RICs, REMICs, REITs, and FASITs), the Internal Revenue Code is modified by sec. 71.26(3), Wis. Stats.
- For tax-option (S) corporations, IRC sec. 1366(f), relating to the reduction in pass-throughs for taxes at the S corporation level, is modified by substituting the built-in gains tax under sec. 71.35, Wis. Stats., for the taxes under IRC secs. 1374 and 1375.

- For insurance companies, the Internal Revenue Code excludes IRC sec. 847, relating to an additional deduction for insurers required to discount unpaid losses.
- For RICs, REMICs, REITs, and FASITs, property depreciated for taxable years 1983 to 1986 under the Internal Revenue Code as amended to December 31, 1980, must continue to be depreciated under the Internal Revenue Code as amended to December 31, 1980. Additions or subtractions must be made to reflect differences between the depreciation or adjusted basis for federal and Wisconsin tax purposes of property disposed of during the taxable year.

2. **Depreciation, Depletion, and Amortization Changed** (2013 Act 20, repeal secs. 71.26(3)(y)2. and 71.365(1m)(b), renumber secs. 71.26(3)(y)1. to 71.26(3)(y) and 71.365(1m)(a) to 71.365(1m) and amend as renumbered, amend secs. 71.22(5m)(b), 71.26(3)(q), 71.34(1k)(intro.) and (1m)(b), 71.45(2)(a)7., and 71.45(2)(a)13., and create secs. 71.26(3)(ym), 71.45(2)(a)19., and 71.98(3), effective for taxable years beginning on or after January 1, 2014.)

The provision in sec. 71.26(3)(y)1., Wis. Stats., that required amortization or depreciation to be computed under the federal Internal Revenue Code as amended to December 31, 2000, is repealed.

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

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

3. **Expensing of Depreciable Business Assets** (2013 Act 20, amend secs. 71.22(5m)(b) and 71.34(1k)(intro.) and (1m)(b) and create sec. 71.98(4), effective for taxable years beginning on or after January 1, 2014.)

The provisions in secs. 71.22(5m)(b) and 71.34(1m)(b), Wis. Stats., were amended to reflect the fact that the increased Internal Revenue Code sec. 179 expense deduction for property used in farming was limited to taxable years beginning after December 31, 2007, and before January 1, 2010.

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

4. **Certain Interest from Bonds Issued by the Wisconsin Health and Educational Facilities Authority Exempt from Wisconsin Tax** (2013 Act 20, create secs. 71.26(1m)(L) and 71.45(1t)(L), effective for taxable years beginning on or after January 1, 2013.)

See Item B.5.

5. **Adjustment for Federal and Wisconsin Difference in Basis** (2013 Act 20, create secs. 71.26(3)(ym), 71.34(1k)(n), and 71.45(2)(a)19., effective for various taxable years.)

See Item B.8.

6. **Development Zones Jobs Credit Statutory Reference Limited** (2013 Act 20, amend secs. 71.28(1dj)(am)4h. and 71.47(1dj)(am)4h., effective July 2, 2013.)

See Item B.12.



7. **Development Zones Credit Revised** (2013 Act 20, renumber sec. 238.30(2m)(b) to 238.30(2m)(b)(intro.) and amend as renumbered, amend secs. 71.28(1dx)(a)4. and 5. and (b)2., 3., 4., and 5., 71.47(1dx)(a)4. and 5. and (b)2., 3., 4., and 5., and 238.30(intro.) and (4m), and create sec. 238.30(2m)(b)1. and 2., effective for taxable years beginning on or after January 1, 2013.)

See Item B.13.

8. **Enterprise Zone Jobs Credit Revised** (2013 Act 20, amend secs. 71.28(3w)(b)1.a. and b., 2., and 3. and (bm)2. and 71.47(3w)(b)1.a. and b., 2., and 3. and (bm)2., effective for taxable years beginning on or after January 1, 2013.)

See Item B.14.

9. **Various Credits Limited** (2013 Act 20, renumber secs. 71.28(3h)(d) to 71.28(3h)(d)1., 71.28(5e)(d) to 71.28(5e)(d)1., 71.28(5g)(d) to 71.28(5g)(d)1., 71.28(5j)(d) to 71.28(5j)(d)1., 71.28(5r)(d) to 71.28(5r)(d)1., 71.28(5rm)(d) to 71.28(5rm)(d)1., 71.28(6n)(d) to 71.28(6n)(d)1., 71.28(8r)(d) to 71.28(8r)(d)1., 71.47(3h)(d) to 71.47(3h)(d)1., 71.47(5e)(d) to 71.47(5e)(d)1., 71.47(5g)(d) to 71.47(5g)(d)1., 71.47(5j)(d) to 71.47(5j)(d)1., 71.47(5r)(d) to 71.47(5r)(d)1., 71.47(5rm)(d) to 71.47(5rm)(d)1., 71.47(6n)(d) to 71.47(6n)(d)1., and 71.47(8r)(d) to 71.47(8r)(d)1., amend secs. 71.28(3h)(b), (3n)(a)2.(intro.), 5.(intro.), and 6.b. and (b)1. and 2., (3p)(a)3.(intro.), (b), and (c)5., (3r)(a)3.(intro.) and (b), (3rm)(b), (3rn)(a)4.(intro.) and (b), (5)(ad)1., 2., and 3., (5g)(a), (b), and (c)1., (5i)(b), (5j)(b), (5rm)(b)(intro.), and (9s)(b) and 71.47(3h)(b), (3n)(a)2.(intro.), 5.(intro.), and 6.b. and (b)1. and 2., (3p)(a)3.(intro.), (b), and (c)5., (3r)(a)3.(intro.) and (b), (3rm)(b), (3rn)(a)4.(intro.) and (b), (5)(ad)1., 2., and 3., (5g)(a), (b), and (c)1., (5i)(b), (5j)(b), (5rm)(b)(intro.), and (9s)(b), and create secs. 71.28(1)(d), (3h)(d)2., (3n)(g), (3p)(d)4., (3r)(d)3., (3rm)(d)3., (3rn)(d)3., (4m)(d)3., (5)(c), (5e)(d)2., (5f)(d)3., (5g)(d)2., (5h)(d)3., (5j)(d)2., (5r)(d)2., (5rm)(d)2., (6n)(d)2., (8r)(d)2., and (9s)(d)3. and 71.47(1)(d), (3h)(d)2., (3n)(g), (3p)(d)4., (3r)(d)3., (3rm)(d)3., (3rn)(d)3., (4m)(d)3., (5)(c), (5e)(d)2., (5f)(d)3., (5g)(d)2., (5h)(d)3., (5j)(d)2., (5r)(d)2., (5rm)(d)2., (6n)(d)2., (8r)(d)2., and (9s)(d)3., various effective dates.)

See Item B.15. In addition, the following nonrefundable credits may not be claimed for taxable years beginning on or after January 1, 2014:

- Relocated business credit
- Super research and development credit
- Research facilities credit

10. **Research Credit Expanded** (2013 Act 20, amend secs. 71.21(3) and (4)(a), 71.28(4)(i), 71.34(1k)(g), 71.365(3), and 71.47(4)(i) and create secs. 71.28(4)(j) and 71.47(4)(j), effective for taxable years beginning on or after January 1, 2013.)

See Item B.16.

11. **Research Facilities Credit Expanded** (2013 Act 20, amend secs. 71.21(3) and (4)(a), 71.34(1k)(g), and 71.365(3), effective for taxable years beginning after December 31, 2012, and before January 1, 2014.)

See Item B.17.

12. **Supplement to Federal Historic Rehabilitation Credit Increased** (2013 Act 20, renumber secs. 71.28(6)(a) to 71.28(6)(a)(intro.) and 71.47(6)(a) to 71.47(6)(a)(intro.) and amend as renumbered and create secs. 71.28(6)(a)1. and 2. and 71.47(6)(a)1. and 2., effective for taxable years beginning on or after January 1, 2013.)

See Item B.20.

**D. Estate Tax Sunset** (2013 Act 20, create sec. 72.36, effective for deaths occurring after December 31, 2012.)

The Wisconsin estate tax is based on the federal credit for state death taxes after December 31, 2007. Since there is no federal credit for state death taxes for deaths occurring in 2008 through 2012, there is no Wisconsin estate tax for deaths occurring between January 1, 2008, and December 31, 2012.

The American Taxpayer Relief Act of 2012 permanently repealed the federal credit for state death taxes for deaths occurring after December 31, 2012. This Act provides the Wisconsin estate tax does not apply to deaths occurring after December 31, 2012, unless federal estate tax law is modified to provide a federal estate tax credit for state death taxes.

**E. Economic Development Surcharge Limited** (2013 Act 20, repeal secs. 77.92(1), (4), (4m), and (5), 77.93 (2), (3), and (5), 77.94(1)(b), and 77.947, consolidate and renumber sec. 77.94(1)(intro.) and (a) to 77.94(1) and amend as consolidated and renumbered, and amend secs. 77.94(2)(a)2. and (b)(intro.) and 1. and 77.96(5), effective for taxable years beginning on or after January 1, 2013.)

The economic development surcharge does not apply to individuals, estates, trusts, partnerships, and limited liability companies treated as partnerships.

**F. Sales and Use Taxes****1. Appeals to the Circuit Court** (2013 Act 20, amend sec. 77.59(6)(b), effective July 2, 2013.)

A taxpayer that appeals a sales and use tax decision of the Wisconsin Tax Appeals Commission must appeal to the circuit court for Dane County or to the circuit court for the county where the taxpayer's commercial domicile is located, where the taxpayer owns other property, or where the taxpayer transacts business in Wisconsin.

"Commercial domicile" means the location from which a trade or business is principally managed and directed, based on any factors the department determines are appropriate, including the location where the greatest number of employees of the trade or business work, have their office or base of operations, or from which the employees are directed or controlled.

Under prior law, appeals of Wisconsin Tax Appeals Commission's decisions were required to be made to the circuit court for Dane County.

**2. Deduction on Current Return – Exemption Certificate Received After Sales Tax Paid** (2013 Act 20, create sec. 77.585(10), effective July 2, 2013.)

A retailer receiving a fully completed exemption certificate from the purchaser after reporting a sale covered by the exemption certificate as taxable may claim a deduction on its sales tax return for the sales price of the items covered by the exemption certificate if all of the following conditions are satisfied:

- The retailer has paid the tax to the Department of Revenue,
- The exemption certificate was received by the retailer in the same taxable year (for income or franchise tax purposes) of the retailer in which the sale covered by the exemption certificate occurred, and
- The retailer has returned to the buyer, in cash or credit, all tax previously paid by the buyer.

The deduction is claimed on the return filed for the period in which the retailer receives the exemption certificate.

If the seller is ineligible to claim a deduction on its sales tax return, the seller may file a claim for refund.

Under prior law, a retailer who filed a sales tax return and paid the sales tax on a transaction and subsequently received a fully completed exemption certificate from the purchaser for that transaction, must have amended that sales tax return in order to have received a refund.

3. **Federal Legislation for Remote Sellers - Revenues Must Be Used to Reduce Wisconsin Income Tax** (2013 Act 20, create sec. 73.03(71), effective July 2, 2013.)

The Department of Revenue is required to determine the amount of additional revenue collected from sales and use taxes as a result of any federal law that expands the state's authority to require out-of-state retailers to collect and remit Wisconsin sales and use taxes on purchases by Wisconsin residents during the first 12 months following the date on which the department begins collecting such additional revenue.

After determining the amount of additional revenue, the department must determine how much the individual income tax rates may be reduced in the following taxable year in order to eliminate the alternative minimum tax under [sec. 71.08](#), Wis. Stats., and decrease individual income tax revenue by the amount determined under the paragraph above. The department will calculate the tax rate reductions in proportion to the share of gross tax attributable to each of the tax brackets under sec. 71.06, Wis. Stats., in effect during the most recently completed taxable year.

The Department of Revenue will then certify these determinations to the Secretary of the Department of Administration, the governor, and the legislature and specify that the elimination of the alternative minimum tax and the new tax rates will take effect in the taxable year following the taxable year in which the department makes its certification.

4. **Increase Dollar Amounts Used to Establish Filing Frequency** (2013 Act 20, amend sec. 77.58(1)(a), effective January 1, 2014.)

For tax years beginning on or after January 1, 2014, a retailer's reporting period for sales and use tax purposes will be monthly if the amount of tax due in any one calendar quarter is more than \$1,200. Under prior law, this standard was \$600.

5. **Lump Sum Contracts** (2013 Act 20, amend sec. 77.51(11d) and create 77.54(60), applies to contracts entered into on or after October 1, 2013.)

A sales and use tax exemption is created for the sales price from the sale of and the storage, use, or other consumption of tangible personal property, items and property under sec. 77.52(1)(b) or (c), Wis. Stats., and taxable services that are sold by a contractor as a part of a lump sum contract, if the total sales price of all such taxable products is less than 10 percent of the total amount of the lump sum contract. The contractor is the consumer of such taxable products and is liable for sales or use tax on its purchase of these taxable products. (See *Exception*, below.)

"Lump sum contract" means "a contract to perform real property construction activities and to provide tangible personal property, items or property under s. 77.52 (1) (b) or (c), or taxable services and for which the contractor quotes the charge for labor, services of subcontractors, tangible personal property, items and property under s. 77.52 (1) (b) and (c), and taxable services as one price, including a contract for which the contractor itemizes the charges for labor, services of subcontractors, tangible personal property, items and property under s. 77.52 (1) (b) and (c), and taxable services as part of a schedule of values or similar document."

**Exception:** If the lump sum contract is entered into with an entity that is exempt from tax under sec. 77.54(9a), Wis. Stats., the contractor may purchase without tax, for resale, the taxable products that are sold by the contractor as part of the lump sum contract with the exempt entity and that are not consumed by the contractor in real property construction activities. The contractor is still the consumer of all taxable products used by the contractor in real property construction activities.

For contracts entered into prior to October 1, 2013, if the taxable products accounted for 10 percent or less of the total contract amount in a contract for real property construction activities AND no separate charge was made in any document provided to the customer for the taxable products, the tax was based on contractor's cost of the taxable products. If a separate charge was made in any document provided to the customer, including a contract, contract addendum, appendix, or payment request, for any of the taxable products or services, the separate charge was subject to tax.

The effect of the law change is that the contractor is the consumer of the taxable products provided in a lump sum contract if the total sales price of the taxable products is less than 10 percent of the total sales price of the contract, **regardless of whether the contractor separately itemizes the charges for taxable products in a schedule of values or similar document that is provided to its customer.**

6. **Printing Exemptions** (2013 Act 20, create sec. 77.54(61), effective October 1, 2013.)

The following sales and use tax exemptions apply to purchases by a person primarily engaged in: (a) commercial printing (except screen printing and books printing) without publishing (except grey goods printing); (b) printing or printing and binding books and pamphlets without publishing; or (c) performing prepress and postpress services in support of printing activities:

- (1) Purchase of computers and servers that are used to store copies of the product that is sent to a printing press.
- (2) Tangible personal property purchased from out-of-state sellers that are temporarily stored, remain idle, and are not used in this state for not more than 180 days and that are then delivered and used outside of Wisconsin.

7. **Property Used to Raise Animals Sold Primarily to a Biotechnology Business, a Public or Private Institution of Higher Education, or a Governmental Unit for Use in Qualified Research** (2013 Act 20, renumber secs. 77.54(57)(a)1f. to 77.51(1c), 77.54(57)(a)1m. to 77.51(1d), and 77.54(57)(a)4. to 77.51(10rn), amend sec. 77.54(57)(a)5., and create sec. 77.54(57d), effective for sales made on or after July 2, 2013.)

For purposes of the sales and use tax exemptions provided in sec. 77.54(57)(b)3. and 4., Wis. Stats., the definition of "qualified research" is modified to mean "*qualified research as defined under [section 41\(d\)\(1\) of the Internal Revenue Code](#), except that it includes qualified research that is funded by a member of a combined group for another member of a combined group.*"

8. **Qualified Research** (2013 Act 20, repeal sec. 77.54(57)(b)1. and 2., renumber secs. 77.54(57)(a)1f. to 77.51(1c), 77.54(57)(a)1m. to 77.51(1d), and 77.54(57)(a)4. to 77.51(10rn), amend sec. 77.54(57)(a)5., and create sec. 77.54(57d), effective for sales made on or after July 2, 2013.)

A sales and use tax exemption applies for machinery and equipment, including attachments, parts, and accessories, and other tangible personal property or items, or property under [sec. 77.52\(1\)\(b\) or \(c\), Wis. Stats.](#), that are sold to any of the following and are consumed or destroyed or lose their identities while being used exclusively and directly in qualified research:

- (1) A person engaged in manufacturing in Wisconsin at a building assessed under [sec. 70.995, Wis. Stats.](#)
- (2) A person primarily engaged in biotechnology in Wisconsin
- (3) A combined group member who is conducting qualified research for another combined group member and that other combined group member is a person described in (1) or (2).

For purposes of this exemption:

- "Building" has the meaning given in [sec. 70.111\(10\)\(a\)1., Wis. Stats.](#)

- "Combined group" has the meaning given in [sec. 71.255\(1\)\(a\), Wis. Stats.](#)
- "Machinery" has the meaning given in [sec. 70.11\(27\)\(a\)2., Wis. Stats.](#)
- "Qualified research" means qualified research as defined under [section 41\(d\)\(1\) of the Internal Revenue Code](#), except that it includes qualified research that is funded by a member of a combined group for another member of a combined group
- "Used exclusively" has the meaning given in [sec. 77.54\(3\)\(b\)3., Wis. Stats.](#)

Under prior law, an exemption applied for: (1) machinery and equipment, including attachments, parts, and accessories that are sold to a person engaged primarily in manufacturing or biotechnology in Wisconsin and used exclusively and directly in qualified research, and (2) other tangible personal property or items or property under sec. 77.52(1)(b) or (c), Wis. Stats., that were sold to a person engaged primarily in manufacturing or biotechnology in Wisconsin and which were consumed or destroyed or lost their identities while being used exclusively and directly in qualified research. Under prior law, "qualified research" was limited to activities that met the definition of qualified research under sec. 41(d)(1) of the Internal Revenue Code, which excluded research to the extent funded by any contract, grant, or otherwise by another person (or governmental entity).

9. **Self-Service Laundry Machines** (2013 Act 20, amend sec. 77.52(2)(a)6., effective October 1, 2013.)

Laundry, dry cleaning, pressing, and dyeing services are not taxable when the service is performed by the customer through the use of self-service machines. The effect of this law change is that these services provided by self-service machines operated by tokens, magnetic cards, or other medium other than coins are no longer subject to tax.

Under prior law, only such services performed by the customer through the use of coin-operated, self-service machines were not taxable.

10. **Services Resulting in Advertising and Promotional Direct Mail** (2013 Act 20, amend sec. 77.52(2)(a)11., effective July 1, 2013.)

The sales and use tax exemption for the sale of advertising and promotional direct mail is effective on July 1, 2013. This amendment provides that the services of producing, fabricating, processing, printing, or imprinting that result in advertising and promotional direct mail are also not taxable.

**Note:** The sale of paper to a person who provides the paper to a printer, who then uses that paper to manufacture advertising and promotional direct mail, is taxable when the advertising and promotional direct mail is mailed to addresses in Wisconsin. See Part VI.B of the [July Sales and Use Tax Report](#) for additional information.

11. **Technical Corrections and Clarifications**

Unless otherwise noted, the following technical corrections and clarifications became effective July 2, 2013, pursuant to 2013 Act 20.

- a. **"Advertising and promotional direct mail"** – Clarify that credit for tax paid to another state on advertising and promotional direct mail purchases is not allowed if the purchaser did not provide to the seller a direct pay permit, an exemption certificate claiming advertising and promotional direct mail, or other information that indicates the appropriate taxing jurisdiction to which the advertising and promotional direct mail is delivered to the ultimate recipients. (Amend sec. 77.53(16))

- b. Collection of delinquent sales and use taxes.** Clarify that the levy is included in collection tools available for delinquent sales tax collection. (Amend sec. 77.62(intro.))
- c. "Custom farming services"**– Clarify that "custom farming services" includes services performed by veterinarians to farm livestock or farm work stock used exclusively in the business of farming. A veterinarian may be eligible to use various sales and use tax exemptions for items used by the veterinarian in providing custom farming services (sec. Tax 11.61(2)(b)3., Wis. Adm. Code (November 2010 Register)). "Custom farming services" means *"the performance of an activity, defined as farming in this section, for a farmer, for a fee. The fee may include a cash payment, a share of the harvest or other valuable consideration."* (Create sec. 77.51(2d))
- d. Due date for filing refund claims** – Clarify that sales and use tax refund claims (whether filed by a seller or buyer) must generally be filed within four years of the unextended (original) due date of the claimant's Wisconsin income or franchise tax return. (Amend sec. 77.59(4)(a), effective August 1, 2013)
- e. "Place of primary use"** – Definition amended to replace the reference to federal law with specific language. As amended, "place of primary use" means the residential street address or the primary business street address of the customer. In the case of mobile telecommunications services, "place of primary use" means a street address within the licensed service area of the home service provider. (Amend sec. 77.522(4)(a)9.)
- f. "Prepaid wireless calling service"** – Definition amended to read: "a telecommunications service that provides the right to utilize mobile wireless service as well as other nontelecommunications services, including the download of digital products delivered electronically, content, and ancillary services, and that is paid for prior to use and sold in predetermined units or dollars that decrease with use in a known amount." (Amend sec. 77.51(10f))
- g. "Prepared food"** – Definition amended to include "bowls" as eating utensils when a retailer is determining if food and food ingredients are sold with eating utensils under sec. 77.51(10m)(a)3., Wis. Stats., and to include "bowls" as utensils necessary for the purchaser to receive the food and food ingredients. (Amend sec. 77.51(10m)(a)3.(intro.) and b.)
- h. Property transferred incidentally with a taxable service** – The amendment clarifies that a service provider who transfers tangible personal property, or items, property, or goods under sec. 77.52(1)(b), (c), or (d), Wis. Stats., incidentally with a taxable service is the consumer of such property, items, or goods, and may not purchase such property, items, or goods without tax for resale. **Exception:** Property, items, or goods physically transferred, or transferred electronically, to the customer in conjunction with the selling, performing, or furnishing of a service subject to tax under sec. 77.52(2)(a)7., 10., 11., and 20., Wis. Stats., may be purchased without tax for resale by the service provider. (Amend sec. 77.52(21)(b))
- Note:** Section 77.51(5), Wis. Stats., provides, in part, that tangible personal property or items, property, or goods under sec. 77.52(1)(b), (c), or (d), Wis. Stats., transferred by a service provider is incidental to the service if the purchaser's main purpose or objective is to obtain the service rather than the property, items, or goods, even though the property, items, or goods may be necessary or essential to providing the service.
- i. "Prosthetic device"** – Definition amended to clarify that a device must be a "replacement, corrective, or supportive" device to fall within the definition. (Amend sec. 77.51(11m))
- j. Reference to "drugs"** – The exemption for certain items used in raising animals is amended to replace "medicines" with "drugs." The term "medicine" is not a defined term in the Wisconsin Statutes. "Drug" is a defined term under sec. 77.51(3pj), Wis. Stats., which was created effective October 1, 2009. (Amend sec. 77.54(57)(b)4.)

- k. "Sales price" and "purchase price"** – Definitions amended to provide that "sales price" and "purchase price" do not include taxes imposed on the seller that are separately stated on the invoice, bill of sale, or similar document that the seller gives to the purchaser if the law imposing or authorizing the tax provides that the seller may, but is not required to, pass on and collect the tax from the user or consumer. Provide that municipal and local exposition district room taxes may be collected from the consumer or user and are not included in "sales price" and "purchase price" if the tax is separately stated on the invoice, bill of sale, or similar document that the seller gives to the purchaser. (Amend sections 66.0615(1m)(a) and 77.51(12m)(a)2. and (15b)(a)2. and create section 77.51(12m)(b)3m. and (15b)(b)3m.)

### **G. Premier Resort Area Tax**

- 1. City of Wisconsin Dells and the Village of Lake Delton May Increase Premier Resort Area Tax Rate to 1.25%** (2013 Act 20, renumber sec. 77.994(3) to 77.994(3)(a) and create sec. 77.994(3)(b), effective July 2, 2013.)

Section 77.994(3)(b), Wis. Stats., authorizes both the City of Wisconsin Dells and the Village of Lake Delton to increase the premier resort area tax in effect in its municipality to a maximum rate of 1.25%.

The governing body of the municipality must first adopt a resolution proclaiming its intent to increase the rate of its premier resort area tax. The resolution must then be approved by a majority of the electors in the municipality voting on the resolution at a referendum, to be held at the first spring primary or election or partisan primary or general election following by at least 70 days the date of adoption of the resolution.

Currently, the premier resort area tax rate in effect in both the City of Wisconsin Dells and the Village of Lake Delton is 1.0%.

- 2. Village of Stockholm May Impose Premier Resort Area Tax** (2013 Act 20, amend sec. 66.1113(2)(a) and create sec. 66.1113(2)(i), effective July 2, 2013 and amend sec. 66.1113(2)(b), effective January 1, 2014.)

The Village of Stockholm may, by ordinance, impose a 0.5% premier resort area tax, even if less than 40% of the equalized assessed value of the taxable property within the Village of Stockholm is used by tourism-related retailers. The Village may not impose the tax, however, unless the Village Board adopts a resolution proclaiming its intent to impose the tax and the resolution is approved by a majority of the electors in the Village voting on the resolution at a referendum, to be held at the first spring primary or election or partisan primary or general election following by at least 70 days the date of adoption of the resolution.

### **H. Local Exposition Taxes and State Rental Vehicle Fee – Disregarded Entity Clarification** (2013 Act 20, amend sections 66.0615(1m)(f)2., 77.982(2), 77.991(2), and 77.9951(2), effective September 1, 2013.)

A single-owner entity that is disregarded as a separate entity (that is, the single-owner entity and its owner are treated as a single entity) for Wisconsin income and franchise tax purposes under Chapter 71 of the Wisconsin Statutes is also disregarded as a separate entity for purposes of the local exposition taxes and the state rental car fee. This provision clarifies that such disregarded entities are treated the same for local exposition taxes and the state rental car fees as they are for sales and use taxes.

- I. Dry Cleaning Fee – Definition of "Gross Receipts"** (2013 Act 20, amend sec. 77.996(6), effective July 2, 2013.)

Definition amended to clarify that "gross receipts," for purposes of computing the dry cleaning fee, does not include sales tax when the retailer establishes to satisfaction of the department that the sales tax has been added to the total amount of the sales price and has not been absorbed by the retailer.

**J. Excise Taxes**

1. **Motor Vehicle Fuel Shipped to an Airport Hydrant System** (2013 Act 20, amend sec. 78.07(1) and (3) and create sec. 78.07(1a), effective October 1, 2013.)

For purposes of the motor vehicle fuel tax and the imposition of the petroleum inspection fee, motor vehicle fuel shipped by pipeline spur to an airport hydrant system is received when the motor vehicle fuel is received from the main pipeline into the initial or primary storage facility or holding terminal by the owner of the storage facility or holding terminal.

2. **Fuel Tax Refunds of Decedents** (2013 Act 20, amend sec. 78.68(10), effective July 2, 2013.)

If a motor vehicle fuel tax, general aviation fuel tax, or alternate fuel tax refund check is payable to a person who dies, the department shall pay the refund to the decedent's personal representative. If there is no personal representative, the department shall pay the refund either to a surviving relative, giving preference to relatives in the following order: surviving spouse, child, parent, brother or sister, or to a creditor of the decedent, as determined by the department.

3. **Roll-Your-Own Cigarette Machines** (2013 Act 20, amend sec. 139.30(7), effective October 1, 2013.)

For cigarette tax purposes, "manufacturer" includes a person who owns an automated roll-your-own machine that is used to make cigarettes, but does not include an individual who owns a roll-your-own machine and uses the machine in his or her home solely to make cigarettes for his or her personal use or for the use of other individuals who live in his or her home.

4. **Cigarette Tax Collection Study** (2013 Act 20, nonstatutory provision, effective July 2, 2013 to June 30, 2014.)

The department shall study options for improving the cigarette tax collection system. For the purposes of conducting the study, the department shall evaluate statutory options to combat illegal cigarette trafficking, identify potential uses of information or stamp technology to prevent illegal cigarette trafficking and assess the costs and benefits of using such technology, and develop policy and legislative recommendations to enhance the state's efforts to combat illegal cigarette trafficking. In order to prepare the study, the department shall seek the participation of interested parties, including cigarette manufacturers, technology providers, wholesalers, and retailers. The department shall submit its findings to the governor no later than June 30, 2014.

**K. Other**

1. **Interest Rate on Refunds Reduced** (2013 Act 20, amend secs. 71.82(1)(b), 71.90(1) 77.59(6)(c), 77.60(1)(a), 78.68(1), 139.25(1), 139.44(9), 139.94, and 168.12(6)(c), effective for refunds paid on July 2, 2013.)

Interest on refunds for overpayments of taxes is at the rate of 3 percent per year. The 3 percent applies on July 2, 2013, regardless of the taxable periods to which the refunds pertain.

2. **Penalties for Negligently or Fraudulently Filed Claims for Refund** (2013 Act 20, amend sec. 71.83(2)(b)1. and create sec. 71.83(1)(a)11. and (b)7., effective for claims for refund and income tax returns filed on or after July 2, 2013.)

A person who negligently files an incorrect claim for refund of income or franchise tax or credits is subject to a penalty of 25 percent of the difference between the amount claimed and the amount that should have been claimed.



A person who fraudulently files an incorrect claim for refund of income or franchise tax or credits is subject to a penalty of 100 percent of the difference between the amount claimed and the amount that should have been claimed.

Any person, other than a corporation or limited liability company, who files a false or fraudulent income tax return to obtain a refund or credit with fraudulent intent, is guilty of a Class H felony and may be assessed the cost of prosecution. The penalty for a Class H felony is a fine not to exceed \$10,000 or imprisonment not to exceed 6 years, or both.

3. **Ineligibility to Claim Refundable Credits** (2013 Act 20, create sec. 71.83(5), effective for claims filed on or after July 2, 2013.)

A person who files a reckless claim may not file a claim for a refundable income or franchise tax credit for 2 successive taxable years, beginning with the taxable year that begins immediately after the taxable year for which the department determined that the person filed a reckless claim.

"Reckless claim" means a claim for a refundable income or franchise tax credit that is improper due to reckless or intentional disregard of statutory provisions or rules and regulations of the department, as determined by the department.

A person who files a fraudulent claim may not file a claim for a refundable income or franchise tax credit for 10 successive taxable years, beginning with the taxable year that begins immediately after the taxable year for which the department determined that the person filed a fraudulent claim.

"Fraudulent claim" means a claim for a refundable income or franchise tax credit that is false or excessive and filed with fraudulent intent, as determined by the department.

After a period of ineligibility, a person may file a claim for a refundable income or franchise tax credit, subject to any requirements the department may impose to demonstrate eligibility.

4. **Relying on Past Audits** (2013 Act 20, repeal sec. 73.16(1)(a) and create sec. 73.16(1)(ab) and (3), effective for audit determinations issued on or after January 1, 2014, regardless of when a prior audit determination was made.)

A person who is subject to an audit determination by the department, including all other members of that person's combined group for purposes of determining the income or franchise tax due for taxable years beginning after December 31, 2008, shall not be liable for any amount that the department asserts that the person owes if all of the following conditions are satisfied:

1. The liability asserted by the department is the result of a tax issue during the period associated with a prior audit determination for which the person is subject to and the tax issue is the same as the tax issue during the period associated with the current determination.
2. A department employee who was involved in the prior audit determination identified or reviewed the tax issue before completing the prior audit determination, as shown by any schedules, exhibits, audit reports, documents, or other written evidence pertaining to the audit determination, and the schedules, exhibits, reports, documents and other written evidence show that the department did not adjust the person's treatment of the tax issue.
3. The liability asserted by the department was not asserted in the prior audit determination.

This provision does not apply to any period associated with an audit determination, if the period begins after the promulgation of a rule, dissemination of written guidance to the public or to the person who is subject to the audit determination, the effective date of a statute, or the date on which a Wisconsin Tax Appeals Commission or court decision becomes final and conclusive and if the rule, guidance, statute, or decision imposes the liability as a result of the tax issue described in 1. above.

This provision does not apply to any period associated with an audit determination if the taxpayer did not give the department employee adequate and accurate information regarding the tax issue in the prior audit determination or if the tax issue was settled in the prior audit determination by a written agreement between the department and the taxpayer.

5. **Provisions for Levies on Property for the Collection of Delinquent Taxes Revised** (2013 Act 20, renumber sec. 71.91(6)(a)1. to (a)1g., amend sec. 71.91(6)(b) and (f)1. and 2., and create sec. 71.91(6)(a)1d. and 2n., various effective dates.)

Under current law, a levy on commissions, wages, or salaries is continuous, whereas a levy on other property is not. Under this Act, a levy imposed on or after July 2, 2013, on property other than commissions, wages, or salaries may be continuous or noncontinuous.

"Continuous levy" means a levy that is in effect from the date on which it is served on a 3rd party until the liability out of which the levy arose is satisfied or until the levy is released, whichever occurs first.

"Noncontinuous levy" means a levy that is in effect on the date on which it is served on a 3rd party.

Under current law, the department is required to notify in writing the owner of real property and the possessor of personal property subject to levy that the department has taken possession of the property. Effective July 1, 2014, this Act provides notification shall be made in the manner prescribed by the department. Notification to the possessor of personal property will only be required to be made at the possessor's request.

6. **Ordering of Refund Setoffs** (2013 Act 20, renumber sec. 71.93(3)(a) to (a)(intro.) and amend as renumbered, amend sec. 71.93(8)(b)6., and create sec. 71.93(3)(a)1. to 9., effective January 1, 2014.)

After the setoff of a refund for any debt or other amount owed to the department, the remaining refund is subject to setoff against certified debt of other state agencies and other entities. Under current law, setoff amounts are generally applied to debts in the order in which they are referred to the department. Under this Act, the set off of a refund against certified debts of other entities shall occur in the following order:

1. Debt under the Wisconsin Child Support Program under sec. 49.855(1), Wis. Stats., certified for refund offset by the Department of Children and Families
2. State agency debt and debt owed to the courts, the Legislature, or the Wisconsin Aerospace Authority, Health Insurance Risk-Sharing Plan Authority, Health and Educational Facilities Authority, University of Wisconsin Hospitals and Clinics Authority, Wisconsin Housing and Economic Development Authority, Fox River Navigational System Authority, Wisconsin Economic Development Corporation, or Lower Fox River Remediation Authority, collected pursuant to an agreement with the department under sec. 71.93(8)(b), Wis. Stats.
3. Debt owed to local units of government collected pursuant to an agreement with the department under sec. 71.93(8)(b), Wis. Stats.
4. Debt certified by a state agency for refund offset, other than child support debt certified by the Department of Children and Families
5. Child support or spousal support obligations submitted by an agency of another state
6. Debt certified by a municipality or county for refund offset under sec. 71.935(2), Wis. Stats.
7. Federal tax obligations collected pursuant to an agreement with the department under sec. 73.03(52)(a), Wis. Stats.

8. Tribal obligations collected pursuant to an agreement with the department under sec. 73.03(52n), Wis. Stats.
9. Tax and nontax obligations of other states, and of the local governmental units within those states, collected pursuant to an agreement with the department under sec. 73.03(52m), Wis. Stats.

If more than one certified debt exists for any debtor for the same type of debt specified in 1. to 9. above, the refund shall be first set off against the earliest debt certified, except that no child support or spousal support obligation submitted by an agency of another state may be set off until all debts owed to and certified by state agencies of Wisconsin have been set off. When all debts have been satisfied, any remaining refund shall be refunded to the debtor by the department. Any legal action contesting a setoff under these provisions shall be brought against the entity that certified the debt.

7. **Authority to Write Off Uncollectible Tax Liabilities Expanded** (2013 Act 20, amend sec. 73.03(27), effective July 2, 2013.)

The department may write off from its records tax liabilities, following a determination by the Secretary of Revenue that they are not collectible. Taxes written off under this provision remain legal obligations.

Under prior law, this provision applied to income, franchise, sales, use, withholding, motor fuel, gift, beverage, and cigarette tax and economic development surcharge liabilities. This Act modifies the provision to include liabilities for all taxes and fees administered by the department (for example, premier resort area tax and state rental vehicle fee).

8. **Debtor Charged for Costs of Federal Tax Refund Offsets** (2013 Act 20, amend sec. 73.03(52)(a), effective January 1, 2014.)

The department may collect the cost of offsetting federal tax refunds against state tax obligations from the debtor.

9. **Setoffs for Nontax Obligations of Other States** (2013 Act 20, amend sec. 73.03(52m), effective July 2, 2013.)

The department is authorized to enter into agreements with other states that provide for offsetting state tax refunds against nontax obligations of other states, and of the local governmental units within those states, and offsetting tax refunds of other states against nontax obligations, if the agreements provide that setoffs for other state agencies under sec. 71.93, Wis. Stats., and municipalities and counties under sec. 71.935, Wis. Stats., occur before the setoffs under those agreements.

10. **Provisions Related to the Denial, Nonrenewal, Discontinuation, Suspension, or Revocation of a License Based on a Tax Delinquency Revised** (2013 Act 20, amend sec. 73.0301(1)(d)6. and 12. and (e) and create sec. 73.0301(1)(d)6m., effective July 2, 2013.)

The definition of "license" is revised to include a certificate of registration issued by the Department of Financial Institutions or a division of it to a charitable organization, fund-raising counsel, professional fund-raiser, Professional Employer Organization, or Professional Employer Group; a certificate or registration issued by the Department of Safety and Professional Services to a person who installs, removes, cleans, lines, performs tightness testing on, inspects, or performs site assessments for storage tanks; and a navigator license or registration issued by the Office of the Commissioner of Insurance.

The definition of "licensing department" is revised to include the Department of Agriculture, Trade and Consumer Protection.

11. **Setoff of Fuel Tax Refunds** (2013 Act 20, amend sec. 78.68(10), effective July 2, 2013.)

The provisions of secs. 71.75(9), 71.80(3), 71.93, 71.935, and 73.03(52), (52m), and (52n), Wis. Stats., concerning the setoff of refunds for debts and other amounts owed, apply to refunds of motor vehicle fuel tax, general aviation fuel tax, and alternate fuel tax.

12. **Health Insurance Risk-Sharing Plan and Authority** (2013 Act 20, repeal secs. 71.65(4), 71.78(4)(i), and 71.80(13) and amend secs. 71.26(1)(be) and 77.54(9a)(a), effective January 1, 2015.)

Certain provisions concerning reporting, recordkeeping, and examination of returns are repealed to reflect the dissolution of the Health Insurance Risk-Sharing Plan and Authority.

The Health Insurance Risk-Sharing Plan Authority is removed from the list of entities exempt from income and franchise tax and sales and use tax.

13. **Disclosure of Information to the Department of Revenue** (2013 Act 20, amend sec. 49.83 and create secs. 40.07(1r), 48.78(2)(k), 69.20(3)(g), 108.14(7)(bm), and 343.50(8)(c)4., effective July 2, 2013.)

Upon request, the Department of Children and Families, Department of Employee Trust Funds, Department of Health Services, Department of Transportation, Department of Workforce Development, or a state or local registrar responsible for filing vital records may disclose information, including social security numbers, to the Department of Revenue solely for the purposes of administering taxes.

14. **Farmland Preservation Credit Revised** (2013 Act 20, amend sec. 71.613(3)(f) and (g), effective for 2013-2014 and succeeding fiscal years.)

A qualifying owner of farmland that is covered by a farmland preservation agreement entered into on or after July 1, 2009, or located in a farmland preservation zoning district may claim a farmland preservation credit. The credit is a flat payment of \$5, \$7.50, or \$10 per acre of qualifying farmland.

Under current law, the maximum amount of per-acre farmland preservation credits that may be claimed by all qualifying owners in any fiscal year is \$27,007,200. The Department of Revenue is required to annually prorate the per-acre amounts specified above based on the estimated amount of claims that will be filed and any excess claims from the preceding fiscal year. This Act eliminates the credit cap and the associated proration of the per-acre amounts, effective for the 2013-2014 fiscal year. [☞](#)