

Income/Franchise:

Wisconsin: Omnibus Tax Bill Updates State Conformity to Select Federal Changes and Addresses RARs

A.B. 2 (Act 1), signed by gov. 2/18/21. New law adopts for Wisconsin income and franchise tax purposes some federal income tax provisions enacted through December 31, 2020, including select provisions found within the federal Bipartisan Budget Act of 2018 (*i.e.*, P.L. 115-123), federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (*i.e.*, P.L. 116-136), and federal Consolidated Appropriations Act, 2021 (*i.e.*, P.L. 116-260). Subsequently issued guidance from the Wisconsin Department of Revenue (Wisconsin Tax Bulletin (February 2021), No. 212) explains the various federal tax coupling and decoupling law changes in more detail. The law changes also include lengthening the time for state reporting of certain federal income tax audit adjustments from 90 days to 180 days and establishing similar reporting requirements for partnerships in response to changes to the federal partnership audit and adjustment process under the federal 2015 Bipartisan Budget Act.

URL: <https://docs.legis.wisconsin.gov/2021/related/acts/1>

URL: <https://www.revenue.wi.gov/WisconsinTaxBulletin/212-02-21-WTB.pdf>

A.B. 3 (Act 2), signed by gov. 2/18/21. Another newly signed bill makes some changes for “tax option corporations” (S corporations) electing to pay corporate income or franchise tax at the entity level – including permitting some to exclude certain gains realized from the sale of assets held for more than year and limiting the excess capital loss deduction to \$500 annually for select tax years. Subsequently issued guidance from the Wisconsin Department of Revenue (Wisconsin Tax Bulletin (February 2021), No. 212) explains these various law changes in more detail. Please contact us with any questions.

URL: <https://docs.legis.wisconsin.gov/2021/related/acts/2>

URL: <https://www.revenue.wi.gov/WisconsinTaxBulletin/212-02-21-WTB.pdf>

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