

Income/Franchise:

Wisconsin: New Law Addresses Some Added Impacts of Federal Partnership Audit Changes

S.B. 794 (Act 262), signed by gov. 4/15/22. Partly in response to changes in the federal partnership audit and adjustment process under the federal 2015 Bipartisan Budget Act, new law modifies several aspects related to Wisconsin Department of Revenue (Department) tax audits of certain pass-through entities, including partnerships, limited liability companies, and tax-option corporations. Among the changes are provisions that permit the Department in some situations to:

URL: <https://docs.legis.wisconsin.gov/2021/proposals/reg/sen/bill/sb794>

- Assess and collect additional tax from a pass-through entity on income otherwise reportable by its pass-through members;
- Direct the Wisconsin Secretary of the Department of Administration to refund to a pass-through entity the part of an overpayment paid by the entity and not by the entity's members;
- Assess an adjustment to reduce a tax credit to a pass-through entity if the entity previously computed the credit and reported the credit to its members;
- Assess an adjustment to increase a tax credit to offset additional tax assessed to a pass-through entity; and
- Assess any pass-through member of a pass-through entity for their allocated portion of additional tax otherwise due in certain instances.

See forthcoming Multistate Tax Alert for additional details on these law changes, and please contact us with any questions in the meantime.

— Scott Bender (Milwaukee)
Principal
Deloitte Tax LLP
sbender@deloitte.com

Michael Gordon (Milwaukee)
Senior Manager
Deloitte Tax LLP
michagordon@deloitte.com

Olivia Schulte (Washington, DC)
Manager
Deloitte Tax LLP
oschulte@deloitte.com

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