

Income/Franchise:

Wisconsin DOR Explains Incentives for Qualified Research and Decoupling from TCJA Changes to IRC §174

Publication No. 131, Wis. Dept. of Rev. (8/23). The Wisconsin Department of Revenue (Department) issued a publication explaining what constitutes “qualified research” in Wisconsin; who is eligible for and how to claim Wisconsin’s income/franchise tax research credits and sales/use tax exemption for machinery and equipment and certain other tangible personal property that are used exclusively and directly in qualified research by eligible purchasers; and what records must be kept documenting the qualified research activities being conducted. In the publication, the Department notes that Wisconsin has *not* adopted Section 13206 of P.L.115-97 (*i.e.*, the federal Tax Cuts and Jobs Act), which enacted certain changes to the federal statutes applicable for tax years beginning after 2021 related to Internal Revenue Code (IRC) sections 41, 174 and 280C; therefore, “the pre-2022 rules apply for Wisconsin purposes.” In this respect, the Department explains that the IRC for such Wisconsin purposes includes IRC sections 41, 174 and 280C in effect on December 31, 2021; accordingly, “unless otherwise noted, all references to code §§ 41 and 174, IRC in this publication means code §§ 41 and 174 in effect on December 31, 2021.” Please contact us with any questions.

URL: <https://www.revenue.wi.gov/DOR%20Publications/pb131.pdf>

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