



State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-1051/P2  
JK:nwn:md

DOA:.....Quinn, BB0181 - Repeal DOR's ability to reverse combined reporting elections

**FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION**

**AN ACT** ...; **relating to:** the budget.

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*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

Under current law, a taxpayer may elect to include in its combined group, for income and franchise tax reporting purposes, every corporation in its commonly controlled group, regardless of whether such corporations are engaged in the same unitary business of the taxpayer. If DOR determines that the election has the effect of tax avoidance, DOR must disregard the election's tax effect or disallow the election. Under this bill, DOR may not disallow such an election, or disregard its effect, regardless of whether DOR determines that the election has the effect of tax avoidance.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

**SECTION 1.** 71.255 (2m) (d) of the statutes is amended to read:

71.255 (2m) (d) The department shall may not disregard the tax effect of an election under this subsection, or disallow the election, with respect to any controlled group member or members for any year of the election period, ~~if the department determines that the election has the effect of tax avoidance.~~

**SECTION 9341. Initial applicability; Revenue.**

(1) COMBINED REPORTING ELECTION. The treatment of section 71.255 (2m) (d) of the statutes first applies retroactively to taxable years beginning on January 1, 2009.

**SECTION 9441. Effective dates; Revenue.**

(1) COMBINED REPORTING ELECTION. The treatment of section 71.255 (2m) (d) of the statutes takes effect retroactively on January 1, 2009.

(END)