



## 2011 ASSEMBLY BILL 356

November 1, 2011 – Introduced by Representatives POCAN, BERCEAU, BERNARD SCHABER, FIELDS, GRIGSBY, HEBL, MASON, MILROY, PASCH, RINGHAND, ROYS, SINICKI and C. TAYLOR, cosponsored by Senators RISSER and HANSEN. Referred to Committee on Jobs, Economy and Small Business.

1     **AN ACT** *to amend* 71.26 (3) (e) 1. of the statutes; **relating to:** limiting the  
2     corporate income tax deduction for compensation paid to an employee.

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### *Analysis by the Legislative Reference Bureau*

Under current law, a corporation may deduct from its income tax the compensation paid to its officers and employees. The corporate income tax deduction for compensation paid to executive officers cannot exceed \$1,000,000, unless the compensation is performance-based.

This bill further limits any single corporate income tax deduction for compensation paid to an employee or officer to an amount not to exceed the compensation paid to a corporation's lowest-paid full-time employee multiplied by 25.

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:***

3     **SECTION 1.** 71.26 (3) (e) 1. of the statutes is amended to read:  
4     71.26 **(3)** (e) 1. So that payments for wages, salaries, commissions, and bonuses  
5     of employees and officers may be deducted only if the name, address and amount paid

**ASSEMBLY BILL 356****SECTION 1**

1 to each resident of this state to whom compensation of \$600 or more has been paid  
2 during the taxable year is reported or if the department of revenue is satisfied that  
3 failure to report has resulted in no revenue loss to this state. A deduction for wages,  
4 salaries, commissions, and bonuses paid to an employee or officer shall not exceed  
5 an amount equal to the sum of the wages, salaries, commissions, and bonuses paid  
6 to the corporation's lowest-paid full-time employee, multiplied by 25.

7 **SECTION 2. Initial applicability.**

8 (1) This act first applies to taxable years beginning on January 1, 2011.

9 (END)