

**WISCONSIN DEPARTMENT OF REVENUE
DIVISION OF INCOME, SALES, AND EXCISE TAX**

NOTICE OF PROPOSED GUIDANCE DOCUMENTS

Pursuant to sec. 227.112, Wis. Stats., the Wisconsin Department of Revenue, Division of Income, Sales, and Excise Taxes hereby seeks comment on the proposed guidance document listed in the table below.

SUBMITTING PUBLIC COMMENTS

Public comments on proposed or adopted guidance documents may be submitted online at: <https://www.revenue.wi.gov/Pages/contactUs/proposed-Guidance.aspx>.

DEADLINE FOR SUBMISSION

The period for public comment for proposed guidance documents ends 21 days after publication in the Administrative Register, unless the Governor approves a shorter commenting period.

Document Number	Document Title
100124	Economic Development Surcharge - Common Questions

State of Wisconsin
Department of Revenue

Economic Development Surcharge

This is a proposed guidance document. The document has been submitted to the Legislative Reference Bureau for publication in the Administrative Register for public comment as provided by sec. 227.112(1), Wis. Stats.

Note: The following information applies for taxable years beginning on or after January 1, 2013.

1. What is the economic development surcharge?
 2. Who is subject to the economic development surcharge?
 3. What are the economic development surcharge rates?
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1. **What is the economic development surcharge?**

The economic development surcharge applies to certain businesses that have \$4 million or more of gross receipts. The minimum economic development surcharge is \$25 and the maximum is \$9,800.

For more information about the economic development surcharge, see Wisconsin Publication 400.

2. **Who is subject to the economic development surcharge?**

The economic development surcharge applies to corporations and insurance companies, exempt organizations, and tax-option (S) corporations that meet the following requirements.

Corporations and insurance companies that --

- are required to file a Wisconsin franchise or income tax return, Form 4, or 6,
- are engaged in business in Wisconsin, and
- have at least \$4 million of gross receipts from all activities.
- for combined groups, the economic development surcharge is determined for each company individually based on its own gross receipts from all activities and its share of the gross tax computed on the combined return.

Exempt organizations that --

- are required to file a Wisconsin franchise or income tax return, Form 4T,
- are engaged in unrelated trade or business activities in Wisconsin, and are taxable as corporations and have at least \$4 million of gross receipts from all unrelated trade or business activities.

Tax-option (S) corporations that --

- are required to file a Wisconsin franchise or income tax return, Form 5S,
- are engaged in business in Wisconsin, and
- have at least \$4 million of gross receipts from all activities.

3. What are the economic development surcharge rates?

The rates for the economic development surcharge are as follows

- **Corporations (except tax-option (S) corporations), insurance companies, and exempt organizations taxable as corporations:** The greater of \$25 or 3% of Wisconsin gross tax liability, but not more than \$9,800.
- **Tax-option (S) corporations:** The greater of \$25 or 0.2% of Wisconsin net income as allocated or apportioned to Wisconsin, but not more than \$9,800.

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of December 17, 2019: Sections 77.93, 77.94 and 77.96, Wis. Stats., and sec. Tax 2.32, Wis. Adm. Code.

Laws enacted and in effect after December 17, 2019, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to December 17, 2019, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a), Wis. Stats.

FOR QUESTIONS OR COMMENTS CONTACT:

MS 5-77

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