

**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
100108	Forms Payments and Administrative Issues - Common Questions

State of Wisconsin
Department of Revenue

F - Forms Payments and Administrative Issues

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.

1. Is there a registration process for the combined group?
2. Who is the "designated agent" of the combined group?
3. Before a combined group files a combined return for the first time, will the designated agent have to register with the department as the designated agent?
4. How does a designated agent make an estimated payment on behalf of the entire combined group?
5. How would the combined group determine its taxable year and the income to report when members of the combined group have different taxable years?
6. If the combined group's designated agent isn't registered to make payments via electronic funds transfer (EFT), can another member of the group make an estimated tax payment for the group?

1. **Is there a registration process for the combined group?**

A combined group does not have to pre-register as a combined group. The return filed by the designated agent of the combined group will identify the members of the combined group included in the return.

2. **Who is the "designated agent" of the combined group?**

The designated agent plays an important role and has significant responsibilities. The designated agent is generally the parent corporation, but may be any corporation appointed by the members, as long as the designated agent's taxable year is the same as the combined group's taxable year. Once the designated agent is appointed, it must generally remain the designated agent for as long as it is a member of that combined group.

The designated agent performs the following duties on behalf of the entire combined group, to the extent those duties relate to the unitary business:

- Files the combined return, any extensions, amended returns, and claims for refund or credit;
- Remits all taxes, including estimated taxes applicable to the combined group;
- Sends and receives correspondence with the department;
- Participates in audits of the combined return, including the production of documents for audit;
- Executes waivers, POAs, and closing agreements; and
- Receives notices and refunds.

Also, an appeal filed by the designated agent is considered filed by all members of the group.

3. Before a combined group files a combined return for the first time, will the designated agent have to register with the department as the designated agent?

The designated agent does not have to register in advance. The corporation which files the combined return will become the designated agent at the time it files the combined return on behalf of the combined group.

4. How does a designated agent make an estimated payment on behalf of the entire combined group?

The designated agent should use electronic funds transfer or a Form Corp-ES, Corporation Estimated Tax Voucher, in the same manner as it would make payments under separate entity filing.

The designated agent is not required to register as the designated agent in order to submit estimated payments on behalf of the group. The designated agent is also not required to identify the members of the group at the time that it makes an estimated payment on behalf of the group. Rather, when the designated agent files the group's combined return, it will list estimated payments on Form 6, line 19 of the return. The designated agent's payments will be deemed to be made on a pro rata basis by all members of the combined group unless the designated agent specifies otherwise.

5. How would the combined group determine its taxable year and the income to report when members of the combined group have different taxable years?

If two or more members of a combined group file in a federal consolidated return, the combined group's taxable year is the taxable year of that federal consolidated return. If there is no federal consolidated return or there is more than one, the combined group's taxable year is the taxable year of the designated agent. In all cases, the designated agent's taxable year must be the same as the combined group's taxable year.

If a taxable year of a member of a combined group differs from the taxable year of the combined group, the designated agent shall elect to determine the portion of that member's income to be included in one of the following ways:

- a. Prepare a separate income statement from the books and records for the months included in the combined group's taxable year.
- b. Include all of the income for the year that ends during the combined group's taxable year. Once a combined group decides to elect this method, the same election must be made in each succeeding year, and the election is irrevocable except upon written approval by the department (sec. 71.255 (8), Wis. Stats.).

Example:

Corporation A becomes a member of Combined Group B on April 1, 2019, and has a tax year ending December 31. Combined Group B has a fiscal year ending March 31. Combined Group B may elect one of the following ways to determine the portion of Corporation A's income in its 2019 (fiscal year end March 31, 2020) combined return:

- c. Convert Corporation A's records to Combined Group B's tax year by filing a separate short-year return for Corporation A covering January 1, 2019, through March 31, 2019. Prepare a separate income statement and include Corporation A's income for the period April 1, 2019, through March 31, 2020, in Combined Group B's 2019 combined return (fiscal year end March 31, 2020).
 - d. Include all of the income from Corporation A's year that ends during Combined Group B's taxable year. Combined Group B's 2019 combined return (fiscal year end March 31, 2020), would contain Corporation A's income from the period January 1, 2019, through December 31, 2019. Once Combined Group B elects to use this method, it is irrevocable except upon written approval by the department.
- 6. If the combined group's designated agent isn't registered to make payments via electronic funds transfer (EFT), can another member of the group make an estimated tax payment for the group?**

No. Payment of estimated taxes is one of the responsibilities of the designated agent as explained in F2 above. The general rule (sec. Tax 2.66, Wis. Admin. Code), provides that only the designated agent of a combined group may make estimated tax payments applicable to a combined return, so the designated agent should register with the department to make payment via electronic funds transfer (ETF).

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of December 13, 2019: Section 71.255, Wis. Stats., and secs. Tax 1.12, 2.03, 2.65, 2.66 and 2.67, Wis. Adm. Code.

Laws enacted and in effect after December 13, 2019, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to December 13, 2019, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a), Wis. Stats.

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