

**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.

<b>Document Number</b>	<b>Document Title</b>
<b>100131</b>	General Information - Common Questions

State of Wisconsin  
Department of Revenue

## General Information

**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. Where is my refund of Wisconsin tax?
2. What kind of tax does Wisconsin have, and what are the tax rates?
3. Who is required to file a Wisconsin corporation franchise or income tax return?
4. Who is not required to file a Wisconsin corporation franchise or income tax return?
5. What are the filing requirements for a Wisconsin Homeowners Association?
6. Where do I file my Wisconsin returns?
7. What is the deadline for filing my Wisconsin return?
8. Are extensions available if I can't file my Wisconsin return by the due date?
9. Am I subject to the economic development surcharge?
10. How do I amend my Wisconsin franchise or income tax return?
11. What type of permits do I need if I am starting a new business in Wisconsin, and should I be aware of special Wisconsin taxes for corporations?
12. If I close my business, should I notify the Wisconsin Department of Revenue?
13. How can I remit payments if I do not have the proper Wisconsin forms?
14. What records should I keep for Wisconsin tax purposes, and how long should I keep them?

---

**1. Where is my refund of Wisconsin tax?**

If you have any questions regarding your corporation franchise or income tax refund, you may call (866) 947-7363 or check online at [revenue.wi.gov/Pages/Apps/TaxReturnStatus.aspx](https://revenue.wi.gov/Pages/Apps/TaxReturnStatus.aspx).

**2. What kind of tax does Wisconsin have, and what are the tax rates?**

Wisconsin has both a franchise tax and an income tax. However, only one tax is imposed against a corporation in a taxable year for the privilege of exercising its Wisconsin franchise or for doing business in Wisconsin.

**Franchise tax** applies to:

- All domestic corporations (those organized under Wisconsin law) and
- Foreign corporations (those not organized under Wisconsin law) doing business in Wisconsin, except where taxation is exempted by statute or barred by federal law.

The tax rate is 7.9%. Income from obligations of the United States government and its instrumentalities is included in income under the franchise tax law.

**Income tax** applies only to foreign corporations which are not subject to the franchise tax and which own property in Wisconsin or whose business in Wisconsin is exclusively in foreign or interstate commerce. The tax rate is 7.9%. Income from obligations of the United States government and its instrumentalities isn't included in income under the income tax law.

**Estimated Tax for Corporations:** Corporations must make estimated franchise or income tax payments if their current-year tax liability will be \$500 or more, unless they owed no tax for the previous 12-month taxable year **and** their Wisconsin net income is less than \$250,000 for the current taxable year.

### 3. **Who is required to file a Wisconsin corporation franchise or income tax return?**

Every corporation organized under the laws of Wisconsin or licensed to do business in Wisconsin (except certain organizations exempt under sec. 71.26(1), Wis. Stats.) is required to file a Wisconsin corporate franchise or income tax return, regardless of whether or not business was transacted. Unlicensed corporations are also required to file returns for each year they do business or have certain business activities in Wisconsin.

#### **Who Must File**

- Corporations organized under Wisconsin law.
- Foreign corporations licensed to do business in Wisconsin.
- Unlicensed corporations doing business in Wisconsin.
- Foreign corporations having an interest in a partnership that does business in Wisconsin.
- Publicly traded partnerships treated as corporations in section 7704 of the Internal Revenue Code (IRC).
- Limited liability companies (LLCs) treated as corporations for federal income tax purposes.
- Corporations that derive income from the sale of or purchase and subsequent sale or redemption of lottery prizes if the winning tickets were originally bought in Wisconsin.

### 4. **Who is not required to file a Wisconsin corporation franchise or income tax return?**

The following corporations are not required to file Wisconsin franchise or income tax returns unless they derive income from the sale of or purchase and subsequent sale or redemption of lottery prizes if the winning tickets were originally bought in Wisconsin:

- Corporations and associations exempt under sec. 71.26(1), Wis. Stats., except those with (a) unrelated business taxable income as defined in IRC section 512, or (b) income derived from a health maintenance organization or a limited service health organization. This includes insurers exempt from federal income taxation under IRC section 501(c)(15), town mutuals organized under Chapter 612, Wis. Stats., foreign insurers, domestic insurers engaged exclusively in life insurance business, domestic mortgage insurers, some cooperatives, and religious, scientific, educational, benevolent, or other corporations or associations of individuals not organized or conducted for profit.
- Corporations that are completely inactive in and outside Wisconsin and have filed Form 4H.

- Credit unions that don't act as a public depository for state or local government funds and have filed Form CU.

### **Registration and Filing Requirements for Exempt Organizations**

- Exempt organizations that do not have unrelated business taxable income are not required to file Wisconsin franchise or income tax returns. However, these organizations may be required to file an Application for Business Tax Registration, [Form BTR-101](#), with the Department of Revenue. Certain charitable organizations may apply for a [Certificate of Exempt Status \(CES\)](#) number.
- While exempt corporations are not required to file franchise or income tax returns, they are required to comply with sec. 71.64, relative to withholding and remitting income tax from the wages of employees.

In addition, every corporation exempt from Wisconsin franchise or income tax under sec. 71.26(1)(a) that is required to report unrelated business income for federal purposes on federal Form 990T must report unrelated business income to Wisconsin, if the gross income from an unrelated trade or business is \$1,000.00 or more. The unrelated business taxable income subject to Wisconsin tax is the amount computed under Section 512, Internal Revenue Code. An unrelated trade or business is any trade or business that is regularly carried on, and that is not substantially related (aside from the need of the organization for income or funds or the use it makes of the profits) to the organization's exempt purpose or function.

Exempt organizations generally must register with the Wisconsin Department of Financial Institutions.

- Charitable organizations must register with the Wisconsin Department of Financial Institutions. In addition, these organizations must file a *Charitable Organization Annual Report*, [Form 308](#), or an *Affidavit in Lieu of Annual Financial Report*, [Form 1943](#), with the Department of Financial Institutions, Division of Corporate and Consumer Services.
- For additional information, you may refer to the following sources:
  - Charitable organization registration and reporting.

#### **5. What are the filing requirements for a Wisconsin Homeowners Association?**

For Wisconsin franchise/income tax purposes, a homeowners association is either taxable as a regular corporation or is considered a tax exempt entity. If the homeowners association qualifies as a tax exempt entity, it is not required to file a Wisconsin corporate franchise/income tax return unless it has unrelated business taxable income as defined in IRC §512.

Should there be a filing requirement, Wisconsin does not recognize the special status afforded to a homeowners association under sec. 528 of the federal Internal Revenue Code. Section 71.26(3)(p), Wis. Stats., excludes sec. 528, IRC, and provides that for Wisconsin purposes, a homeowners association is either exempt under 71.26(1)(a) or treated as a regular corporation.

#### **6. Where do I file my Wisconsin returns?**

Corporate returns are required to be filed electronically unless an approved electronic waiver is received from the department. Paper filed returns that do not have an electronic filing waiver attached will be returned. More information is available from the department's web page at

[revenue.wi.gov/Pages/taxpro/news-2011-110727b.aspx](http://revenue.wi.gov/Pages/taxpro/news-2011-110727b.aspx). Also see sec. Tax 2.03(3)(b)(1), Wisconsin Administrative Code, for details.

File electronically through the Federal/State E-Filing Program.

## 7. **What is the deadline for filing my Wisconsin return?**

Generally, a corporation must file its franchise or income tax return by the 15th day of the 4th month following the close of its taxable year. However, Form 4T, filed by exempt organizations, is due at the same time as federal Form 990-T, the 15th day of the 5th month after a nonprofit corporation's taxable year ends. If a return is filed late, without an extension, the corporation may be subject to penalties and interest.

Returns for short taxable years (periods of less than 12 months) are due on or before the federal due date. A corporation that becomes, or ceases to be, a member of an affiliated group and as a result must file two short period returns for federal purposes must also file two short period returns for Wisconsin. The Wisconsin returns are due at the same time as the federal returns. Each short period is considered a taxable year, the same as for federal purposes.

A return is considered filed by the due date if:

- The return is mailed in a properly addressed envelope with the postage duly prepaid,
- The envelope containing the return is postmarked on or before the due date, and
- The return is received by the department within 5 days of the due date.

**Note:** You can also use certain private delivery services approved by the Internal Revenue Service.

## 8. **Are extensions available if I can't file my Wisconsin return by the due date?**

Any extension allowed by the Internal Revenue Service for filing the federal return automatically extends the Wisconsin due date to 30 days after the federal extended due date. *You don't need to submit either a copy of the federal extension or an application for a Wisconsin extension to the Department by the original due date of your return.* However, you must include a copy of the federal extension to the Wisconsin return that you file.

If you aren't requesting a federal extension, Wisconsin law provides an automatic extension of 7 months or until the original due date of the corporation's corresponding federal return, whichever is later.

## 9. **Am I subject to the economic development surcharge?**

The economic development surcharge applies to corporations with gross receipts from all activities of \$4 million or more. Corporations that must file Wisconsin franchise or income tax returns must pay the economic development surcharge, with certain exceptions. The surcharge doesn't apply to:

- Domestic corporations that don't have any business activities in Wisconsin.
- Foreign corporations that don't have nexus with Wisconsin, unless they are part of a combined group that has nexus in Wisconsin.
- Corporations that have less than \$4 million of gross receipts from all activities. "Gross receipts from all activities" means gross receipts, gross sales, gross royalties, the gross sales price from the disposition of capital assets and business assets, gross receipts passed through from other entities, and all other receipts that are included in gross income for Wisconsin franchise or income tax purposes.

- Nuclear decommissioning trust funds.

For more information, refer to [Publication 400](#), *Wisconsin's Economic Development Surcharge*.

**10. How do I amend my Wisconsin franchise or income tax return?**

To file an amended Wisconsin return, use Form 4, 4T, 5S, or 6 as appropriate, and check the "amended return" box on the front of the return. Include Schedule AR to explain the changes made. Show computations in detail. If the change involves an item of income, deduction, or credit that you were required to support with a form or schedule on your original return, include the corrected form or schedule.

If you file an amended federal return and the changes affect the Wisconsin net tax payable, the amount of a Wisconsin credit, a Wisconsin net business loss carryforward, or a Wisconsin capital loss carryforward, you must file an amended Wisconsin return with the Department of Revenue within 90 days after filing the amended federal return.

You may file an amended return only after the corporation has filed a complete original return. A claim for refund must be filed within 4 years of the unextended due date of the return. However, a claim for refund to recover all or part of any tax or credit paid as a result of an audit must be filed within 4 years after such an assessment. That assessment must have been paid and must not have been protested by filing a petition for redetermination.

**11. What type of permits do I need if I am starting a new business in Wisconsin, and should I be aware of special Wisconsin taxes for corporations?**

Corporations doing business in Wisconsin are required to be registered with the Department of Financial Institutions (DFI). For more information, you may visit the [DFI website](#) or call them at (608) 261-7577.

Sales, use, and withholding taxes are common taxes for businesses which require a permit from the Department of Revenue. To obtain more information about these business taxes, you may contact any [Department of Revenue office](#) or call (608) 266-2776.

If a corporation's franchise or income tax due (including the economic development surcharge) is \$500 or more, it generally must make quarterly estimated tax payments using Wisconsin [Corp-ES](#). Failure to make required estimated tax payments may result in an interest charge. For more information regarding underpayment interest, see Wisconsin [Form U](#), Underpayment of Estimated Tax by Corporations.

If you have questions about what other permits may be needed for your business, or need assistance in obtaining a permit, visit [OneStop.wi.gov](#).

**12. If I close my business, should I notify the Wisconsin Department of Revenue?**

If a corporation liquidated during the taxable year, check the box on the front of the return marked "Final return - corporation dissolved." Include a copy of the corporation's plan of liquidation along with a copy of federal Form 966 to the Wisconsin return. Generally, the final return is due on or before the federal due date. In most cases, this is the 15th day of the 4th month after the date the corporation dissolved. The tax is payable by the 15th day of the 4th month after the date of dissolution, regardless of the due date of the final return.

**13. How can I send in money if I do not have the proper Wisconsin forms?**

You can send the payment along with a letter which contains the following information: the corporation's name, federal employer identification number, current address, name and telephone number of a person we can contact regarding the payment, and a detailed explanation of why you are sending the payment. Send the letter and payment to:

Wisconsin Department of Revenue  
PO Box 8908  
Madison, WI 53708-8908

**Note:** Never send cash through the mail.

**14. What records should I keep for Wisconsin tax purposes, and how long should I keep them?**

You must keep accurate records to verify items of income, deductions, and credits claimed on your franchise or income tax return. Maintain records in a manner that will allow the department to determine your correct tax liability if requested during an audit.

You should keep copies of your tax returns as part of your tax records. Following is a listing of some of the tax records you should maintain:

- **Income:** Keep sales journals, sales invoices, cash register tapes, financial statements, bank statements, contracts, and other documents to verify income reported on your returns.
- **Deductions:** Keep purchase journals, purchase invoices, check registers, cancelled checks, bank statements, and other documents to verify expenses claimed on your returns.
- **Apportionment Percentages and Credits:** Keep all supporting work papers and other documents used in computing the apportionment percentages and credits claimed on your returns.

Generally, you must keep your tax records at least until the statute of limitations expires for the tax return on which any of those items of income, deductions, apportionment percentages or credits appear. Usually this is 4 years from the due date of the return or the date filed, whichever is later.

If you under report your income on your return by 25% or more, the statute of limitations is 6 years from the due date of the return or the date filed, whichever is later. If the return is false or fraudulent, or if no return is filed, there is no statute of limitations and departmental action can generally be brought at any time.

There are times you should keep records longer:

- You should keep records relating to property you own as long as they are needed to figure the basis of the original or replacement property and for 4 years after a return is filed on which you report any sales or other disposition of the property.
- Net business losses may be carried forward up to 20 years. Taxable years which are otherwise closed to adjustment may be audited for purposes of determining the correctness of a net business loss which is claimed as an offset against income in an open year. If you are claiming a net business loss, you should keep your records for the year of the loss and all subsequent years in which you are claiming a net business loss carryforward. These records should be kept until 4 years after the extended due date or the date filed, whichever is later, of the return on which the last of the net business loss carryforward was claimed.

You should retain a copy of your tax returns indefinitely.

## Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of December 17, 2019: Sections 71.22, 71.23, 71.24, 71.25, 71.26, 71.27, 71.29, 71.738, 71.45, 71.74, 71.75, 71.76, 71.77, 71.80, 71.83, 71.84, 73.03, 77.54, 77.93, 180.0120 and 180.1622, Wis. Stats., secs. Tax 1.12, 2.03, 2.08, 2.09, 2.105, 2.12, 2.32, 2.96 and 11.14, Wis. Adm. Code, and 26 U.S. Code §§ 512, 528, 6072, 7502 and 468A.

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:

WISCONSIN DEPARTMENT OF REVENUE

Corporation Franchise/Income Tax Assistance

PO Box 8906

Madison, WI 53708-8906

Phone: (608) 266-2772

Fax: (608) 267-0834

Email additional questions to [DORFranchise@wisconsin.gov](mailto:DORFranchise@wisconsin.gov)

Guidance Document Certification: <https://www.revenue.wi.gov/Pages/Certification-Statement.aspx>

Guidance Document Number: 100131

December 17, 2019

[About Us](#) [Contact Us](#) [Employment](#) [Media Room](#) [Plain Language](#) [Privacy](#) [Legal Training](#)



Copyright © State of Wisconsin All Rights Reserved