

## Chapter Tax 3

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**Tax 3.01 Rents paid.** (Sections 71.04 (2) and 71.05 (2), Wis. Stats.) Rents paid on property used in producing taxable income are deductible from gross income. The cost of leaseholds, acquired for cash or property, represents rent paid in advance and as such is deductible from gross income in equal amounts over the life of the leaseholds. Taxes paid by the lessee for the lessor are to be treated as additional rent paid and are a deductible expense.

**Tax 3.03 Dividends received, deductibility of.** (Section 71.04 (4), Wis. Stats.) (1) In determining whether 50% or more of the net income or loss for the preceding year of the corporation paying the dividend was used in computing taxable income, nontaxable income from United States interest and deductible dividends must be disregarded.