

**SENATE AMENDMENT 79,
TO SENATE SUBSTITUTE AMENDMENT 1,
TO 2003 SENATE BILL 44**

June 18, 2003 – Offered by Senator RISSER.

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 604, line 2: after that line insert:

3 “**SECTION 1580cde.** 71.01 (5p) of the statutes is created to read:

4 71.01 (5p) “Intangible expenses and costs” includes expenses, losses, and costs
5 for, related to, or directly or indirectly in connection with the direct or indirect
6 acquisition of, use of, maintenance or management of, ownership of, sale of, exchange
7 of, or any other direct or indirect disposition of intangible property to the extent that
8 such expenses, losses, and costs are allowed as deductions or costs to determine
9 federal taxable income under the Internal Revenue Code. For purposes of this
10 subsection, “expenses, losses, and costs” include losses related to or incurred directly
11 or indirectly in connection with discounting transactions; royalty, patent, technical,
12 and copyright fees; licensing fees; and other similar expenses and costs.”.

1 **2.** Page 613, line 14: after that line insert:

2 “**SECTION 1580dhb.** 71.01 (9b) of the statutes is created to read:

3 71.01 **(9b)** “Related entity” means any person related to a taxpayer as provided
4 under section 267, 318, or 1563 (a) (3) of the Internal Revenue Code during all or a
5 portion of the taxpayer’s taxable year.

6 **SECTION 1580dhd.** 71.05 (6) (a) 21. of the statutes is created to read:

7 71.05 **(6)** (a) 21. Any amount deducted or excluded under the Internal Revenue
8 Code for management and service fees, interest expenses and costs, intangible
9 expenses and costs, and any other expenses and costs directly or indirectly paid,
10 accrued, or incurred to, or in connection directly or indirectly with one or more direct
11 or indirect transactions with, one or more related entities.”.

12 **3.** Page 613, line 22: after that line insert:

13 “**SECTION 1582bb.** 71.22 (3m) of the statutes is created to read:

14 71.22 **(3m)** “Intangible expenses and costs” includes expenses, losses, and costs
15 for, related to, or directly or indirectly in connection with the direct or indirect
16 acquisition of, use of, maintenance or management of, ownership of, sale of, exchange
17 of, or any other direct or indirect disposition of intangible property to the extent that
18 such expenses, losses, and costs are allowed as deductions or costs to determine
19 federal taxable income under the Internal Revenue Code. For purposes of this
20 subsection, “expenses, losses, and costs” include losses related to or incurred directly
21 or indirectly in connection with discounting transactions; royalty, patent, technical,
22 and copyright fees; licensing fees; and other similar expenses and costs.”.

23 **4.** Page 633, line 4: after that line insert:

24 “**SECTION 1582dpb.** 71.22 (9b) of the statutes is created to read:

1 71.22 **(9b)** “Related entity” means any person related to a taxpayer as provided
2 under section 267, 318, or 1563 (a) (3) of the Internal Revenue Code during all or a
3 portion of the taxpayer’s taxable year.

4 **SECTION 1582dpp.** 71.26 (2) (a) of the statutes is renumbered 71.26 (2) (a)
5 (intro.) and amended to read:

6 71.26 **(2)** (a) *Corporations in general.* (intro.) The “net income” of a corporation
7 means the gross income as computed under the Internal Revenue Code as modified
8 under sub. (3) ~~minus~~ and modified as follows:

9 1. Minus the amount of recapture under s. 71.28 (1di) ~~plus.~~

10 2. Plus the amount of credit computed under s. 71.28 (1), (3), (4), and (5) ~~plus.~~

11 3. Plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di),
12 (1dj), (1dL), (1dm), (1ds), (1dx), and (3g) and not passed through by a partnership,
13 limited liability company, or tax-option corporation that has added that amount to
14 the partnership’s, limited liability company’s, or tax-option corporation’s income
15 under s. 71.21 (4) or 71.34 (1) (g) ~~plus.~~

16 4. Plus the amount of losses from the sale or other disposition of assets the gain
17 from which would be wholly exempt income, as defined in sub. (3) (L), if the assets
18 were sold or otherwise disposed of at a gain and minus deductions, as computed
19 under the Internal Revenue Code as modified under sub. (3), ~~plus.~~

20 5. Plus or minus, as appropriate, an amount equal to the difference between
21 the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or
22 otherwise disposed of in a taxable transaction during the taxable year, except as
23 provided in par. (b) and s. 71.45 (2) and (5).

24 **SECTION 1582dpq.** 71.26 (2) (a) 6. of the statutes is created to read:

1 71.26 **(2)** (a) 6. Plus any amount deducted or excluded under the Internal
2 Revenue Code for management and service fees, interest expenses and costs,
3 intangible expenses and costs, and any other expenses and costs directly or indirectly
4 paid, accrued, or incurred to, or in connection directly or indirectly with one or more
5 direct or indirect transactions with, one or more related entities.”.

6 **5.** Page 655, line 6: after that line insert:

7 “**SECTION 1583bb.** 71.34 (1) (j) of the statutes is created to read:

8 71.34 **(1)** (j) An addition shall be made for any amount deducted or excluded
9 under the Internal Revenue Code for management and service fees, interest
10 expenses and costs, intangible expenses and costs, and any other expenses and costs
11 directly or indirectly paid, accrued, or incurred to, or in connection directly or
12 indirectly with one or more direct or indirect transactions with, one or more related
13 entities.”.

14 **6.** Page 665, line 11: after that line insert:

15 “**SECTION 1583dhh.** 71.42 (1p) of the statutes is created to read:

16 71.42 **(1p)** “Intangible expenses and costs” includes expenses, losses, and costs
17 for, related to, or directly or indirectly in connection with the direct or indirect
18 acquisition of, use of, maintenance or management of, ownership of, sale of, exchange
19 of, or any other direct or indirect disposition of intangible property to the extent that
20 such expenses, losses, and costs are allowed as deductions or costs to determine
21 federal taxable income under the Internal Revenue Code. For purposes of this
22 subsection, “expenses, losses, and costs” include losses related to or incurred directly
23 or indirectly in connection with discounting transactions; royalty, patent, technical,
24 and copyright fees; licensing fees; and other similar expenses and costs.”.

1 **7.** Page 674, line 18: after that line insert:

2 “**SECTION 1583dpe.** 71.42 (4m) of the statutes is created to read:

3 71.42 **(4m)** “Related entity” means any person related to a taxpayer as provided
4 under section 267, 318, or 1563 (a) (3) of the Internal Revenue Code during all or a
5 portion of the taxpayer’s taxable year.

6 **SECTION 1583dpg.** 71.45 (2) (a) 16. of the statutes is created to read:

7 71.45 **(2)** (a) 16. By adding to federal taxable income any amount deducted or
8 excluded under the Internal Revenue Code for management and service fees,
9 interest expenses and costs, intangible expenses and costs, and any other expenses
10 and costs directly or indirectly paid, accrued, or incurred to, or in connection directly
11 or indirectly with one or more direct or indirect transactions with, one or more
12 related entities.”.

13 **8.** Page 1139, line 6: after that line insert:

14 “(2z) PAYMENTS TO RELATED ENTITIES. The treatment of sections 71.01 (5p) and
15 (9b), 71.05 (6) (a) 21., 71.22 (3m) and (9b), 71.34 (1) (j), 71.26 (2) (a) 6., 71.42 (1p) and
16 (4m), and 71.45 (2) (a) 16. of the statutes and the renumbering and amendment of
17 section 71.26 (2) (a) of the statutes first apply to taxable years beginning on January
18 1 of the year in which this subsection takes effect, except that if this subsection takes
19 effect after July 31 this act first applies to taxable years beginning on January 1 of
20 the year following the year in which this subsection takes effect.”.

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(END)