



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

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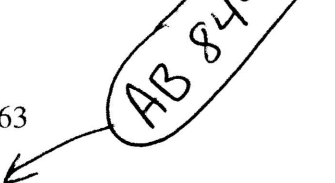
March 3, 2014

### MEMORANDUM

**To:** Representative Mason

**From:** Joseph T. Kreye, Sr. Legislative Attorney, (608) 266-2263

**Subject:** Technical Memorandum to **2013 un-introduced** (LRB-3545/1) by **DOR**



A handwritten note in a bubble containing the text 'AB 844' with an arrow pointing to the subject line.

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

## MEMORANDUM

March 3, 2014

**TO:** Joseph Kreye  
Legislative Reference Bureau

**FROM:** Michael Wagner  
Michael Oakleaf  
Department of Revenue

**SUBJECT:** Technical Memorandum on LRB 3545/1 – Income from Unitary Business Members Incorporated in Jurisdictions Considered Tax Havens

The Department has the following technical concerns with the above-referenced bill:

- Page 1, lines 6 and 7 of the bill describe whose income should be included by stating that the "income or loss of any corporation that is a member of the unitary business that is incorporated in any of the following jurisdictions..." Statutes already define that only corporations may be included in a combined group. Therefore it is not necessary to use the limiting term of corporations. In addition, a corporation does not necessarily have to be incorporated under the laws of certain tax haven jurisdictions. The author may wish to amend the bill in the following manner:

"income or loss of ~~any corporation that is~~ a member of the unitary business that is ~~incorporated~~ formed or organized in any of the following jurisdictions, not including any income from..."

- The subdivision that this bill creates is better placed in subdivision 5. The apportionment factors referenced in subdivision 5. need to include the newly created provisions of this bill. The Department suggests that the subdivision created in the bill be numbered s. 71.255(2)(d)5., and that existing s. 71.255(2)(d)5. be renumbered to 71.255(d)(2)6. and amended as follows:

"The apportionment factor or factors attributable to the income described in subds. 1. to 4 5."

- In order to be consistent with how situations of double taxation or deduction are described elsewhere in statutes, the author may wish to amend Page 2, line 13 of the bill as follows:

"...and to prevent double ~~taxation or double deduction~~ inclusion or elimination of any..."

- The list of jurisdictions in the bill includes the Netherland Antilles. This country no longer exists. Components of the country became constituent parts of the Kingdom of the Netherlands or are independent. The author may wish to remove the Netherland Antilles from the list.

If you have any questions regarding this technical memorandum, please contact Michael Oakleaf at 261-5173 or via email at Michael.oakleaf@revenue.wi.gov.