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# Wisconsin Legislative Council

## AMENDMENT MEMO

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**2021 Senate Bill 794**

**Senate  
Amendment 2**

### 2021 SENATE BILL 794

2021 Senate Bill 794 makes a number of changes related to Department of Revenue (DOR) tax audits of pass-through entities. Pass-through entities affected by the bill include partnerships, limited liability companies, and tax-option corporations. Specifically, these changes permit DOR to do the following:

- Assess and collect additional tax from a pass-through entity on income otherwise reportable by its pass-through members.
- Direct the Secretary of the Department of Administration to refund to a pass-through entity the part of an overpayment paid by the entity and not by the entity's members.
- Assess an adjustment to reduce a tax credit to a pass-through entity if the entity previously computed the credit and reported the credit to its members.
- Assess an adjustment to increase a tax credit to offset additional tax assessed to a pass-through entity.
- Assess any pass-through member of an entity for additional tax otherwise owed by one or more of the entity's members.

### SENATE AMENDMENT 2

Senate Amendment 2 modifies the provision of the bill that allows DOR to assess additional tax owed by more than one member of a pass-through entity to any member of the entity. The amendment specifies that when assessing additional tax owed by more than one member of the entity, DOR may only assess any member for *their allocated portion* of the collective tax owed.

### BILL HISTORY

Senate Amendment 2 was offered by Senator Marklein on January 12, 2022. On January 13, 2022, the Senate Committee on Financial Institutions and Revenue recommended adoption of Senate Amendment 2 and passage of Senate Bill 794, as amended, by votes of Ayes, 5; Noes, 0.

DWS:jal