

**Report From Agency**  
**DEPARTMENT OF REVENUE**  
**CLEARINGHOUSE RULE NUMBER 20-081**  
**SECTION 227.19(2) AND (3), STATS., REPORT**

**Basis and Purpose of the Proposed Rule**

Chapter Tax 2.955 does not reflect changes made by 2017 Wisconsin Act 59 and 2017 Wisconsin Act 368.

- Act 368 created secs. 71.21(6)(a) and 71.365(4m)(a), Wis. Stats., to provide that pass-through entities may elect to pay Wisconsin tax on income at the entity level, and may claim a credit for net taxes paid by the entity on the same income taxable in another state as provided in sec. 71.07(7)(b)3., Wis. Stats. The proposed rule adds references to these laws, adds examples, and clarifies that a Wisconsin resident may not claim a credit for taxes paid by an electing pass-through entity.
- Act 59 created sec. 71.08(5), Wis. Stats., to provide that minimum tax no longer applies for Wisconsin for taxable years beginning on or after January 1, 2019. The proposed rule removes references to Wisconsin minimum tax.

**Public Hearing**

A public hearing was held on January 8, 2021. No one appeared offering testimony at the hearing.

No public comments to the proposed rule order were received.

**Legislative Council Staff Recommendations**

Legislative Council suggested that DOR consider the following:

*Clarity, Grammar, Punctuation and Use of Plain Language*

To aid clarity, the department should consider adding ss. 71.21 (6) (a), 71.365 (4m) (a), and 71.07 (7) (b) 3., Stats., to the description of statutes interpreted by the proposed rule, as these specific provisions are referenced by the department in the plain language analysis. Additionally, the department should add s. 71.08 (5), Stats., to the description of statutes interpreted, as the plain language analysis also references this provision.

*DOR's response*— This change was made.

**Regulatory Flexibility Analysis**

The proposed rule order does not affect small businesses, as it only reflects changes made by law.

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