

No. 534, A.]

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CHAPTER 394.

AN ACT to amend 71.05 (5) and 71.16 (1) of the statutes, relating to deductions of dividends from gross income under the income tax law and the privilege dividend tax.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 71.05 (5) of the statutes is amended to read:

71.05 (5) Dividends, except those provided in sections 71.03 (1) (e) and 71.03 (2) (d), received *on or before December 31, 1951*, from any corporation conforming to all of the requirements of this subsection. Such corporation must have filed income tax returns as required by law and the income of such corporation must be subject to the income tax law of this state. The principal business of the corporation must be attributable to Wisconsin and for the purpose of this subsection any corporation shall be considered as having its principal business attributable to Wisconsin if 50 per cent or more of the entire net income or loss of such corporation after adjustment for tax purposes (for the year preceding the payment of such dividends) was used in computing the taxable income provided by chapter 71. If the net incomes of several affiliated corporations have been combined for the purpose of determining the amount of income subject to taxation under the statute, the location of the principal business of such group shall determine the taxable status of dividends paid, but intercompany dividends passing between affiliated corporations whose incomes are included in the taxable income of the group, shall not be assessed as group income.

SECTION 2. 71.16 (1) of the statutes is amended to read:

71.16 (1) For the privilege of declaring and receiving dividends, out of income derived from property located and business transacted in this state, there is hereby imposed a tax equal to 3 per cent of the amount of such dividends declared and paid by all corporations (foreign and local), except those specified in section 71.01 (3) (a) and (c), after September 26, 1935 and prior to * * * *January 1, 1952*. Such tax shall be deducted and withheld from such dividends payable to residents and nonresidents by the payor corporation.

Approved June 26, 1951.