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CHAPTER 348

AN ACT to amend 71.01 (1) and 71.07 (1); to repeal and recreate 71.03 (2) (f); and to create 71.05 (5) and 71.14 (12) of the statutes, relating to tax credit for Wisconsin residents employed in another state.

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

SECTION 1. 71.01 (1) of the statutes is amended to read:

71.01 (1) For the purpose of raising revenue for the state and the counties, cities, villages and towns, there shall be assessed, levied, collected and paid a tax on all net incomes as hereinafter provided, by every person residing within the state or by his personal representative in case of death; and by every nonresident of this state, upon such income as is derived from property located or business transacted within the state, *and also by every nonresident natural person upon such income as is derived from the performance of personal services within the state, except as hereinafter exempted. Every corporation organized under the laws of the state and every natural person domiciled in the state \* \* \* shall be deemed to be residing within the state for the purposes of determining liability for income taxes and surtaxes. This section shall not be construed to prevent or affect the correction of errors or omissions in the assessments of income for former years \* \* \* under s. 71.11 (16) and (20).*

SECTION 2. 71.03 (2) (f) of the statutes is repealed and recreated to read:

71.03 (2) (f) With respect to natural persons domiciled outside Wisconsin who derive income from the performance, on or after January 1, 1961, of personal services in Wisconsin, such income shall be excluded from Wisconsin gross income to the extent that it is subjected to an income tax imposed by the state of domicile; provided that the law of the state of domicile allows a similar exclusion of income from personal services earned in such state by natural persons domiciled in Wisconsin, or a credit against the tax imposed by such state on such income equal to the Wisconsin tax on such income.

## SECTION 3. 71.05 (5) of the statutes is created to read:

71.05 (5) If in the calendar year 1962 or thereafter, a natural person domiciled in this state pays a net income tax to another state upon income derived from the performance by him of personal services in such other state in the calendar year 1961 or corresponding fiscal year or thereafter, such person may credit the tax paid to such other state on such income against the net income tax otherwise payable to Wisconsin on income of the year in which such personal services were performed in such other state. No such credit shall be allowed unless claimed within the time provided in s. 71.10 (10) (bm) but s. 71.10 (10) (d) shall not apply to such credits. For purposes of this section, amounts withheld from wages or declared and paid pursuant to the income tax law of another state shall be deemed a net income tax paid to such other state only in the year in which the income tax return for such state was required to be filed. The department of taxation shall compute the revenue loss to the state, county and various tax districts resulting from the tax credits granted under this subsection, and may from time to time correct its computations.

## SECTION 4. 71.07 (1) of the statutes is amended to read:

71.07 (1) For the purposes of taxation income from business, not requiring apportionment under sub. (2), (3) or (5), shall follow the situs of the business from which derived. Income derived from rentals and royalties from real estate or tangible personal property, or from the operation of any farm, mine or quarry, or from the sale of real property or tangible personal property shall follow the situs of the property from which derived. *Corporation income from personal services performed by employes of corporations shall be deemed business income and shall follow the situs of the business. Income from personal services of resident individuals, including income from professions, shall follow residence. Income from personal services of nonresident individuals, including income from professions, shall follow the situs of the services.* All other income, including royalties from patents, income derived from \* \* \* land contracts, mortgages, stocks, bonds and securities or from the sale of similar intangible personal property, shall follow the residence of the recipient, except as provided in s. 71.08. For the purposes of taxation, interest received on state and federal tax refunds when the tax refunded was on business income or property shall be deemed income from business and shall follow the situs of the business from which derived.

## SECTION 5. 71.14 (12) of the statutes is created to read:

71.14 (12) Income taxes collected from nonresident natural persons on income derived from the performance of personal services within this state, shall be paid into the state general fund for the use of the state, except that any loss of revenue to counties and tax districts resulting from the credits granted under s. 71.05 (5) shall be reimbursed from the general fund but if the money available for such reimbursement is less than the amount collected from nonresidents as a tax on income from personal services performed in Wisconsin the reimbursements shall be prorated. Such reimbursement shall be made on or before \_\_\_\_\_, and may be adjusted by credits or debits to reflect corrections in the amounts eligible for reimbursement.

SECTION 6. The amendment of sections 71.01 (1) and 71.07 (1) of the statutes shall apply to income from personal services performed on or after January 1, 1961.

Approved August 3, 1961.