



**SENATE AMENDMENT 79,  
TO SENATE SUBSTITUTE AMENDMENT 1,  
TO 2003 SENATE BILL 44**

June 18, 2003 - Offered by Senator RISSER.

1           At the locations indicated, amend the substitute amendment as follows:

2           **1.** Page 604, line 2: after that line insert:

3           “**SECTION 1580cde.** 71.01 (5p) of the statutes is created to read:

4           71.01 (5p) “Intangible expenses and costs” includes expenses, losses, and costs

5           for, related to, or directly or indirectly in connection with the direct or indirect

6           acquisition of, use of, maintenance or management of, ownership of, sale of, exchange

7           of, or any other direct or indirect disposition of intangible property to the extent that

8           such expenses, losses, and costs are allowed as deductions or costs to determine

9           federal taxable income under the Internal Revenue Code. For purposes of this

10          subsection, “expenses, losses, and costs” include losses related to or incurred directly

11          or indirectly in connection with discounting transactions; royalty, patent, technical,

12          and copyright fees; licensing fees; and other similar expenses and costs.”.

1           **2.** Page 613, line 14: after that line insert:

2           “**SECTION 1580dhb.** 71.01 (9b) of the statutes is created to read:

3           71.01 **(9b)** “Related entity” means any person related to a taxpayer as provided  
4 under section 267, 318, or 1563 (a) (3) of the Internal Revenue Code during all or a  
5 portion of the taxpayer’s taxable year.

6           **SECTION 1580dhd.** 71.05 (6) (a) 21. of the statutes is created to read:

7           71.05 **(6)** (a) 21. Any amount deducted or excluded under the Internal Revenue  
8 Code for management and service fees, interest expenses and costs, intangible  
9 expenses and costs, and any other expenses and costs directly or indirectly paid,  
10 accrued, or incurred to, or in connection directly or indirectly with one or more direct  
11 or indirect transactions with, one or more related entities.”.

12           **3.** Page 613, line 22: after that line insert:

13           “**SECTION 1582bb.** 71.22 (3m) of the statutes is created to read:

14           71.22 **(3m)** “Intangible expenses and costs” includes expenses, losses, and costs  
15 for, related to, or directly or indirectly in connection with the direct or indirect  
16 acquisition of, use of, maintenance or management of, ownership of, sale of, exchange  
17 of, or any other direct or indirect disposition of intangible property to the extent that  
18 such expenses, losses, and costs are allowed as deductions or costs to determine  
19 federal taxable income under the Internal Revenue Code. For purposes of this  
20 subsection, “expenses, losses, and costs” include losses related to or incurred directly  
21 or indirectly in connection with discounting transactions; royalty, patent, technical,  
22 and copyright fees; licensing fees; and other similar expenses and costs.”.

23           **4.** Page 633, line 4: after that line insert:

24           “**SECTION 1582dpb.** 71.22 (9b) of the statutes is created to read:

1           71.22 **(9b)** “Related entity” means any person related to a taxpayer as provided  
2           under section 267, 318, or 1563 (a) (3) of the Internal Revenue Code during all or a  
3           portion of the taxpayer’s taxable year.

4           **SECTION 1582dpp.** 71.26 (2) (a) of the statutes is renumbered 71.26 (2) (a)  
5           (intro.) and amended to read:

6           71.26 **(2)** (a) *Corporations in general.* (intro.) The “net income” of a corporation  
7           means the gross income as computed under the Internal Revenue Code as modified  
8           under sub. (3) ~~minus~~ and modified as follows:

9           1. Minus the amount of recapture under s. 71.28 (1di) ~~plus.~~

10          2. Plus the amount of credit computed under s. 71.28 (1), (3), (4), and (5) ~~plus.~~

11          3. Plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di),  
12          (1dj), (1dL), (1dm), (1ds), (1dx), and (3g) and not passed through by a partnership,  
13          limited liability company, or tax-option corporation that has added that amount to  
14          the partnership’s, limited liability company’s, or tax-option corporation’s income  
15          under s. 71.21 (4) or 71.34 (1) (g) ~~plus.~~

16          4. Plus the amount of losses from the sale or other disposition of assets the gain  
17          from which would be wholly exempt income, as defined in sub. (3) (L), if the assets  
18          were sold or otherwise disposed of at a gain and minus deductions, as computed  
19          under the Internal Revenue Code as modified under sub. (3), ~~plus.~~

20          5. Plus or minus, as appropriate, an amount equal to the difference between  
21          the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or  
22          otherwise disposed of in a taxable transaction during the taxable year, except as  
23          provided in par. (b) and s. 71.45 (2) and (5).

24          **SECTION 1582dpq.** 71.26 (2) (a) 6. of the statutes is created to read:

1           71.26 **(2)** (a) 6. Plus any amount deducted or excluded under the Internal  
2 Revenue Code for management and service fees, interest expenses and costs,  
3 intangible expenses and costs, and any other expenses and costs directly or indirectly  
4 paid, accrued, or incurred to, or in connection directly or indirectly with one or more  
5 direct or indirect transactions with, one or more related entities.”.

6           **5.** Page 655, line 6: after that line insert:

7           “**SECTION 1583bb.** 71.34 (1) (j) of the statutes is created to read:

8           71.34 **(1)** (j) An addition shall be made for any amount deducted or excluded  
9 under the Internal Revenue Code for management and service fees, interest  
10 expenses and costs, intangible expenses and costs, and any other expenses and costs  
11 directly or indirectly paid, accrued, or incurred to, or in connection directly or  
12 indirectly with one or more direct or indirect transactions with, one or more related  
13 entities.”.

14           **6.** Page 665, line 11: after that line insert:

15           “**SECTION 1583dhh.** 71.42 (1p) of the statutes is created to read:

16           71.42 **(1p)** “Intangible expenses and costs” includes expenses, losses, and costs  
17 for, related to, or directly or indirectly in connection with the direct or indirect  
18 acquisition of, use of, maintenance or management of, ownership of, sale of, exchange  
19 of, or any other direct or indirect disposition of intangible property to the extent that  
20 such expenses, losses, and costs are allowed as deductions or costs to determine  
21 federal taxable income under the Internal Revenue Code. For purposes of this  
22 subsection, “expenses, losses, and costs” include losses related to or incurred directly  
23 or indirectly in connection with discounting transactions; royalty, patent, technical,  
24 and copyright fees; licensing fees; and other similar expenses and costs.”.

1           **7.** Page 674, line 18: after that line insert:

2           “**SECTION 1583dpe.** 71.42 (4m) of the statutes is created to read:

3           71.42 (4m) “Related entity” means any person related to a taxpayer as provided  
4 under section 267, 318, or 1563 (a) (3) of the Internal Revenue Code during all or a  
5 portion of the taxpayer’s taxable year.

6           **SECTION 1583dpg.** 71.45 (2) (a) 16. of the statutes is created to read:

7           71.45 (2) (a) 16. By adding to federal taxable income any amount deducted or  
8 excluded under the Internal Revenue Code for management and service fees,  
9 interest expenses and costs, intangible expenses and costs, and any other expenses  
10 and costs directly or indirectly paid, accrued, or incurred to, or in connection directly  
11 or indirectly with one or more direct or indirect transactions with, one or more  
12 related entities.”.

13           **8.** Page 1139, line 6: after that line insert:

14           “(2z) PAYMENTS TO RELATED ENTITIES. The treatment of sections 71.01 (5p) and  
15 (9b), 71.05 (6) (a) 21., 71.22 (3m) and (9b), 71.34 (1) (j), 71.26 (2) (a) 6., 71.42 (1p) and  
16 (4m), and 71.45 (2) (a) 16. of the statutes and the renumbering and amendment of  
17 section 71.26 (2) (a) of the statutes first apply to taxable years beginning on January  
18 1 of the year in which this subsection takes effect, except that if this subsection takes  
19 effect after July 31 this act first applies to taxable years beginning on January 1 of  
20 the year following the year in which this subsection takes effect.”.

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(END)