



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-1003/P4
JK:cjs:rs

DOA:.....Quinn, BB0222 – Combined reporting; sharing pre-2009 loss carry forwards

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, for each taxable year that a corporation that is a member of a combined group has net business loss carry-forward from a taxable year beginning on or after January 1, 2009, the corporation may, after using such net business loss carry-forward to offset its own income for the taxable year, use the remaining net business loss carry-forward to offset the income of all other members of the combined group.

Under this bill, for each taxable year that a corporation that is a member of a combined group has net business loss carry-forward from a taxable year beginning prior to January 1, 2009, the corporation may, after using such net business loss carry-forward to offset its own income for the taxable year, use up to 5 percent of the remaining net business loss carry-forward to offset the income of all other members of the combined group.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

SECTION 1. 71.255 (6) (a) of the statutes is amended to read:

71.255 (6) (a) Except as provided in pars. (b) and (c), and (d), no tax credit, Wisconsin net business loss carry-forward, or other post-apportionment deduction earned by one member of the combined group, but not fully used by or allowed to that member, may be used in whole or in part by another member of the combined group or applied in whole or in part against the total income of the combined group. A member of a combined group may use a carry-forward of a credit, Wisconsin net business loss carry-forward, or other post-apportionment deduction otherwise allowable under s. 71.26 or 71.45, that was incurred by that same member in a taxable year beginning before January 1, 2009.

SECTION 2. 71.255 (6) (d) of the statutes is created to read:

71.255 (6) (d) 1. Starting with the first taxable year beginning after December 31, 2011, and for each of the 20 subsequent taxable years, and subject to the limitations provided under s. 71.26 (3) (n), for each taxable year that a corporation that is a member of a combined group has net business loss carry-forward as computed under s. 71.26 (4) or 71.45 (4) from a taxable year beginning prior to January 1, 2009, the corporation may, after using such net business loss carry-forward to offset its own income for the taxable year, use up to 5 percent of the remaining net business loss carry-forward to offset the income of all other members of the combined group on a proportionate basis, to the extent such income is attributable to the unitary business. If the full 5 percent of such net business loss carry-forward cannot be fully used to offset the income of all other members of the combined group, the remainder may be added to the portion that may offset the income of all other members of the combined group in the subsequent year.

2. Unless otherwise provided by the department by rule, if the corporation may no longer be included in the combined group, as determined under this section, the corporation's net business loss carry-forward shall be available only to that corporation.

3. The department shall promulgate rules to administer this paragraph.

(END)