



State of Wisconsin
2021 - 2022 LEGISLATURE

LRB-0614/P1
EKL:amn

DOA:.....Quinn, BB0179 - Repeal provisions related to net operating loss carryback

FOR 2021-2023 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Net operating loss carryback

This bill repeals the provision under which an individual may carry back a net operating loss to the two prior taxable years in order to reduce the amount of income subject to tax in those years.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

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. 71.05 (8) (a) of the statutes is amended to read:

71.05 (8) (a) ~~The carry back of losses to reduce income of prior years may be permitted for 2 taxable years.~~ There shall be added any amount deducted as a federal net operating loss ~~carry-back or carry-over~~ and there shall be subtracted for the first taxable year for which the subtraction may be made any Wisconsin net operating loss ~~carry-back or carry-forward~~ allowable under par. (b) in an amount not in excess of the Wisconsin taxable income computed before the deduction of the Wisconsin net operating loss ~~carry-back or carry-forward~~.

SECTION 2. 71.05 (8) (b) 1. of the statutes is renumbered 71.05 (8) (b) and amended to read:

71.05 (8) (b) Except as provided in s. 71.80 (25), a Wisconsin net operating loss may be ~~carried back against Wisconsin taxable income of the previous 2 years and then carried forward against Wisconsin taxable incomes of the next 20 taxable years,~~ if the taxpayer was subject to taxation under this chapter in the taxable year in which the loss was incurred, to the extent not offset against other income of the year of loss and to the extent not offset against Wisconsin modified taxable income ~~of the 2 years preceding the loss and~~ of any year between the loss year and the taxable year for which the loss carry-forward is claimed. In this paragraph, “Wisconsin modified taxable income” means Wisconsin taxable income with the following exceptions: a net operating loss deduction or offset for the loss year or any taxable year ~~before or thereafter~~ is not allowed, the deduction for long-term capital gains under subs. (6) (b) 9. and 9m., (25), and (25m) is not allowed, the amount deductible for losses from sales or exchanges of capital assets may not exceed the amount includable in income for gains from sales or exchanges of capital assets and “Wisconsin modified taxable income” may not be less than zero.

SECTION 3. 71.05 (8) (b) 2. of the statutes is repealed.

SECTION 4. 71.05 (8) (c) of the statutes is repealed.

SECTION 5. 71.80 (25) (a) of the statutes is renumbered 71.80 (25) and amended to read:

71.80 (25) NET OPERATING AND BUSINESS LOSS CARRY-FORWARD ~~AND CARRY-BACK.~~
No offset of Wisconsin income may be made under s. 71.05 (8) (b) ~~1~~, 71.26 (4) (a), or 71.45 (4) (a) unless the incurred loss was computed on a return that was filed within 4 years of the unextended due date for filing the original return for the taxable year in which the loss was incurred.

SECTION 6. 71.80 (25) (b) of the statutes is repealed.

SECTION 9337. Initial applicability; Revenue.

(1) NET OPERATING LOSSES. The treatment of ss. 71.05 (8) (a), (b) 1. and 2., and (c) and 71.80 (25) (a) and (b) first applies to taxable years beginning after December 31, 2020.

(END)