
Wisconsin Legislative Council

ACT MEMO



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2021 Wisconsin Act 157
[Senate Bill 339]

Maximum Net Capital Loss Offset

CURRENT LAW

Under current law, an individual may use up to \$500 in net capital losses to offset ordinary income that is subject to Wisconsin income tax. If an individual's net capital loss exceeds \$500 in a given year, the individual may carry the loss forward and offset up to \$500 each year until the net loss is exhausted. The current maximum annual offset permitted under federal tax law is \$3,000 or \$1,500 for married individuals who file separately.

2021 WISCONSIN ACT 157

2021 Wisconsin Act 157 increases the maximum amount that an individual may claim as a net capital loss offset against ordinary income from \$500 to \$3,000 (\$1,500 for married individuals who file separately) for the purposes of Wisconsin income tax. This would result in the Wisconsin maximum net capital loss offset matching the amounts currently permitted under federal income tax law.

The act also extends the increased maximum net capital loss offset to tax option corporations (S corporations) who elect to pay franchise or income tax at the entity level under s. 71.365 (4m), Stats.

The \$3,000 maximum will first apply to tax year 2023. Tax years prior to 2023 remain limited to the \$500 maximum.

Effective date: March 9, 2021 (January 1, 2023)

DWS:ksm