



TAXATION IN WISCONSIN

Corporate Income and Franchise Tax (1/2)

C corporations that conduct business in Wisconsin or generate income from Wisconsin sources are required to file a Wisconsin corporate income or Franchise tax return. Franchise tax pertains to all domestic corporations (organized under Wisconsin law), foreign corporations (not organized under Wisconsin law) doing business in Wisconsin or buying or selling lottery prizes if the winning tickets were originally bought in Wisconsin. However, certain exemptions may apply based on statute or federal law. The corporate income and Franchise tax rate of Wisconsin is 7.9%.

The due date for filing the Wisconsin corporate income or Franchise tax return is generally the 15th day of the fourth month following the end of the tax year.

C corporations in Wisconsin are required to file the Form 4, Wisconsin Corporation Franchise or Income Tax Return.

Extension allowed by IRS automatically extends the state due date for filing federal tax return by 30 days after the federal extended due date, with no additional Wisconsin extension form needed. A copy of the federal extension must be included with the Wisconsin return. If no federal extension is requested, Wisconsin grants an automatic 7-month extension or until the original federal due date, whichever is later.



Corporate Income and Franchise Tax (2/2)

Corporations in Wisconsin with a total franchise or income tax and economic development surcharge of \$500 or more are typically required to make quarterly estimated tax payments. Failure to make these payments can lead to interest charges. Estimated tax payments can be made using Form Corp-ES, the Wisconsin Corporation Estimated Tax Voucher.

In the case of failure to file a required franchise or income tax return, or filing an incorrect return due to negligence or fraud, may result in interest and penalties as listed below:

- The interest rate on delinquent taxes is 18% per year and civil penalties can be as high as 100% of the unreported tax amount.
- Filing a false return can lead to criminal penalties, including a fine of up to \$10,000 and imprisonment.
- Additionally, failure to disclose reportable transactions may lead to penalties including a \$30,000 penalty for not disclosing a listed transaction.



S Corporation Income and Franchise Tax (1/2)

S corporations are pass-through entities, meaning they don't pay federal income tax at the corporate level. Instead, the income, deductions, and credits flow through to the shareholders, who report them on their individual income tax returns. However, S corporations may still have filing requirements at the state level, including Wisconsin. The corporate income and franchise tax rate of Wisconsin is 7.9%.



The due date for filing the Wisconsin income tax or franchise tax return is generally the 15th day of the third month following the end of the tax year.

S corporations in Wisconsin is required to file Form 5S, Wisconsin Franchise or Income Tax Return for Pass-Through Entities.

Extension allowed by IRS automatically extends the state due date for filing federal tax return by 30 days after the federal extended due date, with no additional Wisconsin extension form needed. A copy of the federal extension must be included with the Wisconsin return. If no federal extension is requested, Wisconsin grants an automatic 7-month extension or until the original federal due date, whichever is later.

S Corporation Income and Franchise Tax (2/2)

Estimated Tax Payments

Corporations in Wisconsin with a total franchise or income tax and economic development surcharge of \$500 or more are typically required to make quarterly estimated tax payments. Failure to make these payments can lead to interest charges. Estimated tax payments can be made using Form Corp-ES, or by electronic funds transfer (EFT).

Interest and Penalty

In the case of failure to file a required franchise or income tax return, or filing an incorrect return due to negligence or fraud, may result in interest and penalties as listed below:

- The interest rate on delinquent taxes is 18% per year and civil penalties can be as high as 100% of the unreported tax amount.
- Filing a false return can lead to criminal penalties, including a fine of up to \$10,000 and imprisonment.
- Additionally, failure to disclose reportable transactions may lead to penalties including a \$30,000 penalty for not disclosing a listed transaction.



Partnership LLC & LLP Income Tax

Partnership LLCs and LLPs are pass-through entities, similar to S corporations, where the income, deductions, and credits pass through to the individual partners, who report them on their individual income tax returns. The income is "passed through" to the partners, and they report it on their individual income tax returns at their respective tax rates.

Due Date - The due date for filing the Wisconsin partnership return is generally the 15th day of the third month following the end of the tax year.

Filing Requirements - Partnership LLCs (Limited Liability Companies) and LLPs (Limited Liability Partnerships) in Wisconsin are required to file an information return, Form PW-1, Wisconsin Partnership Return, if they have income derived from Wisconsin sources or if they have Wisconsin resident partners.

Extension - Wisconsin statutes provide for an automatic 7-month extension to file the Form PW-1.



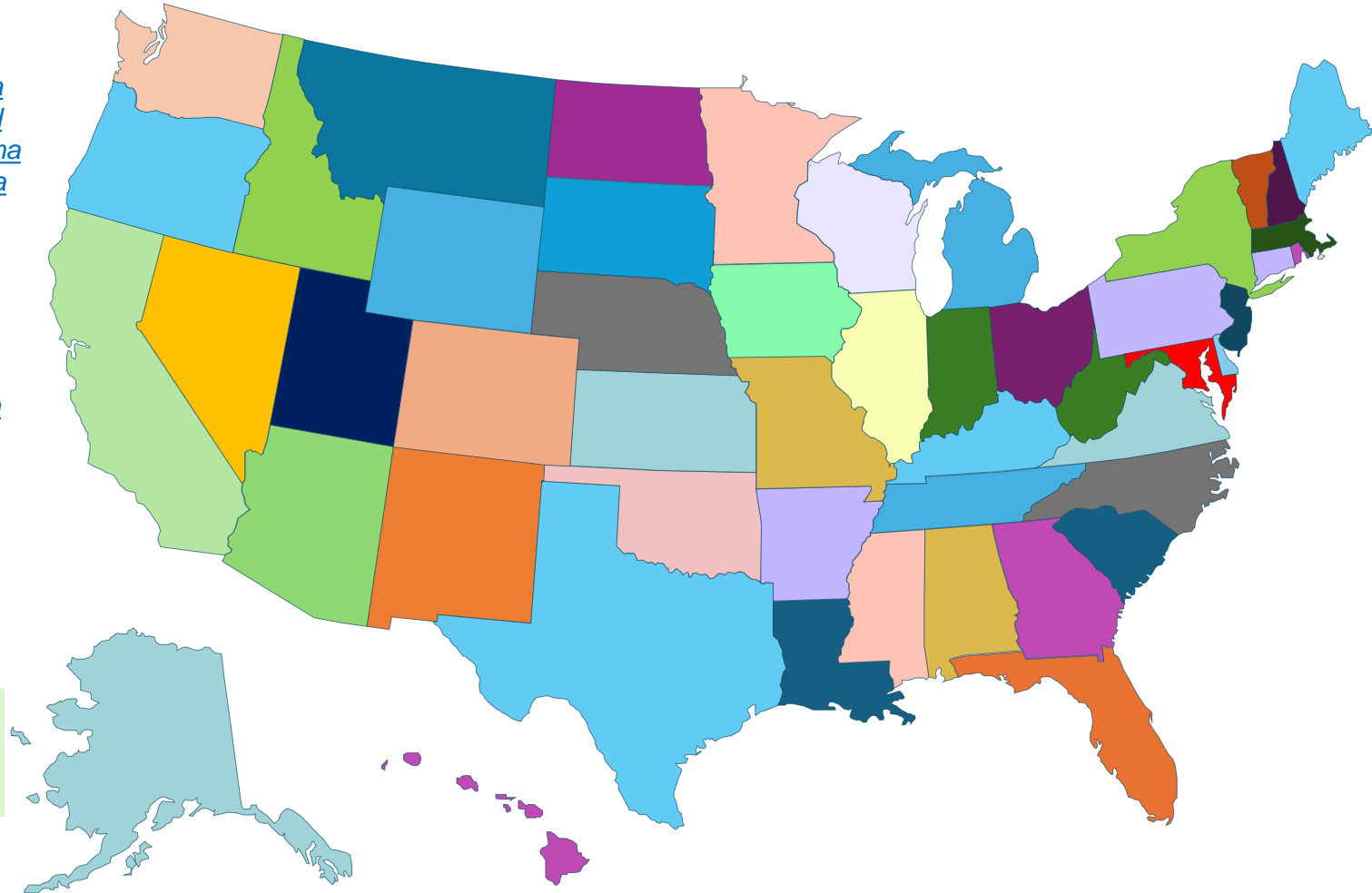
Interest and Penalty - A USD \$50 late filing fee applies for returns filed after the extension date.

Estimated Tax Payments - A pass-through entity must make estimated withholding tax payments if the total withholding tax is \$500 or more. Required installments are based on the smaller of 90% of the current Wisconsin net tax, 100% of the previous year's Wisconsin net tax (if the previous return covered an entire 12-month period), or 90% of the current Wisconsin net tax figured by annualizing income.

Upcoming Series

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