Wis. Stat., Section 71.21

Computation

(1) The net income of a partnership shall be computed in the same manner and on the same basis as provided for computation of the income of persons other than corporations.

(2) The standard deduction shall not be allowed in computing the taxable income of a partnership.

(3) The credits under s. 71.28 (4m) may not be claimed by a partnership or by partners, including partners of a publicly traded partnership.

(4)

(a) The amount of the credits computed by a partnership under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5e), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), and (10) and passed through to partners shall be added to the partnership's income.

(b) Amounts computed by a partnership under s. 71.07 (5n) in the previous taxable year and not included in federal ordinary business income shall be added to the partnership's income.

(5) Section 164 (a) (3) of the internal revenue code is modified so that state taxes and taxes of the District of Columbia that are value-added taxes, single business taxes or taxes on or measured by all or a portion of net income, gross income, gross receipts or capital stock are not deductible.

(6)

(a) If persons who, on the day on which an election under this paragraph is made, hold more than 50 percent of the capital and profits of a partnership consent, a partnership that is a partnership for federal income tax purposes may elect, on or before the due date or extended due date of its return under this chapter, to be taxed at the entity level at a rate of 7.9 percent of net income reportable to this state as described in par. (d) 1. for that taxable year.

(b) It is the intent of the election under par. (a) that partners of a partnership may not include in their Wisconsin adjusted gross income their proportionate share of all items of income, gain, loss, or deduction of the partnership. It is also the intent that the partnership shall pay tax on items that would otherwise be taxed if this election was not made.

(c) If persons who, on the day on which the election under this paragraph is made, hold more than 50 percent of the capital and profits of a partnership that has elected to be taxed at the entity level under par. (a) consent, a partnership that is a partnership for

federal income tax purposes may elect, on or before the due date or extended due date of its return under this chapter, to revoke for that taxable year its election under par. (a).

(d) If an election is made under par. (a), all of the following apply:

1. The net income of the partnership is computed under subs. (1) to (5) and the situs of income shall be determined as if the election under par. (a) was not made.

2. The partnership may not claim the loss under s. 71.05 (8).

3. Except as provided in s. 71.07 (7) (b) 3., the tax credits under this chapter may not be claimed by the partnership.

4. A partner's adjusted basis of the partner's interest in the partnership is determined as if the election under par. (a) was not made.

5. The provisions of ss. 71.09 and 71.84 relating to estimated payments and underpayment interest shall apply to the partnership.

6. If the partnership fails to pay the amount owed to the department with respect to income as a result of the election under par. (a), the department may collect the amount from the partners based on their proportionate share of such income.

(e) The department may promulgate rules to implement this subsection.

(7) A deduction under the Internal Revenue Code for moving expenses, as defined in s. 71.01 (8j), paid or incurred during the taxable year to move the taxpayer's Wisconsin business operation, in whole or in part, to a location outside the state or to move the taxpayer's business operations outside the United States is not allowed.