Wisconsin
Corporation Franchise and Income Tax
Form 5 Instructions

New for 1999 . . .

- ***Definition of "Doing Business"***

  For taxable years beginning on or after January 1, 1999, the definition of "doing business" is clarified to include issuing credit, debit or travel and entertainment cards to customers in Wisconsin.

Change for 2000 . . .

- ***Quarterly Estimated Recycling Surcharge Payments Modified***

  For taxable years beginning on or after January 1, 2000, corporations whose gross receipts exceed $4 million per year and owe at least $500 of tax and surcharge must make estimated payments. See page 3.

Important . . .

- ***Business Activity Code***

  Be sure to fill in the correct Wisconsin Business Activity Code on line D at the top of Form 5. Codes are listed on the back of this page.

- ***Extensions of time to file***

  An extension of time to file a federal income tax return automatically extends the time for filing the Wisconsin return to 30 days after the federal due date, if the corporation attaches a copy of the federal extension to the Wisconsin return it files. See page 3.

- ***Amended returns***

  To amend a 1999 return, use Form 5 and check the box in item G. Be sure to attach an explanation of the changes. See page 4.

- ***Wisconsin use tax***

  Corporations that purchase taxable tangible personal property or taxable services for storage, use, or consumption in Wisconsin without payment of a state sales or use tax are subject to a Wisconsin use tax. See page 12.

Don't Forget . . .

- ***Use the preprinted label***
- ***Fill in your federal employer ID number***
- ***Fill out the form completely***
- ***Attach a copy of your federal return and any other required forms, schedules, or statements***
- ***Attach a copy of any extension***
- ***Sign the return***

For More Information . . .

- ***Visit the Department of Revenue's Internet website at http://www.dor.state.wi.us***

  At this site you may obtain additional information about the Department of Revenue and answers to the most frequently asked questions. You may also download or request tax forms and publications.

- ***Subscribe to the Department of Revenue's publications***

  The ***Wisconsin Tax Bulletin*** is a quarterly newsletter that provides information about new Wisconsin tax laws, court decisions, and interpretations of law. Subscriptions cost $7 per year.

  The ***Topical and Court Case Index*** gives references to Wisconsin statutes, administrative rules, *Wisconsin Tax Bulletin* tax releases and private letter rulings, publications, and court decisions. The index is published in December, with an addendum provided in May. The annual cost is $18, plus sales tax.

  To order the bulletin or index, send a check made payable to "Document Sales" to the Wisconsin Department of Administration, P.O. Box 7840, Madison, WI 53707-7840.

Wisconsin Business Activity Codes

Using the list below, determine the proper code to enter in item D, Wisconsin Business Activity Code, on page 1 of your return. Enter the code which reflects the corporation's major business activity (the activity which accounted for the largest percentage of total receipts).

AGRICULTURE, FORESTRY, AND FISHING

0100 Agricultural Production – Crops
0200 Agricultural Production – Livestock
0710 Soil Preparation Services
0720 Crop Services
0740 Veterinary Services
0750 Animal Services, except Veterinary
0760 Farm Labor and Management Services
0780 Landscape and Horticultural Services
0800 Forestry
0900 Fishing, Hunting, and Trapping

MINING

1000 Metal Mining
1200 Coal Mining
1300 Oil and Gas Extraction
1400 Nonmetallic Minerals, except Fuels

CONSTRUCTION

1500 General Building Contractors
1610 Highway and Street Construction
1620 Heavy Construction, except Highway
1710 Plumbing, Heating, Air Conditioning
1720 Painting and Paper Hanging
1730 Electrical Work
1740 Masonry, Stonework, and Plastering
1750 Carpentry and Floor Work
1760 Roofing, Siding, Sheet Metal Work
1770 Concrete Work
1780 Water Well Drilling
1790 Miscellaneous Special Trade Contractors

MANUFACTURING

Food and Kindred Products

2010 Meat Products
2020 Dairy Products
2030 Preserved Fruits and Vegetables
2040 Grain Mill Products
2050 Bakery Products
2060 Sugar and Confectionery Products
2070 Fats and Oils
2080 Beverages
2090 Miscellaneous Food and Kindred Products

Tobacco, Textile, and Apparel Products

2100 Tobacco Products
2200 Textile Mill Products
2300 Apparel and Other Textile Products

Lumber and Wood Products

2410 Logging
2420 Sawmills and Planing Mills
2430 Millwork, Plywood, Structural Members
2440 Wood Containers
2450 Wood Buildings and Mobile Homes
2490 Miscellaneous Wood Products
2500 Furniture and Fixtures
2600 Paper and Allied Products

Printing and Publishing

2710 Newspapers
2720 Periodicals
2730 Books
2740 Miscellaneous Publishing
2750 Commercial Printing
2760 Manifold Business Forms
2770 Greeting Cards
2780 Blankbooks and Bookbinding
2790 Printing Trade Service

Other Manufacturing

2800 Chemicals and Allied Products
2900 Petroleum and Coal Products
3000 Rubber and Miscellaneous Plastic Products
3100 Leather and Leather Products
3200 Stone, Clay, and Glass Products
3300 Primary Metal Industries
3400 Fabricated Metal Products
3500 Industrial Machinery and Equipment
3570 Computer and Office Equipment
3600 Electronic and Other Electric Equipment
3700 Transportation Equipment
3800 Instruments and Related Products
3900 Miscellaneous Manufacturing Industries

TRANSPORTATION AND PUBLIC UTILITIES

Transportation

4000 Railroad Transportation
4100 Local and Interurban Passenger Transit
4200 Trucking and Warehousing
4400 Water Transportation
4500 Transportation by Air
4600 Pipelines, except Natural Gas
4700 Transportation Services

Communications

4810 Telephone Communication
4820 Telegraph and Other Communications
4830 Radio and Television Broadcasting
4840 Cable and Other Pay TV Services
4890 Other Communication Services

Electric, Gas, and Sanitary Services

4910 Electric Services
4920 Gas Production and Distribution
4930 Combined Utility Services
4940 Water Supply
4950 Sanitary Services
4960 Steam and Air Conditioning Supply
4970 Irrigation Systems

WHOLESALE TRADE

Wholesale Trade – Durable Goods

5010 Motor Vehicles, Auto Parts, and Supplies
5020 Furniture and Home Furnishings
5030 Lumber and Construction Materials
5040 Professional and Commercial Equipment
5050 Metals and Minerals, except Petroleum
5060 Electrical Goods
5070 Hardware, Plumbing, and Heating Equipment
5080 Machinery, Equipment, and Supplies
5090 Miscellaneous Durable Goods

Wholesale Trade – Nondurable Goods

5110 Paper and Paper Products
5120 Drugs, Drug Proprietaries, and Sundries
5130 Apparel, Piece Goods, and Notions
5140 Groceries and Related Products
5150 Farm-Product Raw Materials
5160 Chemicals and Allied Products
5170 Petroleum and Petroleum Products
5180 Beer, Wine, and Distilled Beverages
5190 Miscellaneous Nondurable Goods

RETAIL TRADE

Building Materials and Garden Supplies

5210 Lumber and Other Building Supplies
5230 Paint, Glass, and Wallpaper Stores
5250 Hardware Stores
5260 Retail Nurseries and Garden Stores
5270 Mobile Home Dealers

General Merchandise Stores

5310 Department Stores
5330 Variety Stores
5390 Miscellaneous General Merchandise Stores

Food Stores

5410 Grocery Stores
5420 Meat and Fish Markets
5430 Fruit and Vegetable Markets
5440 Candy, Nut, and Confectionery Stores
5450 Dairy Products Stores
5460 Retail Bakeries
5490 Miscellaneous Food Stores

Automotive Dealers and Service Stations

5510 New and Used Car Dealers
5520 Used Car Dealers
5530 Auto and Home Supply Stores
5540 Gasoline Service Stations
5550 Boat Dealers
5560 Recreational Vehicle Dealers
5570 Motorcycle Dealers
5590 Automotive Dealers, not elsewhere classified

Apparel and Accessory Stores

5600 Apparel and Accessory Stores

Furniture and Home Furnishings Stores

5710 Furniture and Home Furnishings Stores
5720 Household Appliance Stores
5730 Radio, TV, and Computer Stores

Eating and Drinking Places

5812 Eating Places
5813 Drinking Places

Miscellaneous Retail

5910 Drug Stores and Proprietary Stores
5920 Liquor Stores
5930 Used Merchandise Stores
5941 Sporting Goods and Bicycle Shops
5942 Book Stores
5943 Stationery Stores
5944 Jewelry Stores
5945 Hobby, Toy, and Game Shops
5946 Camera and Photographic Supply Stores
5947 Gift, Novelty, and Souvenir Shops
5948 Luggage and Leather Goods Stores
5949 Sewing, Needlework, and Piece Goods Stores
5961 Catalog and Mail Order Houses
5962 Merchandising Machine Operators
5963 Direct Selling Establishments
5983 Fuel Oil Dealers
5984 Liquefied Petroleum Gas Dealers
5989 Fuel Dealers, not elsewhere classified
5992 Florists
5993 Tobacco Stores and Stands
5994 News Dealers and News Stands
5995 Optical Goods Stores
5999 Miscellaneous Retail Stores, not elsewhere classified

FINANCE, INSURANCE, AND REAL ESTATE

6000 Depository Institutions
6100 Nondepository Institutions
6200 Security and Commodity Brokers
6300 Insurance Carriers
6400 Insurance Agents, Brokers, and Service
6510 Real Estate Operators and Lessors
6530 Real Estate Agents and Managers
6540 Title Abstract Offices
6550 Subdividers and Developers
6700 Holding and Other Investment Offices

SERVICES

Hotels and Other Lodging Places

7010 Hotels and Motels
7020 Rooming and Boarding Houses
7030 Camps and Recreational Vehicle Parks
7040 Membership-Basis Organization Hotels

Personal Services

7210 Laundry, Cleaning, and Garment Services
7220 Photographic Studios, Portrait
7230 Beauty Shops
7240 Barber Shops
7250 Shoe Repair and Shoeshine Parlors
7260 Funeral Services and Crematories
7291 Tax Return Preparation Services
7299 Miscellaneous Personal Services, not elsewhere classified

Business Services

7310 Advertising
7320 Credit Reporting and Collection
7330 Mailing, Reproduction, Stenographic
7342 Disinfecting and Pest Control
7349 Building Maintenance Services, not elsewhere classified
7350 Miscellaneous Equipment Rental and Leasing
7360 Personnel Supply Services

Computer and Data Processing Services

7371 Computer Programming Services
7372 Prepackaged Software
7373 Computer Integrated Systems Design
7374 Data Processing and Preparation
7375 Information Retrieval Services
7376 Computer Facilities Management
7377 Computer Rental and Leasing
7378 Computer Maintenance and Repair
7379 Computer Related Services

Miscellaneous Business Services

7381 Detective and Armored Car Services
7382 Security Systems Services
7383 News Syndicates
7384 Photo Finishing Laboratories
7389 Business Services, not elsewhere classified

Auto Repair, Services, and Parking

7510 Automotive Rentals, No Drivers
7520 Automobile Parking
7530 Automotive Repair Shops
7540 Automotive Services, except Repair

Miscellaneous Repair Services

7620 Electrical Repair Shops
7630 Watch, Clock, and Jewelry Repair
7640 Reupholstery and Furniture Repair
7690 Miscellaneous Repair Shops

Motion Pictures

7810 Motion Picture Production and Services
7820 Motion Picture Distribution and Services
7830 Motion Picture Theaters
7840 Video Tape Rental

Amusement and Recreational Services

7910 Dance Studios, Schools, and Halls
7920 Producers, Orchestras, Entertainers
7930 Bowling Centers
7940 Commercial Sports
7991 Physical Fitness Facilities
7992 Public Golf Courses
7993 Coin-Operated Amusement Devices
7996 Amusement Parks
7997 Membership Sports and Recreation Clubs
7999 Amusement and Recreation, not elsewhere classified

Health Services

8010 Offices and Clinics of Medical Doctors
8020 Offices and Clinics of Dentists
8030 Offices of Osteopathic Physicians
8040 Offices of Other Health Practitioners
8050 Nursing and Personal Care Facilities
8060 Hospitals
8070 Medical and Dental Laboratories
8080 Home Health Care Services
8090 Health and Allied Services, not elsewhere classified

Other Services

8100 Legal Services
8210 Elementary and Secondary Schools
8220 Colleges and Universities
8230 Libraries
8240 Vocational Schools
8290 Schools and Educational Services, not elsewhere classified
8320 Individual and Family Services
8330 Job Training and Related Services
8350 Child Day Care Services
8390 Social Services, not elsewhere classified
8400 Museums, Botanical, and Zoological Gardens
8610 Business Associations
8620 Professional Organizations
8630 Labor Organizations
8640 Civic and Social Organizations
8650 Political Organizations
8660 Religious Organizations
8690 Membership Organizations, not elsewhere classified
8710 Engineering and Architectural Services
8720 Accounting, Auditing, and Bookkeeping
8730 Research and Testing Services
8740 Management and Public Relations
8900 Services, not elsewhere classified

PUBLIC ADMINISTRATION

9100 Executive, Legislative, and General Government
9200 Justice, Public Order, and Safety

General Instructions

Purpose of Form 5

Corporations whose entire business income is attributable to Wisconsin use Form 5 to report their income, gains, losses, deductions, and credit and to compute their franchise or income tax liability.

Definition of Corporation

"Corporation" includes corporations, publicly traded partnerships treated as corporations in section 7704 of the Internal Revenue Code (IRC), limited liability companies (LLCs) treated as corporations under the Internal Revenue Code, joint stock companies, associations, common law trusts, and all other entities treated as corporations under IRC section 7701.

A single-owner entity that is disregarded as a separate entity under IRC section 7701 is disregarded as a separate entity for Wisconsin franchise or income tax purposes, and its owner is subject to the tax on or measured by the entity's income.

Franchise or Income Tax

Franchise tax applies to –

- All domestic corporations (those organized under Wisconsin law) and
- Foreign corporations (those not organized under Wisconsin law) doing business in Wisconsin, except where taxation is exempted by statute or barred by federal law.

The tax rate is 7.9%. Income from obligations of the United States government and its instrumentalities is included in income under the franchise tax law.

Income tax applies only to foreign corporations which are not subject to the franchise tax and which own property in Wisconsin or whose business in Wisconsin is exclusively in foreign or interstate commerce. The tax rate is 7.9%. Income from obligations of the United States government and its instrumentalities isn't included in income under the income tax law.

Temporary Recycling Surcharge

The temporary recycling surcharge applies only to taxable years that end before April 1, 1999. On a 1999 Wisconsin franchise or income tax return, the surcharge can only apply if you are filing a short-period return based on a taxable year which began on or after January 1, 1999, and ended before April 1, 1999.

If you are filing a short-period 1999 return and are subject to the temporary recycling surcharge, see the instructions for the 1998 Form 5 or contact any Department of Revenue office for information on computing the surcharge. Add the amount of your surcharge to the amount that would otherwise be reported on line 14 of Form 5. Fill in the total on line 14. Write the amount of the surcharge and "TRS" next to line 14.

Who Must File

- Corporations organized under Wisconsin law.
- Foreign corporations licensed to do business in Wisconsin.
- Unlicensed corporations doing business in Wisconsin.
- Foreign corporations having an interest in a partnership that does business in Wisconsin.
- Foreign corporations that are the sole owner of an entity that is disregarded as a separate entity under IRC section 7701 and does business in Wisconsin.

Who Is Not Required to File

- Corporations and associations exempt under sec. 71.26(1), Wis. Stats., except those with (a) unrelated business taxable income as defined in IRC section 512, or (b) income derived from a health maintenance organization or a limited service health organization. This includes insurers exempt from federal income taxation under IRC section 501(c)(15), town mutuals organized under Chapter 612, Wis. Stats., foreign insurers, domestic insurers engaged exclusively in life insurance business, domestic mortgage insurers, some cooperatives, and religious, scientific, educational, benevolent, or other corporations or associations of individuals not organized or conducted for profit.
- Corporations that are completely inactive in and outside Wisconsin and have filed Form 4H.
- Credit unions that don't act as a public depository for state or local government funds and have filed Form CU.

Which Form to File

Form 4	Corporations (other than tax-option corporations) reporting under the apportionment or separate accounting methods.
Form 4H	Corporations that have been completely inactive in and outside Wisconsin for the entire taxable year and don't anticipate any activity in subsequent years. No other return is required until a corporation is activated, reactivated, or requested to file by the Department of Revenue. **Note:** Foreign corporations licensed to transact business in Wisconsin that have no property or activity in Wisconsin but are active outside Wisconsin may not file Form 4H. They must file Form 4, 5, or 5S but need only enter "No business transacted in Wisconsin" on the front of the return and attach a copy of their federal return.
Form 4I	Insurance companies, health maintenance organizations, and limited service health organizations.
Form 4T	Exempt corporations and associations of individuals that have unrelated business taxable income as defined in IRC section 512.
Form 5	Corporations (other than tax-option corporations) whose entire business income is attributable to Wisconsin.
Form 5E	Corporations that have elected and qualified to be S corporations for federal tax purposes but are electing not to be tax-option corporations for Wisconsin franchise or income tax purposes. In addition, such corporations must file Form 4 or 5.
Form 5R	Federal S corporations that elected not to be tax-option corporations for Wisconsin and subsequently are revoking their "opt-out" elections. In addition, such corporations must file Form 5S.
Form 5S	Tax-option (S) corporations.
Form 5S-1	Tax-option (S) corporations that are subject to the additional tax on built-in gains or claim a manufacturer's sales tax credit. File this form with Form 5S.
Form CU	Credit unions that don't act as a public depository for state or local government funds. These credit unions

are exempt from taxation by Wisconsin. Once a Form CU has been filed, no other return must be filed unless requested by the Department of Revenue or the credit union subsequently acts as a public depository.

Sch. CU-1 Credit unions that act as a public depository. File this schedule with Form 4.

Sch. DC Corporations claiming a Wisconsin development zones credit. File this schedule with Form 4, 4I, 4T, 5, or 5S.

Sch. FC Corporations claiming a Wisconsin farmland preservation credit. File this schedule with Form 4, 4I, 4T, or 5.

Sch. FT Corporations claiming a Wisconsin farmland tax relief credit. File this schedule with Form 4, 4I, 4T, or 5.

Sch. HR Corporations claiming a Wisconsin historic rehabilitation credit. File this schedule with Form 4, 4I, 4T, 5, or 5S.

Sch. R Corporations claiming a Wisconsin research credit. File this schedule with Form 4, 4I, 4T, or 5.

Sch. Z-1 Corporations claiming a Wisconsin manufacturer's sales tax credit passed through from a partnership. File this schedule with Form 4, 4I, 4T, 5, or 5S.

How to Obtain Forms

If you need forms or publications, you may:

- call (608) 266-1961
- write to the Forms Request Office, Wisconsin Department of Revenue, P.O. Box 8903, Madison, WI 53708-8903
- use your fax telephone to call the department's Fax-A-Form Retrieval System at (608) 261-6229
- download forms and publications from the department's Internet website at http://www.dor.state.wi.us
- use the Tax Forms and Publications Request Form on the department's Internet website
- call or visit any Department of Revenue office

How to Obtain Assistance

If you need help in preparing a corporation franchise or income tax return, you may:

- call (608) 266-2772 [TTY (608) 267-1049]
- write to the Audit Bureau, Wisconsin Department of Revenue, P.O. Box 8906, Madison, WI 53708-8906
- send a FAX to (608) 267-0834
- e-mail your question to corp@mail.state.wi.us
- call or visit any Department of Revenue office

Period Covered by Return

The return must cover the same period as the corporation's federal income tax return. A 1999 Wisconsin return must be filed by a corporation for calendar year 1999 or a fiscal year that begins in 1999. A fiscal year may end only on the last day of a month. The period covered by the return can't exceed 12 months.

However, corporations reporting on a 52 to 53 week period for federal tax purposes must file on the same reporting period for Wisconsin. The Department of Revenue will consider the reporting period as ending on the last day of the month closest to the end of the 52 to 53 week period for purposes of due dates, extensions, and assessments of interest and penalties.

Change in Accounting Period

Any change in accounting period made for federal purposes must also be made for Wisconsin purposes. Attach to the Wisconsin return, for the first taxable year for which the change applies, a copy of the Internal Revenue Service's notice of approval of accounting period change if the IRS's approval is required or an explanation of the change if the IRS's approval isn't required.

Accounting Methods

In computing net income, the method of accounting must be the same method used in computing federal net income. However, if the method used for federal purposes isn't authorized under the Internal Revenue Code in effect for Wisconsin, use a method authorized under the Internal Revenue Code in effect for Wisconsin.

A corporation entitled to use the installment method of accounting must take the unreported balance of gain on installment obligations into income in the taxable year of their distribution, transfer, or acquisition by another person or for the final taxable year for which it files or is required to file a Wisconsin franchise or income tax return, whichever year occurs first.

Change in Accounting Method

A change in accounting method made for federal purposes must also be made for Wisconsin purposes, unless the change isn't authorized under the Internal Revenue Code in effect for Wisconsin. Adjustments required federally as a result of a change made while the corporation is subject to Wisconsin taxation must also be made for Wisconsin purposes, except in the last year that a corporation is subject to taxation by Wisconsin it must take into account all remaining adjustments required. Attach to the Wisconsin return, for the first taxable year for which the change applies, either a copy of the application for change in accounting method filed with the Internal Revenue Service and a copy of the IRS's consent if the IRS's approval is required or an explanation of the change.

Elections

As explained above, a corporation can't make different elections for federal and Wisconsin purposes with respect to accounting periods and accounting methods, unless the federal method isn't permitted under the Internal Revenue Code in effect for Wisconsin. In situations where a corporation has an option under the Internal Revenue Code and the IRS doesn't consider that option to be a method of accounting, a different election may be made for Wisconsin than that made for federal purposes. If federal law specifies the manner or time period in which an election must be made, those requirements also apply for Wisconsin purposes.

If different elections are made, adjustments are required on the Wisconsin return on Schedule V or Schedule W to account for any differences. Differences in elections could also result in a different contribution deduction since that deduction is limited to 10% of federal taxable income determined for Wisconsin purposes. This would also require an entry on either Schedule V or W.

When to File

Generally, a corporation must file its franchise or income tax return by the 15th day of the 3rd month following the close of its taxable year. If a return is filed late, without an extension, the corporation may be subject to penalties and interest.

Returns for short taxable years (periods of less than 12 months) are due on or before the federal due date. A corporation that becomes, or ceases to be, a member of an affiliated group and as a result must file two short period returns for federal purposes must also file two short period returns for Wisconsin. The Wisconsin returns are due at the same time as the federal returns. Each short period is considered a taxable year, the same as for federal purposes.

Caution: The due date for paying franchise or income tax is explained below.

Extension of Time to File

Any extension allowed by the Internal Revenue Service for filing the federal return automatically extends the Wisconsin due date to 30 days after the federal extended due date. *You don't need to submit either a copy of the federal extension or an application for a Wisconsin extension to the department by the original due date of your return.* However, you must attach a copy of the federal extension to the Wisconsin return that you file.

If you aren't requesting a federal extension, but you need additional time for Wisconsin, you may request a 30-day extension by submitting Wisconsin Form IC-830, Application for Extension of Time to File, to the department on or before the original due date of the return.

If your original federal due date is after the 15th day of the 3rd month following the close of the taxable year, you may request a Wisconsin extension to the federal due date by submitting Wisconsin Form IC-830, Application for Extension of Time to File, to the department by the original due date of the Wisconsin return. For example, a foreign corporation having no office or place of business in the United States may request a 3-month extension and a cooperative may request a 6-month extension.

Where to File

Mail your franchise or income tax return to the Wisconsin Department of Revenue, P.O. Box 8908, Madison, WI 53708-8908.

When to Pay Franchise or Income Tax

The franchise or income tax must be paid by the 15th day of the 3rd month following the close of the taxable period, *regardless of the due date of the return.* Corporations may be required to make quarterly estimated payments to prepay their franchise or income tax.

An extension for filing the return doesn't extend the time to pay the franchise or income tax. Interest will be charged on the tax not paid by the 15th day of the 3rd month following the close of the taxable year. You can avoid interest charges during the extension period by paying the tax due by that date. Submit your payment with Wisconsin Form 4-ES, Corporation Estimated Tax Voucher. If you have received a set of vouchers from the department, use the 5th voucher to make the estimated tax extension payment.

During the extension period, 12% annual interest generally applies to the unpaid tax. However, if the sum of the net tax shown on the return is $500 or more, 12% annual interest applies only to 10% of the net tax. Interest of 18% per year applies to the remainder of the unpaid tax. See Form 4U, Part II.

Payment of Estimated Tax

If a corporation's franchise or income tax due is $500 or more, it generally must make quarterly estimated tax payments using Wisconsin Form 4-ES. Failure to make required estimated tax payments may result in an interest charge. If a corporation filed Form 4-ES for the current year, it will automatically receive estimated tax vouchers before the first payment of the next year's tax is due.

A corporation that overpaid its estimated tax may apply for a refund ***before*** filing its tax return if its overpayment is (1) at least 10% of the expected Wisconsin tax liability and (2) at least $500. To apply, file Wisconsin Form 4466W, Corporation Application for Quick Refund of Overpayment of Estimated Tax, after the end of the taxable year and before the corporation files its tax return. **Do not** file Form 4466W at the same time as your tax return.

A corporation that has a tax due when filing its tax return as a result of receiving a "quick refund" will be charged 12% annual interest on the amount of unpaid tax from the date the refund is issued to the earlier of the 15th day of the 3rd month after the close of the taxable year or the date the tax liability is paid. Any tax that remains unpaid after the unextended due date of the tax return continues to be subject to 18% or 12% annual interest, as appropriate.

Recycling Surcharge Starting in 2000

For taxable years beginning on or after January 1, 2000, corporations that owe the recycling surcharge (those whose gross receipts exceed $4 million in a taxable year), must pay the recycling surcharge by the 15th day of the 3rd month following the close of the taxable period, regardless of the due date of the return. For corporations which expect the sum of their franchise or income tax due (tax minus credits) and recycling surcharge to be $500 or more generally must make quarterly estimated tax payments using Wisconsin Form 4-ES. The recycling surcharge rate is as follows: For corporations and insurance companies with more than $4 million in gross receipts: 3% of the gross tax liability with a maximum of $9,800 or $25, whichever is greater.

Information Returns That May Be Required

Form 8 Report of stock transfers.

Form 9b Report of rents, royalties, and miscellaneous compensation paid to individuals. (Note: You may use federal Forms 1099 instead of Forms 9b. Mail Forms 1099 to the Wisconsin Department of Revenue, P.O. Box 8908, Madison, WI 53708-8908.)

If you must file federal information returns on magnetic media and you file at least 250 Forms 9b with Wisconsin, you generally must file Forms 9b on magnetic media. For more information, call (608) 267-3327 or write to the Bureau of Information Systems, Wisconsin Department of Revenue, P.O. Box 8903, Madison, WI 53708-8903.

General Instructions (continued)

Final Return

If the corporation liquidated during the taxable year, check the box on the front of the return marked "Final return - corporation dissolved." Attach a copy of your plan of liquidation along with a copy of federal Form 966 to the Wisconsin return. Generally, the final return is due on or before the federal due date. In most cases, this is the 15th day of the 3rd month after the date the corporation dissolved. The tax is payable by the 15th day of the 3rd month after the date of dissolution, regardless of the due date of the final return.

Internal Revenue Service Adjustments

If any of your federal tax returns are adjusted by the Internal Revenue Service and the adjustments affect the Wisconsin net tax payable, the amount of a Wisconsin credit, a Wisconsin net business loss carryforward, or a Wisconsin capital loss carryforward, you must report the adjustments to the Department of Revenue within 90 days after they become final.

Send a copy of the final federal audit reports and any associated amended Wisconsin returns to the Wisconsin Department of Revenue, P.O. Box 8908, Madison, WI 53708-8908. If submitting a federal audit report without an amended return, mail it to the Audit Bureau, Wisconsin Department of Revenue, P.O. Box 8906, Madison, WI 53708-8906. Don't attach these items to the tax return for the current year.

Amended Returns

File an amended return to correct a tax return as you originally filed it or as it was later adjusted by an amended return, a claim for refund, or an office or field audit.

If you file an amended federal return and the changes affect the Wisconsin net tax payable, the amount of a Wisconsin credit, a Wisconsin net business loss carryforward, or a Wisconsin capital loss carryforward, you must file an amended Wisconsin return with the Department of Revenue within 90 days after filing the amended federal return.

To file an amended Wisconsin return for 1999, use Form 4 or 5, as appropriate, and check the "amended return" box on the front of the return. To amend a return for 1996 or prior years, you should use Wisconsin Form 4X. Attach an explanation of any changes made. Show computations in detail. If the change involves an item of income, deduction, or credit that you were required to support with a form or schedule on your original return, attach the corrected form or schedule. Also attach worksheets, similar to those on pages 10 and 11, showing how you figured your refund or additional amount owed.

You may file an amended return only after the corporation has filed a complete original return. A claim for refund must be filed within 4 years of the unextended due date of the return. However, a claim for refund to recover all or part of any tax or credit paid as a result of an office or field audit must be filed within 2 years after such an assessment. That assessment must have been paid and must not have been protested by filing a petition for redetermination. See section Tax 2.12, Wisconsin Administrative Code, for more information.

Send amended returns to the Wisconsin Department of Revenue, P.O. Box 8908, Madison, WI 53708-8908. Don't attach amended returns to the tax return for the current year.

Capital Losses

If a corporation has a net capital loss, the loss must be carried to other taxable years and deducted from capital gains in those years, as provided in IRC section 1212. However, a corporation can't carry back a loss to taxable years before 1987. Losses that can't be carried back may be carried forward 5 years.

Personal Holding Company

The intangible income of a personal holding company is assigned to its state of incorporation. "Personal holding company" has the meaning prescribed in IRC section 542 in effect on December 31, 1974.

Foreign Sales Corporations (FSCs)

A corporation that qualifies as a FSC for federal income tax purposes is taxable as a separate corporation if it has nexus with Wisconsin and is a viable corporation with substance. A FSC computes its net income as provided under IRC sections 921 to 927. That portion of the FSC's foreign trade income which is exempt from federal income tax is also excluded from Wisconsin taxable income.

Interest Charge Domestic International Sales Corporations (IC-DISCs)

IC-DISCs have no special status for Wisconsin tax purposes. An IC-DISC that is a viable corporation with substance and has nexus in Wisconsin is taxed like any other corporation. However, if an IC-DISC doesn't carry on any substantial business activities and does nothing to earn the income that it reports, its net income is allocated to the corporation that earned the income.

Urban Transit Companies

Certain urban transit companies are subject to a special tax under sec. 71.39, Wis. Stats. Contact the department for further information.

Consolidated Returns

Wisconsin law doesn't permit corporations that are members of an affiliated group, as defined in IRC section 1504, to file consolidated returns. Each corporation organized under Wisconsin law, licensed to do business in Wisconsin, or doing business in Wisconsin must file a separate Wisconsin franchise or income tax return. In addition, each corporation must make its own estimated tax payments.

Penalties for Not Filing or Filing Incorrect Returns

If you don't file a franchise or income tax return that you are required to file, or if you file an incorrect return due to negligence or fraud, interest and penalties may be assessed against you. The interest rate on delinquent taxes is 18% per year. Civil penalties may be as much as 100% of the amount of tax not reported on the return. Criminal penalties for filing a false return include a fine of up to $10,000 and imprisonment.

Line-by-Line Instructions

You must complete page 1 of Form 5 and make appropriate entries in the schedules on page 2 to explain the adjustments to federal income. (The numbering corresponds with the line numbers on Form 5, page 1, unless otherwise indicated.)

Caution: The Internal Revenue Service hasn't finalized the 1999 federal corporation tax forms at the time of this printing. Therefore, federal line numbers referred to on Form 5 and in these instructions may change.

Rounding Off to Whole Dollars

You may round cents to the nearest whole dollar by eliminating amounts less than 50 cents and increasing amounts from 50 cents through 99 cents to the next higher dollar.

■ **Period Covered** – File the 1999 return for calendar year 1999 and fiscal years that begin in 1999. For a fiscal year, a 52 to 53 week period, or a short-period return, fill in the taxable year beginning and ending dates in the taxable year space at the top of the form.

■ **Name and Address** – If the front cover of your booklet has a mailing label with the corporation's name and address, remove the label and place it in this area. Make any necessary corrections on the label.

If you didn't receive a booklet with a label, print or type the corporation's name and address. Indicate a change in the corporation's name or address from that shown on last year's Wisconsin return filed by checking the appropriate box.

Corporations that change their name must also notify the Department of Financial Institutions to recognize the change. Write to the Corporation Section, Division of Corporate and Consumer Services, Department of Financial Institutions, P.O. Box 7846, Madison, WI 53707-7846 or call (608) 261-9555.

■ **A. Federal Employer Identification Number** – Enter the corporation's federal employer identification number (EIN). If you haven't yet applied for a federal EIN, you may do so by filing federal Form SS-4 with the Internal Revenue Service. (Corporations reporting federally to the Kansas City Service Center may obtain an EIN by calling (816) 926-5999.)

■ **B. Seller's Permit or Use Tax Number** – Enter the corporation's Wisconsin seller's permit, use tax, or consumer's use tax number.

■ **C. Wisconsin Employer Identification Number** – Enter the corporation's Wisconsin employer identification (withholding) number.

■ **D. Wisconsin Business Activity Code** – Enter the corporation's Wisconsin business activity code from the table on back of the front cover of this booklet. Don't enter the federal business activity code.

■ **E. First Return, Final Return, Short Period – Change in Accounting Period, and Short Period – Stock Purchase or Sale** – If this is the first year that you are filing a Wisconsin return because the corporation wasn't in existence or didn't do business in Wisconsin in prior years, check the "First return" box. If the corporation ceased to exist or withdrew from Wisconsin during the year, check the "Final return" box. Indicate that a short period return is being filed due to a change in the corporation's accounting period or a stock purchase or sale by checking the appropriate box.

■ **F. State and Year of Incorporation** – Enter the state under whose laws the corporation is organized and the year of incorporation.

■ **G. Amended Return** – If this is an amended return, check the box. Circle the number in front of the line(s) that you are changing, and attach a detailed explanation of the changes made, including any supporting form or schedule.

For example, if you are amending the manufacturer's sales tax credit, circle the "9" before "Nonrefundable credits" and attach a corrected Schedule Z along with an explanation of the change.

IMPORTANT – The Wisconsin corporate franchise and income tax law is federalized; that is, based on the federal Internal Revenue Code. Although federal taxable income is indicated as the starting point on the Wisconsin return, Wisconsin net income must be determined by using the Internal Revenue Code as amended to December 31, 1998, with certain exceptions.

Federal law changes enacted after December 31, 1998, generally won't apply for Wisconsin purposes unless subsequently adopted by the Wisconsin Legislature, except for depreciation and amortization as noted below.

For property placed in service in 1999, you may compute depreciation or amortization under the same method as for federal purposes. Otherwise, compute depreciation under the Internal Revenue Code as amended to December 31, 1998.

In addition, you must modify federal taxable income for other differences between federal and Wisconsin law. The major differences are explained in the instructions for Schedule V (Additions) and Schedule W (Subtractions).

Show adjustments necessary to account for any differences between the amounts reportable for federal and Wisconsin purposes on Schedule V or Schedule W, as appropriate.

■ **Line 1. Federal Taxable Income** – Enter the amount from federal Form 1120, line 28, or Form 1120-A, line 24. This is federal taxable income before the net operating loss deduction and special deductions.

Note: Show losses by putting the amount in parentheses.

Exceptions

1. RICs, REMICs, REITs, and FASITs

For corporations that qualify as regulated investment companies, real estate mortgage investment conduits, real estate investment trusts, or financial asset securitization investment trusts under the Internal Revenue Code, enter the net income or loss from federal Form 1120-RIC, line 26; Form 1066, Schedule J, line 4 plus line 9; Form 1120-REIT, line 22; or the appropriate line from Form 1120. Net income for these corporations means federal taxable income as determined under the Internal Revenue Code, with three exceptions:

- Depreciation and amortization on property located outside Wisconsin and placed in service on or after January 1, 1983, and before January 1, 1987, were to be determined under the December 31, 1980, Internal Revenue Code.

  However, the Wisconsin Tax Appeals Commission declared this provision unconstitutional in *Beatrice Cheese, Inc. vs. Wisconsin Department of Revenue* (February 24, 1993). Therefore, corporations have the option of (1) claiming the same depreciation deduction as for federal purposes, or (2) continuing their present method of depreciation. Basis differences resulting from the use of different federal and state depreciation methods are accounted for when the assets are disposed of in a taxable transaction.

- IRC section 168(f)(8), relating to a special rule for leases (safe harbor), didn't apply for Wisconsin purposes.

- Depreciation for residential real property and property used in farming (if the corporation's Wisconsin gross farm receipts or sales exceeded $155,000 for the 1986 taxable year), acquired in the 1986 taxable year, but before January 1, 1987, must be determined under the December 31, 1980, Internal Revenue Code.

The only adjustments that RICs, REMICs, REITs, and FASITs must make to federal taxable income to arrive at Wisconsin net income are those necessary to account for the depreciation and amortization differences described above and any difference in the Wisconsin and federal basis of any asset disposed of in a taxable transaction. (Note: If any amendments made to the Internal Revenue Code after December 31, 1998, affect the computation of such corporations' federal taxable income, additional adjustments may be necessary.) All other adjustments listed in Schedules V and W don't apply to RICs, REMICs, REITs, and FASITs.

Note: If a wholly-owned REIT subsidiary isn't treated as a separate entity under IRC section 856(i) and all of its assets, liabilities, and items of income and loss are treated as attributes of the REIT, that same treatment applies for Wisconsin purposes.

2. S Corporations That Aren't Tax-Option Corporations

For corporations that are treated as S corporations federally but elect not to be Wisconsin tax-option corporations, enter the ordinary income or loss from federal Form 1120S, line 21. These corporations determine their Wisconsin net income under the Wisconsin corporate franchise and income tax law (secs. 71.22 and 71.26(2) and (3), Wis. Stats.), the same as any other corporation. Therefore, adjustments are required on Schedules V and W for separately stated items of income and expense and any other differences between the federal computation of S corporation items of income and deduction and the Wisconsin computation of a regular (C) corporation's net income.

■ **Line 2. Additions to Federal Income** – Complete Schedule V, page 2, and enter the total.

Schedule V

Line 1. Enter interest income received on state and municipal obligations and any other interest income that is exempt from federal income tax and isn't included in federal taxable income, such as interest on obligations of the government of Puerto Rico.

Exception: Corporations subject to the Wisconsin income tax rather than the franchise tax shouldn't add back interest income that is exempt from state income tax under either Wisconsin or federal law. This includes interest income received on Wisconsin municipal housing authority bonds, Wisconsin municipal redevelopment authority bonds, Wisconsin community development authority bonds, and bonds issued by the government of Puerto Rico.

Line 2. Enter taxes imposed by Wisconsin, any other state, and the District of Columbia that are value-added taxes, single business taxes, or taxes on or measured by net income, gross income, gross receipts, or capital stock and were deducted in computing federal taxable income.

Line 3. Enter environmental tax (imposed under IRC section 59A) and windfall profit tax (imposed under IRC section 4986) deducted in computing federal taxable income.

Line 4. Enter expenses deducted in computing federal taxable income that are directly or indirectly related to nontaxable income. Refer to the specific instructions for Schedule W, line 4, for an explanation of "nontaxable income." Examples of expenses related to nontaxable income include taxes, interest, and administrative fees related to the production of such income.

Also include on this line losses deducted in computing federal taxable income from the disposal of assets the gains from which would be nontaxable income if the assets were disposed of at a gain.

Line 5. Enter percentage depletion deducted in computing federal taxable income.

Note: Cost depletion is deductible for Wisconsin and should be entered on Schedule W, line 6, if not deducted on the federal return.

Line 6. Enter the amount by which the federal deduction for depreciation or amortization exceeds the Wisconsin deduction.

For assets first placed into service on or after January 1, 1999, compute depreciation or amortization under either the Internal Revenue Code in effect for the year for which the return is filed or the Internal Revenue Code as amended to December 31, 1998, at the taxpayer's option.

An asset placed in service before 1999 must continue to be depreciated or amortized under the method allowable for Wisconsin purposes for the year in which it was placed in service.

Many differences in Wisconsin and federal depreciation and amortization existed before January 1, 1987, including the following:

a. IRC section 168(f)(8), relating to a special rule for leases (safe harbor), didn't apply for Wisconsin purposes. See *Wisconsin Tax Bulletin* 84 (October 1993, page 22) for further details about Wisconsin's treatment of safe harbor leases.

b. Telegraph, pipeline, gas, electric, steam, and telephone companies (defined under secs. 76.02(4), Wis. Stats. (1983-84), 76.02(5b), 76.28(1)(e)1., 3., and 4., and 76.38(1)(c), Wis. Stats. (1985-86), except for specialized common carriers) had to compute depreciation under the Internal Revenue Code in effect on December 31, 1980, for assets acquired during the period beginning with the 1981 taxable year and ending on December 31, 1986. **Note:** The *Beatrice Cheese, Inc.* decision described in item e below doesn't apply to these companies.

c. Waste treatment and pollution abatement plants and equipment could be deducted or amortized pursuant to sec. 71.04(2b) or (2g), Wis. Stats. (1985-86).

d. Alternative energy systems could be deducted or amortized pursuant to sec. 71.04(16), Wis. Stats. (1985-86).

e. The federal accelerated cost recovery system (ACRS) wasn't allowable for Wisconsin purposes for property located outside Wisconsin and first placed in service from January 1, 1983, through December 31, 1986. Instead, depreciation was to be computed under a method permitted by the Internal Revenue Code as of December 31, 1980, or, in the alternative, the Internal Revenue Code applicable to the calendar year 1972.

However, the Wisconsin Tax Appeals Commission declared this provision unconstitutional in *Beatrice Cheese, Inc. vs. Wisconsin Department of Revenue* (February 24, 1993). Therefore, corporations have the option of (1) claiming the same depreciation deduction as for federal purposes, or (2) continuing their present method of depreciation. Basis differences resulting from the use of different federal and state depreciation methods are accounted for when the assets are disposed of in a taxable transaction. For more information, see the tax release in *Wisconsin Tax Bulletin* 84 (October 1993, page 18).

f. Wisconsin and federal depreciation may have been different in the case of investment credit property. A corporation electing to claim an investment tax credit for federal income tax purposes could either (1) claim the credit and reduce the depreciable basis of the property by one-half of such credit, or (2) in the case of regular investment tax credit property, claim a reduced investment credit and not reduce the depreciable basis of the property.

Corporations that claimed an investment tax credit on their federal return (and reduced the federal basis of the assets) weren't required to reduce the basis of the investment credit property for Wisconsin purposes and could either (1) claim the same depreciation for Wisconsin as that claimed for federal purposes (except for item e above) and receive a deduction for the basis difference in the year the property is disposed of, pursuant to sec. 71.04(15)(e), Wis. Stats. (1985-86), or (2) claim depreciation on the asset's full (unreduced) basis for Wisconsin. (The second method required separate depreciation records for Wisconsin purposes.)

g. Intangible drilling costs incurred after the 1980 taxable year are deductible for federal purposes under IRC section 263(c). Before the 1987 taxable year, the amount of depletion, depreciation, or write-off allowable for Wisconsin purposes was limited to that allowable under the Internal Revenue Code in effect on December 31, 1980, or, in the alternative, the Internal Revenue Code applicable to the calendar year 1972.

h. For the following property acquired in the 1986 taxable year, but before January 1, 1987, depreciation must be computed under the December 31, 1980, Internal Revenue Code: (1) residential real property, and (2) property used in farming, as defined in IRC section 464(e)(1), if the corporation's Wisconsin gross farm receipts or sales exceeded $155,000 for the 1986 taxable year.

i. For federal tax purposes, corporations may elect to expense, under IRC section 179, a portion of the cost of "section 179" property placed in service after the 1981 calendar year. For Wisconsin purposes, before the 1987 taxable year, corporations (except regulated investment companies and real estate investment trusts) couldn't claim this expense. Instead, depreciation was allowable on the cost basis of the property, without reduction for the amount the corporation may have elected to expense under section 179 for federal purposes.

For assets placed in service before January 1, 1987, these differences in depreciation (items a through i) continue to exist. Therefore, the depreciation deduction may be different for Wisconsin and federal purposes.

Line 7. Enter the amount by which the federal basis of assets disposed of exceeds the Wisconsin basis. If more than one asset is disposed of, you may combine the bases of the assets so that you need only one entry either on this line or Schedule W, line 8.

For example, a corporation sold the following assets during the current taxable year:

	Federal Basis	Wisconsin Basis	Difference
Truck	$ 1,500	$ 500	$ 1,000
Equipment	1,000	2,000	(1,000)
Building	20,000	10,000	10,000
Net Difference			$ 10,000

The amount to enter on Schedule V, line 7, is $ 10,000.

If the Wisconsin bases of the assets had exceeded the federal bases, an entry would be made on Schedule W, line 8, instead.

Line 8. Enter the sum of the corporation's manufacturer's sales tax credit computed (from Schedule Z, line 10) plus the credits passed through from other entities (the total from Schedule Z-1, column e).

Line 9. Enter the research credits computed (from 1999 Wisconsin Schedule R, line 15 or 28 and line 32).

Line 10. Enter the development zones credit computed (from 1999 Wisconsin Schedule DC, line 3) to the extent that the amount isn't included in federal income.

Line 11. Enter the community development finance credit computed (from Schedule C1, line 5).

Line 12. Enter the amount of farmland preservation credit received during the taxable year that isn't included in federal income.

Line 13. Enter the amount of farmland tax relief credit received during the taxable year that isn't included in federal income.

Line 14. Enter any other additions to federal income. These could include:

- Federal capital loss carryovers (if previously deducted for Wisconsin).
- Adjustments required as a result of changes made to the Internal Revenue Code after December 31, 1998, which don't apply for Wisconsin.

Line-by-Line Instructions (continued)

- Adjustments required as a result of making different elections for Wisconsin and federal purposes.
- Separately stated items of income and adjustments for differences between the federal and Wisconsin treatment of any items of an S corporation that opts out of Wisconsin tax-option status.

■ **Line 4. Subtractions From Federal Income** – Complete Schedule W, page 2, and enter the total.

Schedule W

Line 1. Enter, from Schedule Y, line 4, dividends received which are included in the amount on Form 5, line 3, and qualify for deduction for Wisconsin. See the Schedule Y instructions on page 8.

Line 2. Enter income from controlled foreign corporations under Subpart F of the Internal Revenue Code as reported on Form 1120, Schedule C, line 14.

Line 3. Enter foreign dividend gross-up reported on Form 1120, Schedule C, line 15.

Line 4. Enter nontaxable income included in computing federal taxable income. Attach a schedule to your return showing the payors and amounts of nontaxable income and explaining why that income isn't taxable.

- Interest, dividends, and capital gains from the disposition of intangible assets are nontaxable if –
  - (a) the operations of the payor are not unitary with those of the payee, and
  - (b) the payor and payee are not related as parent company and subsidiary or affiliates and the investment activity from which the income is received is not an integral part of a unitary business.

  Note: Such income may also be nontaxable under the principles of the U.S. Supreme Court decision on June 15, 1992, in *Allied-Signal v. Director, Div. of Taxation.* The court ruled that New Jersey could not constitutionally apportion the gain realized by Bendix (predecessor to Allied-Signal) from the sale of its stock interest in ASARCO Inc. because the investment was passive and did not serve an operational function.
- For corporations subject to the Wisconsin income tax rather than the franchise tax, nontaxable income includes interest on United States government obligations.

Note: Expenses related to nontaxable income aren't deductible and must be added to federal taxable income on Schedule V, line 4.

Line 5. Enter foreign taxes paid or accrued during the year that aren't deducted in computing federal taxable income and aren't included on Schedule W, line 3.

Line 6. Enter cost depletion that wasn't deducted in computing federal taxable income.

Note: Percentage depletion isn't deductible for Wisconsin and must be added to federal taxable income on Schedule V, line 5.

Line 7. Enter the amount by which the Wisconsin deduction for depreciation or amortization exceeds the federal deduction for depreciation or amortization. Refer to the instructions for Schedule V, line 6, for a detailed discussion of depreciation and amortization.

Line 8. Enter the amount by which the Wisconsin basis of assets disposed of exceeds the federal basis. See the instructions for Schedule V, line 7, for an example.

Line 9. Enter wages not deductible in computing federal income as a result of being used in computing the federal work opportunity tax credit.

Line 10. Enter research expenses not deductible in computing federal income as a result of being used in computing the federal credit for increasing research activities.

Line 11. Enter any other subtractions from federal income. These could include:

- Adjustments required as a result of changes made to the Internal Revenue Code after December 31, 1998, which don't apply for Wisconsin.
- Adjustments required as a result of making different elections for Wisconsin and federal purposes.
- Separately stated items of expense and adjustments for differences between the federal and Wisconsin treatment of any items of an S corporation that opts out of Wisconsin tax-option status.
- Development zones investment credit recaptured because the property iss disposed of or ceases to be qualified property before the end of the recapture period.

Schedule Y

Dividends are deductible for Wisconsin purposes if received during the year from payor corporations that meet the following requirements:

1. The dividend must be paid on common stock, and
2. The corporation receiving the dividend must have owned at least 70% of the total combined voting stock of the payor corporation for the entire taxable year.

Note: "Dividends received" means gross dividends minus any taxes on those dividends paid to a foreign nation and claimed as a deduction for Wisconsin purposes.

Line 1. List the names of the payors and the dividends received which meet the above requirements and have been included on Form 5, line 1, or on Schedule V.

Line 3. Enter taxes paid to a foreign nation on dividends listed on line 1, which were claimed as a deduction in computing federal taxable income or are being included on Schedule W, line 5.

Dividends received from certain subsidiary corporations may be nontaxable. See the instructions for Schedule W, line 4. Don't include such dividends on Schedule Y.

■ **Line 6. Wisconsin Net Business Loss Carryforward** – Enter the total Wisconsin net business loss carryforward from Form 4BL, line 27. The instructions for Form 4BL are printed on the form.

Exception: Regulated investment companies, real estate mortgage investment conduits, real estate investment trusts, and financial asset securitization investment trusts must enter zero.

■ **Line 7. Wisconsin Net Income (Loss)** – Subtract line 6 from line 5. If line 5 shows a loss, or the loss carryforward on line 6 exceeds the net income on line 5, report the net loss on line 7.

■ **Line 8. Gross Tax** – Enter 7.9% of the Wisconsin net income reported on line 7.

■ **Line 9. Nonrefundable Credits** – Complete Schedule C1, page 2, and enter the available credit.

For purposes of determining the carryover (if any) of each credit, they must be applied against gross tax in the following order:

1. Manufacturer's sales tax credit
2. Research expense credit
3. Development zones research credit
4. Research facilities credit
5. Community development finance credit
6. Development zones jobs credit
7. Development zones sales tax credit
8. Development zones investment credit
9. Development zones location credit
10. Development zones day care credit
11. Development zones environmental remediation credit
12. Development zones credit
13. Supplement to federal historic rehabilitation tax credit

Schedule C1

Line 1. Manufacturer's Sales Tax Credit – Enter the manufacturer's sales tax credit from Schedule Z, line 13.

Corporations engaged in manufacturing in Wisconsin may claim a credit. See the Schedule Z instructions on page 9.

Line 2. Research Expense Credit – Enter the research expense credit from Schedule R, line 30.

Corporations that increase qualified research expenses in Wisconsin may claim a credit.

Line 3. Development Zones Research Credit – Enter the development zones research credit carryover from Schedule DC, line 41.

Line 4. Research Facilities Credit – Enter the research facilities credit from Schedule R, line 34.

Corporations that incur expenses to construct and equip new research facilities in Wisconsin or to expand existing facilities in Wisconsin may claim a credit.

Line 5. Community Development Finance Credit – Enter the available community development finance credit.

Corporations that make contributions to the Wisconsin Housing and Economic Development Authority and, in the same year, purchase common stock in the Wisconsin Community Development Finance Company may claim a credit.

The credit is nonrefundable and is equal to 75% of the purchase price of the stock, but may not exceed 75% of the amount that was contributed to the Wisconsin Community Development Finance Authority. Any unused credit may be offset against tax liabilities of the subsequent years, up to 15 years.

Line 6. Development Zones Jobs Credit – Enter the development zones jobs credit carryover from Schedule DC, line 51.

Line 7. Development Zones Sales Tax Credit – Enter the development zones sales tax credit carryover from Schedule DC, line 54.

Line 8. Development Zones Investment Credit – Enter the development zones investment credit carryover from Schedule DC, line 57.

Line 9. Development Zones Location Credit – Enter the development zones location credit carryover from Schedule DC, line 60.

Line 10. Development Zones Day Care Credit – Enter the development zones day care credit carryover from Schedule DC, line 63.

Line 11. Development Zones Environmental Remediation Credit – Enter the development zones environmental remediation credit carryover from Schedule DC, line 66.

Line 12. Development Zones Credit – Enter the development zones credit from Schedule DC, line 5.

A special tax credit, based on expenditures for environmental remediation and job creation or retention, may be available for corporations doing business in Wisconsin development, development opportunity, or enterprise development zones. The Wisconsin Department of Commerce administers the Wisconsin development zones programs. For more information about the programs, write to the Division of Community Development, Wisconsin Department of Commerce, P.O. Box 7970, Madison, WI 53707-7970 or call (608) 266-3751.

Note: The above credits (items 1 through 12) must be included as income in the year computed.

Line 13. Supplement to the Federal Historic Rehabilitation Tax Credit – Enter the supplement to the federal historic rehabilitation tax credit from Schedule HR, line 7.

Corporations that rehabilitate certified historic structures located in Wisconsin and used for business purposes may claim a credit. The State Historical Society of Wisconsin administers the historic preservation program. For more information about this program, write to the Division of Historic Preservation, State Historical Society of Wisconsin, 816 State Street, Madison, WI 53706-1488 or call (608) 264-6500.

Line 14. Add lines 1 through 13. This is the total available nonrefundable credits.

Schedule Z

Corporations that are engaged in manufacturing in Wisconsin may claim a credit for Wisconsin state, county, and stadium sales and use taxes paid on fuel and electricity consumed in manufacturing.

In addition, a corporation that owns an interest in a pass-through entity, such as a partnership, which is engaged in manufacturing in Wisconsin may claim its share of the entity's manufacturer's sales tax credit computed for the entity's taxable years beginning on or after January 1, 1998. The pass-through credit may be offset only against the tax imposed on the corporation's share of the entity's net income. Use Schedule Z-1 to figure the allowable credit from pass-through entities.

Manufacturing has the meaning designated in sec. 77.54(6m), Wis. Stats., which states in part that "manufacturing" is the production by machinery of a new article with a different form, use, and name from existing materials by a process popularly regarded as manufacturing.

Manufacturing includes the assembly of finished units of tangible personal property and packaging when it is a part of an operation performed by the producer of the product or by another on his or her behalf and the package or container becomes a part of the tangible personal property as such unit is customarily offered for sale by the manufacturer.

It includes the conveyance of raw materials and supplies from plant inventory to the work point of the same plant, conveyance of work in progress directly from one manufacturing operation to another in the same plant, and conveyance of finished products to the point of first storage on the plant premises. It includes the testing or inspection throughout the production cycle.

Manufacturing does not include storage, delivery to or from the plant, repairing or maintaining facilities, or research and development.

The credit is a nonrefundable credit. To the extent that the credit cannot be used to reduce the tax liability for the current year, it may be offset against the tax liability of the subsequent year and each succeeding year up to 15 years.

Line 1. Enter the total cost (including Wisconsin state, county, and stadium sales and use taxes) of all fuel and electricity purchased during the taxable year for use in Wisconsin.

Line 2. Enter the cost of fuel and electricity included on line 1 (including Wisconsin state, county, and stadium sales and use taxes) that wasn't or won't be used for manufacturing. This includes fuel and electricity for heating and lighting office space and warehousing space for raw materials and finished goods and for other nonmanufacturing purposes.

Line 4. Enter any county and stadium sales and use taxes included on line 3. (The county tax rate is 0.5% (.005) in Wisconsin counties that have adopted the county tax. The stadium tax rate is 0.1% (.001) in Wisconsin counties where the stadium tax applies.)

Line 6. Enter purchases included on line 5 on which no Wisconsin sales or use taxes were paid. An example is the portion of coke purchased without tax by a foundry that becomes an ingredient or component part of a manufactured article.

Line 10. Add lines 8 and 9. This is the 1999 manufacturer's sales tax credit based on the corporation's manufacturing activities.

Line 11. Enter the amount of manufacturer's sales tax credit passed through from other entities from Schedule Z-1, column f.

Note: The amount from line 10 plus the total from Schedule Z-1, column e, must be included on Schedule V, line 8.

Line 12. Enter any unused manufacturer's sales tax credit from 1984 through 1998.

■ **Line 10. Net Tax** – Subtract line 9 from line 8. If line 9 is more than line 8, enter zero.

■ **Line 11. Estimated Tax Payments** – Enter estimated tax payments made or overpayments applied from prior years' returns, minus any "quick refund" applied for on Form 4466W.

Note: You can't claim estimated tax payments that were made by a related corporation.

Amended Return: If this is an amended return, compute the tax to enter on line 11 as follows:

Estimated tax payments made for 1999	$
Plus:	
Tax carried forward from 1998	
Additional tax paid on previous returns filed for 1999	
Additional tax assessed by the department for 1999 (whether or not paid)	
Subtotal	$
Minus:	
Tax refunded on 1999 Form 4466W	( )
Tax refunded to you on previous returns filed for 1999	( )
Overpayment from your previously filed 1999 return claimed on your 2000 return, if you already filed your 2000 return	( )
Tax previously paid to enter on line 11	$

■ **Line 12. Refundable Credits** – Complete Schedule C2, page 2, and enter the total available credit.

Schedule C2

Line 1. Farmland Preservation Credit – Enter the farmland preservation credit from Schedule FC, line 16.

Corporations organized under the laws of Wisconsin that own and operate Wisconsin farmland subject to agricultural use restrictions in the form of a zoning ordinance or a farmland preservation agreement, as provided by Chapter 91, Wis. Stats., may claim a credit.

Line 2. Farmland Tax Relief Credit – Enter the farmland tax relief credit from Schedule FT, line 6.

Corporations organized under the laws of Wisconsin that own farmland located in Wisconsin may claim a credit.

Note: The farmland credits must be included in income in the year of receipt.

Line 3. Add lines 1 and 2. This is the total available refundable credits.

■ **Line 14. Interest, Penalty, and Late Fee Due** – Enter any interest, penalty, and late fee due from Form 4U, line 17 or 26.

Amended Return – Refund Claimed: If you previously were assessed interest for underpayment of estimated taxes, complete an amended Form 4U, Part I, based on the amount shown on line 10. Enter the difference between the underpayment interest from the amended Form 4U, line 17, and the amount you previously paid on line 14. Show an overpayment in parentheses. Attach Form 4U to your amended return. Otherwise, leave line 14 blank. The department will compute interest on the amount of refund approved.

Amended Return – Additional Amount Owed: Use the worksheet below to calculate the interest owed. **Caution:** Additional calculations may be required if your original return previously was amended or adjusted by the department. Otherwise, the department will compute interest on the tax owed.

■ **Line 15. Tax Due** – If the total of lines 10 and 14 is larger than line 13, enter the amount owed. Attach your check to the front of Form 5.

■ **Line 16. Overpayment** – If line 13 is larger than the total of lines 10 and 14, enter the overpayment.

Note: If you must recapture development zones investment credit because the property is disposed of or ceases to be qualified property before the end of the recapture period, add the amount from Schedule DC, line 77, to the tax due on line 15 or reduce the overpayment on line 16.

■ **Line 17. 2000 Estimated Tax** – Enter the amount of any overpayment from line 16 that is to be credited to the corporation's 2000 estimated tax. The balance of any overpayment will be refunded.

Note: An overpayment shown on a corporation's final return will be refunded to the corporation that made the payments. You cannot claim these payments on the surviving corporation's return in a merger situation.

Amended Return: If you have already filed your 2000 return, enter the overpayment that you claimed as a credit on your 2000 return from your previously filed original or amended 1999 return. Otherwise, you may allocate the overpayment from line 16 between line 17 and line 18 as you choose.

■ **Line 19.** Enter total company gross receipts, gross sales, gross dividends, gross interest income, gross rents, gross royalties, the gross sales price from the disposition of capital assets and business assets, gross receipts passed through from other entities, and all other receipts that are included in gross income before apportionment for Wisconsin franchise or income tax purposes.

■ **Line 20.** Enter the requested information from the federal return.

■ **Additional Information Required** – Answer questions 1 through 6 on back of Form 5.

Computation of Amended Interest, Underpayment Interest, Penalty, and Late Filing Fee Due

	Complete this worksheet if your amended return shows an additional amount due.	**(a)** 18% Interest	**(b)** 12% Interest
1	Enter amended tax on line a, b, or c, as appropriate:		
	a If original return was filed late		
	b If original return was filed by original or extended due date and amended amount is less than $500		
	c If original return was filed by original or extended due date and amended amount is $500 or more, enter 90% of amended amount in column a and 10% in column b	90%	10%
2	Complete an amended Form 4U, Part I, and enter the amount from line 17		
3	Add lines 1 and 2		
4	Enter payments made through unextended due date (apply first to column a, if applicable)		
5	Subtract line 4 from line 3. This is the unpaid tax and underpayment interest subject to interest		
6	Interest on amount on line 5 to ______________ (the earlier of the extended due date or the date paid)		
7	Enter $30 late filing fee if original return was filed late		
8	Enter any 5-25% late filing penalty due on original return		
9	Add lines 5, 6, 7, and 8		
10	Enter payments made after unextended due date (apply first to column a, if applicable – date paid ______________). Don't include payments entered on line 4		
11	Subtract line 10 from line 9		
12	Interest on unpaid tax and underpayment interest included on line 11 from date on line 6 to ______________ (date amended return is filed). Apply payments shown on lines 4 and 10 first to penalties and interest on lines 6, 7, and 8, and then to tax and underpayment interest		
13	Add lines 11 and 12, columns a and b		
14	Enter additional tax computed on amended return		
15	Subtract line 14 from line 13. **Enter the result on Form 5, line 14** ➤		

■ **Signatures** – An officer of the corporation must sign the form at the bottom of page 1. If the return is prepared by someone other than an employe of the corporation, the individual who prepared the return must sign the form, by hand, in the space provided for the preparer's signature and furnish the preparing firm's federal employer identification number. A self-employed individual must enter "SSN" and the social security number in the space for the preparer's federal employer identification number.

■ **Attachments** – Attach a copy of each of the following documents:

- Your federal return with all supporting schedules.

  If the federal return is a consolidated return, you must –

  (1) enter the parent corporation's federal employer identification number in the space provided, and

  (2) include a breakdown by individual company or attach a copy of the unconsolidated federal return together with all supporting schedules instead of the consolidated return.

- Any other required Wisconsin forms, schedules, or statements. Include a list of your solely owned LLCs.
- Any extension of time to file your return.

Amended Return: If this is an amended return, attach an explanation of the changes made and any supporting forms or schedules. Also attach a worksheet showing how you figured your additional refund or additional amount owed. Send the amended return to the Wisconsin Department of Revenue, P.O. Box 8908, Madison, WI 53708-8908.

Form UT-5 – Consumer Use Tax Return

Who Must File

The state, county, and stadium use tax is payable directly to the state by the purchaser (consumer) when tangible personal property or taxable services are purchased from a retailer who does not or is not authorized to collect the 5% Wisconsin, 0.5% county, or 0.1% stadium sales and use tax. Complete Form UT-5 to report use tax if –

- You do not hold a seller's permit, use tax registration certificate, or consumer's use tax registration certificate, and
- You infrequently purchase or lease property or services subject to use tax.

If you hold a seller's permit, use tax registration certificate, or consumer's use tax registration certificate, do not use Form UT-5. Instead, report your use tax on your sales and use tax return, Form ST-12.

For more information or forms, call (608) 266-2776 or write to the Compliance Bureau, Wisconsin Department of Revenue, P.O. Box 8902, Madison, WI 53708-8902.