

PRELIMINARY DRAFT – NOT READY FOR INTRODUCTION

1 AN ACT *to create* 71.31 of the statutes; **relating to:** tax disclosure statements.

Analysis by the Legislative Reference Bureau

This bill requires all publicly traded corporations doing business in this state, including those traded on foreign stock exchanges, and all corporations doing business in this state for which 50 percent or more of the voting stock is owned directly or indirectly by a publicly traded corporation to submit annual statements to the Department of Revenue (DOR). The bill requires that such statements contain certain information regarding the corporation, including name and commercial domicile, total gross income, total business income apportioned to this state, and total deductions for management services, fees, rents, royalties, interest, and license fees paid to an affiliated entity. If the corporation does not file a state income tax return for the year related to the statement, the corporation must also explain in its statement why it is not required to file a state income tax return and indicate the total gross income from sales to purchasers in this state for the year related to the statement. Under the bill, the information contained in the statement is considered a public record beginning on the first day of the third calendar year following the calendar year in which the taxable year related to the statement ends. After the information becomes available to the public, DOR shall make the information available in paper form and as a searchable database accessible on the Internet.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 71.31 of the statutes is created to read:

2 **71.31 Tax disclosure statements. (1)** The following corporations doing
3 business in this state, not including a qualified personal service corporation under
4 section 448 (d) (2) of the Internal Revenue Code, shall submit the statement under
5 sub. (2) with the department:

6 (a) All publicly traded corporations, including corporations traded on foreign
7 stock exchanges.

8 (b) All corporations for which 50 percent or more of the voting stock is owned
9 directly or indirectly by a publicly traded corporation.

10 **(2)** (a) Except as provided in sub. (3), all corporations required to submit a
11 statement under this section shall submit the statement annually in an electronic
12 format, as prescribed by the department, no later than 30 days after the date on
13 which the corporation files a tax return under s. 71.24 or, with regard to a corporation
14 that is not required to file a tax return under s. 71.24, no later than 90 days after
15 either the date on which the corporation files a federal tax return or the date on which
16 another entity files a federal consolidated tax return in which the corporation is
17 included.

18 (b) The statement submitted under par. (a) shall contain all of the following
19 information:

20 1. The corporation's name and commercial domicile.

21 2. If different than the information provided in subd. 1., the name and
22 commercial domicile of any corporation that owns directly or indirectly 50 percent
23 or more of the voting stock of the corporation submitting the statement.

1 3. The corporation's industry number, as provided in the North American
2 Industry Classification System, published by the U.S. office of management and
3 budget.

4 4. The following information for the corporation related to the applicable tax
5 return under par. (a):

6 a. Total gross income.

7 b. Total cost of tangible personal property sold and claimed as a deduction from
8 gross income.

9 c. Taxable income prior to net operating loss deductions or apportionment.

10 d. The sales factor under s. 71.25 (9).

11 e. Total business income apportioned to this state.

12 f. Net operating loss deduction.

13 g. Total nonbusiness income and the amount of nonbusiness income allocated
14 to this state.

15 h. Total taxable income.

16 i. Total tax before credits.

17 j. Tax credits claimed and separately identified.

18 k. Alternative minimum tax.

19 L. Tax due.

20 m. Tax paid.

21 n. The amount of any tax paid under protest.

22 o. Total deductions for management services fees, rent, royalties, interest,
23 license fees, and similar payments for using intangible property, if such amounts
24 were paid to any entity affiliated with the corporation and if the affiliated entity was
25 not included with the corporation in a consolidated state tax return.

1 5. The name and commercial domicile of any affiliated entity described in subd.

2 4. o.

3 6. The source of any nonbusiness income reported on the applicable tax return
4 under par. (a).

5 7. The name and commercial domicile of all corporations included in a
6 consolidated tax return that includes the corporation submitting the statement.

7 8. The total number of the corporation's full-time employees in this state on the
8 last day of the taxable year for the applicable tax return under par. (a) and for the
9 3 immediately preceding taxable years.

10 9. With regard to a publicly traded corporation that is incorporated in the U.S.,
11 or an affiliate of that publicly traded corporation, profits, before the imposition of
12 taxes, reported on the U.S. Securities and Exchange Commission form 10-K for the
13 corporation, or for any consolidated group of which the corporation is a member, for
14 the corporation's fiscal year that contains the last day of the taxable year for which
15 the applicable return under par. (a) is filed.

16 11. The corporation's property factor under s. 71.25 (7) and payroll factor under
17 s. 71.25 (8), regardless of whether the corporation is required to compute the factors
18 under s. 71.25 (5).

19 12. Accumulated tax credit carry-overs with each tax credit separately
20 identified.

21 **(3)** A corporation that is required to submit a statement under sub. (2) (a), but
22 not required to file a tax return under s. 71.24 for the year of the statement, may
23 instead, with the department's approval, submit a statement that contains the
24 following information no later than 90 days after either the date on which the

1 corporation files a federal tax return or the date on which another entity files a
2 federal consolidated tax return in which the corporation is included:

3 (a) The information described in sub. (2) (b) 1. to 3.

4 (b) An explanation of why the corporation is not required to file a tax return
5 under s. 71.24 for the year of the statement.

6 (c) An indication of whether the corporation's total gross income from sales to
7 purchasers in this state for the year of the statement is:

8 1. Less than \$10,000,000.

9 2. At least \$10,000,000, but not greater than \$50,000,000.

10 3. Greater than \$50,000,000, but not greater than \$100,000,000.

11 4. Greater than \$100,000,000, but not greater than \$250,000,000.

12 5. Greater than \$250,000,000.

13 **(4)** In addition to the information provided in the statement submitted under
14 sub. (2) (b) or (3), a corporation may submit to the department any other information
15 it considers useful for interpreting the information contained in the statement.

16 **(5)** If a corporation that submits a statement under sub. (2) subsequently files
17 an amended tax return with the department, the corporation shall submit a revised
18 statement under sub. (2) that reflects the changes made by the amended return no
19 later than 90 days after the date on which the corporation files the amended return.

20 If a corporation's tax liability for the taxable year for which the corporation has
21 submitted a statement under sub. (2) is changed as a result of an uncontested audit
22 adjustment or a final determination under subch. XIV, the corporation shall submit
23 a revised statement under sub. (2) that reflects the change no later than 60 days after
24 the date on which the time for appealing the change has passed or on which a final
25 determination is made under subch. XIV.

