

State and Local Tax Attorneys

[John R. Austin](#)
[Margaret M. Derus](#)
[Kristina E. Somers](#)
[Don M. Millis](#)
[Scott Bender](#)
[Jessica Hutson Polakowski](#)
[Amy L. Barnes](#)

Tax Attorneys

[Amy E. Arndt](#)
[John R. Austin](#)
[Amy L. Barnes](#)
[Lucien A. Beaudry](#)
[Scott Bender](#)
[Vincent J. Beres](#)
[Daniel P. Cooper](#)
[Robert E. Dallman](#)
[Margaret M. Derus](#)
[Michael G. Goller](#)
[Anthony J. Handzlik](#)
[John A. Herbers](#)
[Gary A. Hollman](#)
[Megan K. Jackson](#)
[Adam R. Konrad](#)
[Robert E. Meldman](#)
[Don M. Millis](#)
[Robert J. Misy Jr.](#)
[Timothy A. Nettesheim](#)
[Jessica Hutson Polakowski](#)
[Timothy P. Reardon](#)
[John L. Schliesmann](#)
[Kristina E. Somers](#)

1000 North Water Street
P.O. Box 2965
Milwaukee, WI 53201-2965
414-298-1000
800-553-6215

22 East Mifflin Street
P.O. Box 2018
Madison, WI 53701-2018
608-229-2200
800-728-6239

N16W23250 Stone Ridge Drive
Waukesha, WI 53188
262-951-4500
800-928-5529

2215 Perrygreen Way
Rockford, IL 61107
815-633-5300
800-840-5420

www.reinhartlaw.com

[subscribe/](#)
[unsubscribe](#)

2-16-09

NEW WISCONSIN TAX LEGISLATION

You may have recently heard reports of Wisconsin Governor Jim Doyle unveiling his budget repair and economic stimulus package. The legislation is expected to be introduced in the Wisconsin Legislature this week. While legislation typically takes some time to go through the legislative process and be enacted into law, this legislation is anticipated to be signed into law in a matter of days, and possibly as early as the end of this week.

The tax changes in the Governor's package are anticipated to be significant in the areas of both sales/use tax and income/franchise tax. Although details of the legislation may change, it is anticipated that the changes to Wisconsin's state and local tax laws will include the following:

Adoption of Streamlined Sales Tax

- All prewritten computer software will be subject to Wisconsin sales and use taxes (in effect reversing the potential benefit of the recent Menasha Corp. decision relating to taxation of custom software)
- Certain digital personal property will be subject to Wisconsin sales and use taxes
- Previously-taxable home medical equipment may now qualify for exemption from Wisconsin sales and use taxes

Required Combined Reporting for Corporations

- Will be effective retroactive to 1/1/09
- May be used in calculating the corporation's 3/15/09 estimated tax payment
- Includes all members of combined group, which will be defined as 50% common ownership
- Ability to use pre-1/1/09 separate-company losses will be greatly diminished (so loss carryforwards will only be available for the entity with the loss)
- Post-1/1/09, if a company is acquired, losses attributable to that company's activities before acquisition will have to be maintained on a separate-company basis and cannot be used to offset the combined group's net income
- Both pre- and post-combined reporting, credits will have to be maintained on a separate-company basis.

Telecommunication Companies

- Apportionment factors may change

We will continue to monitor this quick-moving legislation. Please feel free to contact your attorney, me, or any other member of the Reinhart State and Local Tax Team regarding these developments.

This *Headlines in Tax Law* provides general information about tax issues. It should not be construed as legal advice or a legal opinion. Readers should seek legal counsel concerning specific factual situations confronting them.



1000 North Water Street
Suite 1700
Milwaukee, WI 53202

414-298-8249
ksomers@reinhartlaw.com

**Kristina E.
Somers**