

Fiscal Estimate Narratives

DOR 1/19/2017

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|---|-----------|---------------------|---------|---------------|----------|
| LRB Number | 17-1544/1 | Introduction Number | AB-0026 | Estimate Type | Original |
| Description Due dates for filing income and franchise tax returns, paying estimated income and franchise tax installment payments, and filing withholding tax returns | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

Under current law, due dates for Wisconsin partnership and C-corporation income tax returns are specified in Chapter 71, Wis. Stats. Under the bill, the due dates for returns for these entities would be the same for Wisconsin tax returns as for the entities' federal returns.

Most recently, the federal Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 changed the due dates for partnerships and C-corporations to file federal income tax returns. The dates specified below are the dates set in that federal Act. However, it should be noted that any subsequent changes to federal due dates for corporations and partnerships would also be adopted for Wisconsin returns for these entity types.

Partnership income tax return - Changes the due date for returns from the April 15th (or the 15th day of the 4th month following the end of the partnership's fiscal year) to March 15th (or the 15th day of the 3rd month following the end of the partnership's fiscal year).

C-corporation income and franchise tax return - Except for corporations with a tax year ending on June 30, changes the due date for returns from March 15th (or the 15th day of the 3rd month following the end of the corporation's fiscal year) to April 15th (or the 15th day of the 4th month following the end of the corporation's fiscal year). For corporations with a fiscal year that ends on June 30th, the due date would remain September 15th until tax years beginning after December 31, 2025, when the due date will change to October 15.

In addition to federalizing the due dates for partnership and corporation income tax returns, the bill also changes the due date for a corporation's first estimated payment of the taxable year from the 15th day of the 3rd month to the 15th day of the 4th month of the corporation's taxable year, except that if the corporation's taxable year ends in March, the first installment must be paid in the 3rd month of the taxable year.

For partnerships, tax-option corporations, estates, trusts, and limited liability companies required to file a withholding return for amounts of income distributable to a non-resident partner, member, beneficiary, or shareholder, the bill also changes the due date for the withholding return to the date that the entity is required to file its federal income tax return.

Finally, the bill would authorize the Secretary of the Department of Revenue to waive interest on delinquent pass-through withholding taxes if the Secretary determines that due to casualty, disaster, or other unusual circumstances it is not equitable to impose interest.

The changes in the bill would first apply for taxable years beginning on or after January 1, 2016, unless the bill takes effect after March 14, 2017, in which case it would first apply to taxable years beginning on or after January 1, 2017.

Fiscal Effect

Partnership and C-corporation tax return due dates - There would be no fiscal effect from changing the due date for partnership or corporation tax returns.

Corporation income and franchise tax estimated payment - There would be no fiscal effect for changing the due dates for corporation estimated payments under the bill.

Pass-through withholding return due date- There would be no fiscal effect from changing the due date for

pass-through withholding returns.

Interest on delinquent pass-through withholding taxes- The fiscal effect of authorizing the Secretary of the Department of Revenue to waive interest on pass-through withholding taxes is unknown but assumed to be minimal.

Long-Range Fiscal Implications