



## 2003 ASSEMBLY BILL 434

July 15, 2003 - Introduced by Representatives POCAN, BERCEAU, BLACK, BOYLE, J. LEHMAN, MILLER, MUSSER, PLOUFF, SCHNEIDER, SINICKI and TAYLOR, cosponsored by Senators RISSER, CARPENTER and CHVALA. Referred to Committee on Ways and Means.

1     **AN ACT to amend** 71.26 (3) (e) 1. of the statutes; **relating to:** limiting the  
2             corporate income tax deduction for compensation paid to an employee.

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### *Analysis by the Legislative Reference Bureau*

Under current law, a corporation may deduct from its income tax the compensation paid to its officers and employees. The corporate income tax deduction for compensation paid to executive officers cannot exceed \$1,000,000.

This bill further limits any single corporate income tax deduction for compensation paid to an employee or officer to an amount not to exceed the compensation paid to a corporation's lowest paid full-time employee multiplied by 25.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

3             **SECTION 1.** 71.26 (3) (e) 1. of the statutes is amended to read:  
4             71.26 (3) (e) 1. So that payments for wages, salaries, commissions and bonuses  
5             of employees and officers may be deducted only if the name, address and amount paid  
6             to each resident of this state to whom compensation of \$600 or more has been paid

**ASSEMBLY BILL 434****SECTION 1**

1 during the taxable year is reported or if the department of revenue is satisfied that  
2 failure to report has resulted in no revenue loss to this state. A deduction for wages,  
3 salaries, commissions, and bonuses paid to an employee or officer shall not exceed  
4 an amount equal to the product of the wages, salaries, commissions, and bonuses  
5 paid to the corporation's lowest paid full-time employee multiplied by 25.

6 **SECTION 2. Initial applicability.**

7 (1) This act first applies to taxable years beginning on January 1, 2003.

8 (END)