



This Week in State Tax (TWIST)

February 6, 2023



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Wisconsin: DOR Bulletin Addresses Lack of Conformity to IRC section 174

The Wisconsin Department of Revenue recently issued its January 2023 Tax Bulletin. In the Bulletin, the Department addresses the state's conformity (or lack thereof) to IRC section 174, as amended by the Tax Cuts and Jobs Act. Recall, for taxable years beginning on or after January 1, 2022, section 13206 of the Tax Cuts and Jobs Act amended IRC section 174 to require taxpayers to amortize research and experimental expenditures, as opposed to deducting the expenses in the year incurred. Because Wisconsin did not adopt section 13206 of the TCJA, Wisconsin has not adopted the federal changes to IRC section 174. Per the Bulletin, for Wisconsin tax purposes, taxpayers with R&E expenses have the following options: 1. Elect to deduct the expenses in the year paid or incurred, 2. Elect to defer the expenses and deduct ratably over at least 60 months, or 3. Elect to treat the expenses as capital expenditures amortizable over a useful life, if determinable. Please stay tuned to TWIST for additional state updates on IRC section 174.



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