

Comparison of State and Local Taxes in Wisconsin and New York

March 2006



STATE AND LOCAL TAX COMPARISON

Wisconsin Taxes

Corporate Income Tax:

Base: Net income
Rate: 7.9% (plus a recycling surcharge equal to 3.00% of tax due before credits)*

S-Corporations are not subject to general corporate income tax but are subject to recycling surcharge at the rate of 0.2% of net business income.*

Apportionment: 2003 legislation enacted a single sales factor phase-in:

- Through 2005, 50% sales-25% payroll-25% property
- Tax years beginning after 2005, 60% sales-20% payroll-20% property
- Tax years beginning after 2006, 80% sales-10% payroll-10% property
- Tax years beginning after 2007, 100% sales.

Current: 60% sales-20% payroll-20% property

Effective 1/1/2008: 100% sales

New York Taxes

Corporate Income Tax:

Base: Entire Net income
Rate: 7.5%

Special rules apply to S-Corporations and small businesses. *Added tax:* 0.9 mills per \$1 subsidiary capital. *Added surcharge* in Metropolitan Transit District.

Apportionment: Sales factor is double-weighted.

Single-factor formula based solely on sales/receipts starts to phase in in tax year 2006.

Effective 1/1/2008: 100% sales/receipts

* The Wisconsin recycling surcharge is limited to a maximum of \$9,800 (minimum of \$25). The surcharge is generally imposed on taxpayers engaged in a trade or business with gross receipts of at least \$4,000,000 for the taxable year.

STATE AND LOCAL TAX COMPARISON

Wisconsin Taxes

Corporation Income Alternative Minimum Tax

None

Personal Income Tax:

Rates: 4.60% to 6.75%

Property Tax:

Base: Real property and tangible personal property

Exempt:

- Manufacturing machinery and equipment
- Manufacturing, merchant and farm inventories
- Materials consumed
- Computer hardware and software
- Pollution controls equipment

100% Tax Credit:

- Manufacturing energy

Rate: Statewide average rate (excluding Milwaukee County) is estimated at \$19.55 per \$1,000 of full value. Rate for property in Milwaukee County is estimated at \$27.00 per \$1,000 of full value.

Capital Gains

60% Exemption

New York Taxes

Corporation Income Alternative Minimum Tax

2.5% of N.Y. minimum taxable income base or fixed dollar minimum tax

Personal Income Tax:

Rates: 4.0% to 7.7%

Property Tax:

Base: Real property

Rate: Statewide range is \$6.56 - \$203.33 per \$1,000 of assessed value.

Capital Gains

No Exemption

STATE AND LOCAL TAX COMPARISON

Wisconsin Taxes

Sales and Use Tax:

Combined Rates: 5% - 5.6% for general merchandise

State Rate: 5%

Exemptions:

- Manufacturing equipment
- Manufacturing consumables
- Pollution control equipment
- Production fuel and electricity

Local County Option: 0.5%

Stadium Tax: 0.1% in Metro-Milwaukee area and
0.5% in Brown County (special rates also apply to food,
lodging and rental cars in Milwaukee County)

Premier Resort Area Tax: 0.5% (currently imposed by
Lake Delton, Wisconsin Dells and Bayfield)

Unemployment Compensation Tax:

Base: \$10,500

Rate: 0.05% - 9.8%

3.25% new employers with payroll under
\$500,000

3.40% new employers with payroll over \$500,000

6.60% for new construction employers

New York Taxes

Sales and Use Tax:

Combined Rates: 4% - 8.375%

State Rate: 4%

Local Option Rate: 4.375% local tax; New York City
total: 8.375%. Added 5% tax on passenger car rentals.
Added 5% on entertainment or info services received
aurally. Added 3.75% transit district tax in NYC and
selected counties. NYC total state-local tax on passenger
car rentals is 13.25%. NYC total state-local tax rate on
transient lodging rental is 9% plus added tax ranging from
.50 to \$2 based on daily charge.

Unemployment Compensation Tax:

Base: \$8,500

Rate: 1.5% - 9/9%

4.1% for new employers