

Sales/Use/Indirect:

Wisconsin: Updated Guidance Says Disregarded Entity May Create Nexus for Owner and Vice Versa

Disregarded Entities (Sales and Use and Withholding Taxes), Wis. Dept. of Rev. (4/29/24). In updated guidance posted by the Wisconsin Department of Revenue (Department), the Department explains that if an owner and its disregarded entities are collectively engaged in business in Wisconsin as described in Wis. Stats. sections 77.51(13g) or (13gm), the owner and its disregarded entities have Wisconsin nexus and must register and file Wisconsin sales and use tax returns. For example, the Department states that if “ABC Company” and its disregarded entity, “Main Street LLC,” do not have a physical presence in Wisconsin, but ABC Company has \$75,000 in annual sales sourced to Wisconsin and Main Street LLC has \$67,000 in annual sales sourced to Wisconsin, both ABC Company and Main Street LLC have nexus in Wisconsin because their total annual sales in Wisconsin exceeds \$100,000. Similarly, if “DEF Company” and its disregarded entity, “Side Street LLC,” do not have a physical presence in Wisconsin, but DEF Company has \$35,000 in annual sales sourced to Wisconsin and Side Street LLC has \$50,000 in annual sales sourced to Wisconsin, neither company has nexus in Wisconsin because neither has a physical presence in Wisconsin and total annual sales in Wisconsin does not exceed \$100,000. Lastly, the Department explains that if “GHI Company” has \$45,000 of annual sales sourced to Wisconsin but does not have a physical presence in Wisconsin, and its disregarded entity, “Uptown LLC,” has an employee in Wisconsin, GHI Company and Uptown LLC both have nexus in Wisconsin because Uptown LLC has an employee in Wisconsin. Please contact us with any questions.

URL: <https://www.revenue.wi.gov/Pages/FAQS/ise-disregent.aspx>

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