



MULTISTATE INCOME/FRANCHISE TAX

Reminder – New electronic filing requirement for Wisconsin Form PW-2 Tax Alert

Overview

Beginning on or after January 1, 2022, nonresident owners of a pass-through entity **must electronically file** Form PW-2, *Wisconsin Nonresident Partner, Member, Shareholder, or Beneficiary Pass-Through Withholding Exemption Affidavit*, unless a waiver is approved by the Wisconsin Department of Revenue (“Department”). Nonresident owners of partnerships and tax-option (S) corporations **with a December 31, 2021 year end must file Form PW-2 by January 31, 2022**. For more information, please see the [Instructions to Form PW-2](#).

This Tax Alert summarizes the process for requesting an exemption from nonresident withholding using Form PW-2.

Nonresident withholding requirement

Under Wisconsin law, a pass-through entity that has Wisconsin income for the taxable year that is allocable to a nonresident partner, member, shareholder, or beneficiary (“nonresident owner”) is required to pay a withholding tax. However, nonresident withholding is not required if any of the following exemptions apply:

- The nonresident owner is exempt from taxation under Wisconsin law;
- The nonresident owner’s share of income from the pass-through entity that is attributable to the state is less than \$1,000;
- The nonresident owner files an affidavit with the Department (in the form and manner prescribed by the Department) agreeing to file a return and be subject to the Department’s jurisdiction, as described in more detail below; or
- The pass-through entity has elected under Wis. Stat. §71.21(6)(a) or Wis. Stat. §71.365(4m)(a) to be taxed at the entity level.

Requesting an exemption using Form PW-2

To request an exemption from withholding via affidavit, nonresident owners must file Form PW-2. A separate Form PW-2 is required for each taxable year of the nonresident owner.

Due date of Form PW-2

- For tax-option (S) corporations, partnerships, and limited liability companies (LLCs) treated as tax-option (S) corporations or partnerships, Form PW-2 must be filed by the last day of the first month following the close of the pass-through entity's taxable year for which the nonresident owner is requesting the exemption (e.g., January 31, 2022 for 2021 calendar-year filers).
- For estates and taxable (non-grantor) trusts, Form PW-2 must be filed by the last day of the second month following the close of the pass-through entity's taxable year for which the nonresident beneficiary is requesting the exemption (e.g., February 28, 2022 for 2021 calendar-year filers).

Department approval required

The request for an exemption from withholding on Form PW-2 must be approved by the Department to be valid. The Department will notify the nonresident owner by mail of its approval or rejection of the exemption request. The Department's determination may not be appealed. The nonresident owner is responsible for notifying the pass-through entity when an exemption is approved, and a pass-through entity is required to withhold until it receives the approved Form PW-2 from the owner.

How to file electronically

To file the PW-2 electronically, taxpayers may log into their My Tax Account page at <https://tap.revenue.wi.gov>. To start filing, click on the "Non-Resident PW-2" link from the "Quick-Links" tab. If the nonresident owner does not have a My Tax Account, Form PW-2 can still be filed electronically at <https://tap.revenue.wi.gov/pw2/>.

Get in touch

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