

# Underpayment of Estimated Withholding Tax by Pass-Through Entities

# 2012

Wisconsin Department  
of Revenue

File with Wisconsin Form PW-1

Name

Federal Employer ID Number

## Part I Computation of Underpayment and Interest Due on Underpayment

<b>1 a</b> Enter 2012 withholding tax computed ( <i>see instructions</i> ) . . . . .				
<b>b</b> Enter 2012 tax withheld from lower-tier entities . . . . .				
<b>c</b> Subtract line 1b from line 1a. This is 2012 withholding tax due for taxable year ( <i>see instructions</i> ) . . . . .				
<b>2</b> Enter 90% of line 1c. . . . .				
<b>3</b> Enter 2011 withholding tax due from PW-1, if applicable ( <i>see instructions</i> ) . . . . .				
<b>4</b> If preceding taxable year return covered 12 months, use the smaller of line 2 or line 3; otherwise, enter line 2 . . . . .				
<b>5</b> Enter installment due dates (the 15th day of the 3rd, 6th, 9th, and 12th months of your taxable year) . . . . .	(a)	(b)	(c)	(d)
<b>6</b> Divide line 4 by 4 and enter the result in each column or, if you use the annualized income installment method for any period, first fill in Part III and enter the amounts from line 45 . . . . .				
<b>7</b> Estimated withholding tax paid . . . . .				
<b>8</b> If line 7 is less than line 6, subtract line 7 from line 6. This is your underpayment . . . . .				
<b>9</b> If line 7 is more than line 6, subtract line 6 from line 7. This is your overpayment . . . . .				
<b>10</b> Carryback of overpayment or late payment . . . . .				
<b>11</b> Carryforward of overpayment . . . . .				
<b>12</b> Subtract the total of lines 10 and 11 from line 8. This is your net underpayment . . . . .				
<b>13</b> Number of days from the due date of the installment to the date carryback on line 10 was paid . . . . .				
<b>14</b> Number of days from the due date of the installment to the date balance due on return was paid or unextended due date of return, whichever is earlier . . . . .				
<b>15</b> Interest: 12% per year on amount on line 10 for the number of days on line 13 . . . . .				
<b>16</b> Interest: 12% per year on amount on line 12 for the number of days on line 14 . . . . .				
<b>17</b> Add all of the amounts on lines 15 and 16 and enter the total. If your return is filed after the unextended due date and shows withholding tax due, enter the total on Part II, line 22. Otherwise, enter the total on the line provided on PW-1, line 9 . . . . .				

## Part II Computation of Other Interest and Penalty Due

Complete this part only if Form PW-1 is not filed by the unextended due date and shows withholding tax due.

	(a) Interest at 18% per year	(b) Interest at 12% per year	(c) Total
<b>18</b> If PW-1 filed late without an extension, enter net withholding tax . . . . .			
<b>19</b> If PW-1 filed with extended due date and shows –	(90%)	(10%)	
<b>a</b> Net withholding tax of \$500 or more, enter portion of net tax indicated . . . . .			
<b>b</b> Net withholding tax of less than \$500, enter net tax. . . . .			
<b>20</b> Enter payments made (apply first to 18% per year column) . . . . .			
<b>21</b> Subtract line 20 from line 18 or 19a or 19b. This is amount due the 15th day of the month that includes unextended due date (after end of taxable year) . . . . .			
<b>22</b> Interest on underpayment from Part I, line 17. . . . .			
<b>23</b> Add lines 21 and 22. . . . .			
<b>24</b> Interest on amounts on line 23 to _____ (date PW-1 filed) . . . . .	(18% per year)	(12% per year) *	
<b>25</b> If PW-1 is filed late without an extension or after the extended due date –			
<b>a</b> Enter penalty of 5% of net tax due on your return for each month or fraction thereof that your return is late, but not more than 25%			
<b>b</b> Enter \$50 or applicable late fee . . . . .			
<b>26</b> Add lines 24, 25a, and 25b. Enter the total on PW-1, line 10 . . . . .			

\* **Note:** See the instructions for line 24.

**Part III Annualized Income Installment Method Worksheet**

Fill in this worksheet only if computing required installments using the annualized income installment method. Complete one column through line 45 before completing the next column.

- 27 Enter Wisconsin net income for each period (*see instructions*) .
- 28 Annualization factor. . . . .
- 29 Multiply line 27 by line 28 . . . . .
- 30 Adjustments (NBLs, etc. – *see instructions*) . . . . .
- 31 Combine lines 29 and 30. This is annualized income . . . . .
- 32 Multiply line 31 by your applicable tax rate. This is annualized gross tax . . . .
- 33 Enter your nonrefundable credits . . . . .
- 34 Subtract line 33 from line 32. If zero or less, enter zero. . . . .
- 35 Enter your refundable credits (excluding estimated tax paid) . . . . .
- 36 Subtract line 35 from line 34. If zero or less, enter zero.  
This is annualized net withholding tax . . . . .
- 37 Applicable percentage . . . . .
- 38 Multiply line 36 by line 37. . . . .
- 39 Enter the combined amounts of line 45 from all preceding columns
- 40 Subtract line 39 from line 38. If zero or less, enter zero. . . . .
- 41 Divide Part 1, line 4, by 4 and enter the result in each column. .
- 42 Enter the amount from line 44 for the preceding column . . . . .
- 43 Add lines 41 and 42 and enter the total . . . . .
- 44 If line 43 is more than line 40, subtract line 40 from line 43.  
Otherwise, enter zero. . . . .
- 45 Enter the smaller of line 40 or 43 here and on Part 1, line 6 . . . .

	Annualization Period			
	(a) First 2 months	(b) First 5 months	(c) First 8 months	(d) First 11 months
27				
28	6	2.4	1.5	1.091
29				
30				
31				
32				
33				
34				
35				
36				
37	22.5%	45%	67.5%	90%
38				
39				
40				
41				
42				
43				
44				
45				

**Purpose of Form PW-U** – Pass-through entities use Form PW-U to determine if they are subject to interest for underpayment of estimated withholding tax and, if so, the amount of interest. A pass-through entity must have made estimated withholding tax payments if the total of its withholding tax for its taxable year beginning in 2012 is \$500 or more. Form PW-U is also used to compute both extension and delinquent interest whenever the withholding tax due is paid after the end of the unextended due date of the PW-1.

**Part I** – Compute any underpayment of required installments and the amount of interest due in Part I.

Required installments are based on the smaller of (1) 90% of 2012 Wisconsin net tax, (2) 100% of 2011 Wisconsin net tax, provided the 2011 return covered an entire 12-month period, or (3) 90% of the 2012 Wisconsin net tax figured by annualizing income.

**Line 1a – 1c.**

Line 1a. Enter the amount from Form PW-1, line 1.  
Line 1b. Enter the amount from Form PW-1, line 3.  
Line 1c. No underpayment interest is required if the pass-through entity meets any of two certain thresholds: (i) If line 1c. is less than \$500, enter zero and go to Part II, if applicable; (ii) If line 1c. is less than \$5,000, the pass-through entity had no withholding tax liability for the preceding taxable year, and the preceding taxable year covered 12 months, enter zero and go to Part II, if applicable.

**Line 3.** If the pass-through entity had a withholding tax liability in 2011, enter the amount from 2011 PW-1 (line 1 - line 3).

**Line 10.** Complete line 10 only if you have an overpayment on line 9 for one or more installment periods. The overpayment may be carried back to prior installment periods and offset against an underpayment for such periods. If you use overpayments from more than one installment period to offset an underpayment of one period, fill in separately on line 10 each carryback used to offset the underpayment.

**Line 11.** Any overpayment remaining after completing line 10 should be carried forward to the next period.

**Lines 13 through 17.** Complete these lines to determine the amount of interest due on the underpayment. Complete lines 13 and 15 only when an overpayment or late payment is carried back on line 10. If you apply more than one payment to a given installment, attach a statement showing a separate computation for each payment.

If you do not have a balance due by the unextended due date of Form PW-1 (2 1/2 months after the close of a tax-option (S) corporation's taxable year or 3 1/2 months after the close of a partnership's, limited liability company treated as a partnership's, trust's, or estate's taxable year), enter the amount from line 17 on Form PW-1. Otherwise, enter the amount from line 17 on Part II, line 22, and complete the rest of Part II.

**Part II** – Complete Part II only if your return is not filed by the unextended due date and shows a balance due.

**Line 20.** Enter estimated withholding tax payments made and withholding tax withheld from lower-tier entities.

**Line 24.** The 12% interest applies to the tax on line 23, column (b), only for the extension periods. The 18% interest applies to the sum on line 23, column (a), from the extended due date to the date the return is filed. The 18% interest also applies to the tax on line 23, column (b), from the extended due date to the date the return filed. Enter total interest from columns (a) and (b) on column (c).

**Line 25a.** The "net tax due" is the total tax and economic development surcharge less any allowable credits, withholding, and estimated payments made by the due date, including extensions, of the return.

**Part III** – If you compute one or more installments under the annualized income installment method, complete Part III and enter the amounts from line 45 on Part I, line 6. See section Tax 2.89, Wisconsin Administrative Code, if the taxable year covers less than 12 months.

**Lines 27 and 30.** Do not include on line 27 items which remain constant from period to period, such as net business loss carryforwards and amortization of adjustments for changes in method of accounting. Instead, enter these items on line 30, columns (a) through (d), in total.