



## JOB CREATION DEDUCTION – EXPIRES DECEMBER 31, 2014

### Fact Sheet 1113

[revenue.wi.gov](http://revenue.wi.gov)

Beginning with taxable years starting on or after January 1, 2011, and before January 1, 2015, a subtraction from federal income is allowed based on the increase in the number of full-time equivalent employees that are employed in Wisconsin during the taxable year. The subtraction from federal income is equal to \$2,000 per eligible employee for businesses with gross receipts greater than \$5 million or \$4,000 per eligible employee for businesses with gross receipts of \$5 million or less.

This fact sheet provides a general overview of the schedule to file in order to claim the deduction and the qualifications for claiming the deduction. Detailed information is available in the instructions for Schedule JC. Nothing in this fact sheet replaces or changes any provisions of Wisconsin tax law, administrative rules or court decisions.

### WHO IS ELIGIBLE TO CLAIM THE DEDUCTION

An individual, estate, trust, limited liability company (LLC), corporation or tax exempt corporation may claim the deduction.

### WHO MAY NOT CLAIM THE DEDUCTION

Partnerships, LLCs treated as partnerships, and tax-option (S) corporations cannot claim the deduction; however, the deduction computed by those business entities can pass through to the partners, members, or shareholders.

### QUALIFICATIONS

To qualify for the Wisconsin jobs creation deduction, you must meet all of the following conditions:

- The employer must increase the number of full-time equivalent employees employed in Wisconsin during the taxable year
- The employer can be an existing business or a new business

- The business relocation credit or deduction cannot also be claimed

### DEFINITIONS

**"Full-time equivalent employee"** means an employee who is a resident of Wisconsin, is employed in a regular, non-seasonal job, and who, as a condition of employment, is required to work at least 2080 hours per year, including paid leave and holidays. See [Wis. Admin. Code Tax 3.05\(2\)\(c\)](#).

**"Employee"** means any officer of a corporation or any individual who has the status of an employee or any individual who performs services for remuneration for any person. See sec. 3121(d) of the Internal Revenue Code.

### CLAIMING THE DEDUCTION

Use Schedule JC to claim the job creation deduction. For further information, you may visit the department's website at [revenue.wi.gov](http://revenue.wi.gov) or call the Department of Revenue at (608) 266-2772.

### DEDUCTION COMPUTATION

The deduction is based on the increase in the number of full-time equivalent employees employed by the taxpayer in Wisconsin during the taxable year, multiplied by \$4,000 for a business with gross receipts no greater than \$5 million in the taxable year or \$2,000 for a business with gross receipts greater than \$5 million in the taxable year.

Example:

Following is an example of how to determine the number of full-time equivalent (FTE) employees.

For Taxpayer A's taxable year beginning January 1, 2014 and ending December 31, 2014, Taxpayer A begins with the number of employees employed in Wisconsin that are listed on the quarterly unemployment insurance wage reports required to be filed January 31, 2014, April 30, 2014, July 31, 2014, and October 31,

2014. Taxpayer A then identifies which of the employees listed on the quarterly unemployment insurance wage reports qualify as "full-time equivalent employees."

<u>UC Report Filing Due Date</u>	<u>Total Employees Reported</u>	<u>FTE Employees Identified</u>
01/31/2014	43	22
04/30/2014	58	36
07/31/2014	57	39
10/31/2014	71	63
TOTAL	229	160

The total number of FTE employees is then divided by the number of reporting periods (4 in this example). The result in this example is 40 ( $160 \div 4$ ). This is the number of FTE employees that were employed in Wisconsin during the 2014 taxable year. (This number is entered on line 1 of Schedule JC.)

The same computation must be made for the 2013 taxable year. (The result is entered on line 2 of Schedule JC).

*Last Updated: December 1, 2015*