

# **Business Tax Incentives for 2011**

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**IMPORTANT CHANGES**

**New Tax Incentives.** Five new tax incentives are available for taxable years beginning in 2011. They are:

- *Super research and development credit*, available for taxable years beginning on or after January 1, 2011. See section III.
- *Community rehabilitation program credit*, available for taxable years beginning on or after August 1, 2011. See section XXIV.
- *Beginning farmer and farm asset owner tax credit*, available for taxable years beginning on or after January 1, 2011. See section XXV.
- *Relocated business credit/deduction*, available for taxable years beginning on or after January 1, 2011. See section XXVI.
- *Job creation deduction*, available for taxable years beginning on or after January 1, 2011. See section XXVII.

- Film production credits
- Health insurance risk-sharing credit
- Ethanol and biodiesel fuel pump credit
- Manufacturing investment credit
- Food processing plant and food warehouse investment credit
- Jobs tax credit
- Postsecondary education credit
- Woody biomass harvesting and processing credit
- Water consumption credit
- Super research and development credit
- Community rehabilitation program credit
- Beginning farmer and farm asset owner credit
- Relocated business credit/deduction
- Job creation deduction

**CAUTION**

The information in this publication reflects the position of the Wisconsin Department of Revenue of laws enacted by the Wisconsin Legislature effective on December 31, 2011. Laws effective after that date, new administrative rules, and court decisions may change the interpretations provided in this publication.

**I. INTRODUCTION**

This publication provides information about the Wisconsin tax incentives that may be available to corporations, tax-option (S) corporations, partnerships, limited liability companies (LLCs), and sole proprietorships doing business in Wisconsin for taxable years beginning in 2011.

These tax incentives consist of the following:

- Research credits
- Development zones credits
- Early stage seed investment credit
- Technology zone credit
- Community development finance authority credit
- Supplement to federal historic rehabilitation tax credit
- Dairy and livestock farm investment credit
- Farmland credits
- Carryforward of manufacturer's sales tax credit
- Internet equipment credit
- Enterprise zone jobs credit
- Dairy manufacturing facility investment credit

**II. DEFINITIONS**

In this publication, the following definitions apply, unless stated otherwise.

**Corporation** - Includes corporations, insurance companies, regulated investment companies (RICs), real estate mortgage investment conduits (REMICs), real estate investment trusts (REITs), financial asset securitization investment trusts (FASITs), publicly traded partnerships treated as corporations in section 7704 of the Internal Revenue Code (IRC), limited liability companies (LLCs) treated as corporations under the Internal Revenue Code, joint stock companies, associations, common law trusts, and all other entities treated as corporations under IRC section 7701.

**Exempt Corporation** - A corporation exempt from Wisconsin franchise or income taxation under sec. 71.26(1)(a) or 71.45(1), Wis. Stats., that is subject to the tax on unrelated trade or business income under IRC section 511 for federal income tax purposes.

**Partnership** - Includes general partnerships, limited partnerships, registered limited liability partnerships

(LLPs), limited liability companies (LLCs) treated as partnerships under the Internal Revenue Code, syndicates, groups, pools, joint ventures, and other unincorporated organizations.

**Sole Proprietorship** - Includes unincorporated businesses operated by individuals, estates, trusts, and exempt trusts subject to tax on unrelated business taxable income.

**Tax-Option (S) Corporation** - A corporation which is treated as an S corporation under subchapter S of the Internal Revenue Code and has not elected out of tax-option corporation status for Wisconsin purposes.

**Note:** A single-owner entity that is disregarded as a separate entity under IRC section 7701, or a corporation treated as a qualified subchapter S subsidiary (QSub) for federal purposes, is disregarded as a separate entity for Wisconsin franchise or income tax purposes. The owner claims any tax credits based on the LLC's or QSub's activities for which the owner would otherwise be eligible.

### III. RESEARCH CREDITS

Research credits are available for increasing research activities in Wisconsin and for constructing and equipping new facilities or expanding existing facilities in Wisconsin for qualified research.

#### A. Research Expense Credit

##### 1. What is the purpose of the credit?

The research expense credit provides an incentive for increasing qualified research activities in Wisconsin. The credit equals 5% of the difference between the claimant's qualified research expenses incurred for research conducted in Wisconsin and its Wisconsin base amount. "Qualified research expenses" are defined in section 41(b) of the Internal Revenue Code as amended to December 31, 2010, with certain exceptions that are explained in the Form 4 and Form 5 instructions. They are the sum of in-house research expenses and 65% of contract research expenses (75% for payments made to qualified research consortia).

"Qualified research," defined in IRC section 41(d), means research, the costs of which may be treated as expenses under IRC section 174. The research must be undertaken for the purpose of discovering information that is technological in nature, and its application must be intended for use in developing a new or improved business component of the taxpayer.

For purposes of computing the Wisconsin research credits, "Internal Revenue Code" means the federal Internal Revenue Code (IRC) as amended to December 31, 2010, with certain exceptions that are explained in the Form 4 or Form 5 instructions. For purposes of IRC section 41, Wisconsin follows subsection (b) for the definition of qualified research expenses, subsection (c) for determining the base amount, and subsection (d) for the definition of qualified research.

Relating to the Wisconsin research credits, exceptions to the IRC include:

- Section 41(f), which provides special rules for the computation of the credit.
- Section 41(h), relating to the termination of the federal credit, does not apply for Wisconsin purposes.
- The increased percentages for the federal alternative incremental research credit enacted by P.L. 109-432, Tax Relief and Health Care Act of 2006, were not adopted for Wisconsin purposes.
- The changes to the federal research credit relating to energy research and energy research consortia, made by Public Law 109-58, Energy Tax Incentives Act of 2005, were not adopted for Wisconsin purposes.

For taxable years beginning on or after January 1, 1997, a taxpayer may elect an alternative incremental credit using a three-tiered fixed-base percentage.

For taxable years beginning on or after July 1, 2007, the percentage referred to above is increased to 10% for expenses incurred in qualified research related to internal combus-

tion engines and certain energy efficient products.

## 2. Who may qualify for the credit and on what form is it claimed?

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule R, R-1, or R-2	Form 4, 4I, or 5
Exempt corporations <sup>1</sup>	Schedule R, R-1, or R-2	Form 4T

<sup>1</sup> The credit is allowed only if the exempt corporation increases qualified research expenses in Wisconsin as part of an unrelated trade or business activity.

## 3. When must the credit be claimed?

Claim the credit within four years of the unextended due date of the corporation's franchise or income tax return.

## 4. Is the credit refundable or nonrefundable?

The credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be offset against the economic development surcharge.

## 5. Where can I obtain more information?

See the instructions for Schedules R, R-1, and R-2.

## B. Research Facilities Credit

### 1. What is the purpose of the credit?

The research facilities credit is available for 5% of the qualified expenditures to construct and equip new research facilities or to expand existing facilities in Wisconsin for qualified research. "Qualified research," defined in IRC section 41(d) as amended to December 31, 2010, means research, the costs of which may be treated as expenses under IRC section 174. The research must be undertaken for the purpose of discovering information that is technological in nature, and its application must

be intended for use in developing a new or improved business component of the taxpayer.

For purposes of computing the Wisconsin research credits, "Internal Revenue Code" means the federal Internal Revenue Code (IRC) as amended to December 31, 2010, with certain exceptions that are explained in the Form 4 or Form 5 instructions. For purposes of IRC section 41, Wisconsin follows subsection (b) for the definition of qualified research expenses, subsection (c) for determining the base amount, and subsection (d) for the definition of qualified research.

Relating to the Wisconsin research credits, exceptions to the IRC include:

- Section 41(f), which provides special rules for the computation of the credit.
- Section 41(h), relating to the termination of the federal credit, does not apply for Wisconsin purposes.
- The increased percentages for the federal alternative incremental research credit enacted by P.L. 109-432, Tax Relief and Health Care Act of 2006, were not adopted for Wisconsin purposes.
- The changes to the federal research credit relating to energy research and energy research consortia, made by Public Law 109-58, Energy Tax Incentives Act of 2005, were not adopted for Wisconsin purposes.

Amounts paid or incurred for replacement property do not qualify for the credit.

For taxable years beginning on or after July 1, 2007, the percentage referred to above is increased to 10% of qualified expenditures for facilities used in qualified research relating to internal combustion engines and certain energy efficient products.

**2. Who may qualify for the credits and on what form are they claimed?**

Entity	Form Used to Compute Credits	Form on Which Credits Claimed
Corporations	Schedule R, R-1, or R-2	Form 4, 4I, or 5
Exempt corporations <sup>1</sup>	Schedule R, R-1, or R-2	Form 4T

<sup>1</sup> The credits are allowed only if the exempt corporation constructs or equips new research facilities in Wisconsin or expands existing facilities in Wisconsin as part of an unrelated trade or business activity.

**3. When must the credits be claimed?**

Claim the credits within four years of the unextended due date of the corporation's franchise or income tax return.

**4. Are the credits refundable or nonrefundable?**

The credits are nonrefundable. If the credits are not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credits may not be offset against the economic development surcharge.

**5. Where can I obtain more information?**

See the instructions for Schedules R, R-1, and R-2.

**C. Super Research and Development Credit**

**1. What is the purpose of the credit?**

The super research and development credit provides an incentive for increasing qualified research expenses in Wisconsin beyond the level that qualifies for the research expense credit. The credit equals the amount of qualified research expenses paid or incurred in a tax year that exceeds 1.25 times the average annual research expenses from the previous three years.

**2. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit is Claimed
Corporations	Schedule R	Form 4 or Form 5
Exempt corporations <sup>1</sup>	Schedule R	Form 4T

<sup>1</sup> The credit is allowed only if the exempt corporation increases qualified research expenses in Wisconsin as part of an unrelated trade or business activity.

**3. When must the credit be claimed?**

Claim the credit within four years of the unextended due date of the corporation's franchise or income tax return.

**4. Is the credit refundable or nonrefundable?**

The credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 5 (five) years. The credit may not be offset against the economic development surcharge.

**5. May the super research and development credit be shared with other members in a combined group?**

No. The super research and development credit is available only to offset the Wisconsin franchise or income taxes due of the separate corporation that generated it.

**6. Where can I obtain more information?**

See the instructions for Schedules R, R-1, and R-2.

**IV. DEVELOPMENT ZONES CREDITS**

**A. What is the purpose of the credits?**

The development zones tax credits provide tax incentives for businesses to locate in Wisconsin development zones. The Wisconsin Economic Development Corporation (WEDC) administers the development zone programs.



The Community Development Zone Program is designed to encourage private investment and improve the quality and quantity of employment opportunities in Wisconsin’s designated community development zones. Tax credits are based on creating or retaining jobs and on cleaning up environmental pollution in community development zones.

The Enterprise Development Zone Program provides an incentive for a new or expanding business whose project will affect a specific distressed area. A zone is “site specific”; it applies to only one business. Businesses earn tax credits by creating new full-time jobs or by cleaning up environmental pollution in an enterprise development zone.

The Legislature has designated certain areas of the state as development opportunity zones. Tax credits are based on investment in a business; construction, rehabilitation, repair, or remodeling of a building; job creation or retention; and environmental remediation in the development opportunity zone.

The Agricultural Development Zone Program encourages the expansion of agricultural businesses in Wisconsin’s agricultural development zone. Tax credits may be available based on capital investments in real and tangible personal property, job creation or retention, and environmental remediation.

The Airport Development Zone Program encourages the expansion of businesses in Wisconsin’s designated airport development zones. For taxable years beginning on or after January 1, 2007, tax credits may be available based on capital investments in real and tangible personal property, job creation or retention, and environmental remediation.

The WEDC determines the amount of credit available to businesses located in community development, enterprise development, development opportunity, agricultural development, and airport development zones.

To participate in the development zone programs, businesses must first be certified by the WEDC. For more information regarding eligibility in the Wisconsin development zone programs, visit the

WEDC web site at [www.wedc.org](http://www.wedc.org), write to the Wisconsin Economic Development Corporation, PO Box 1687, Madison, WI 53701-1687, or call (608) 267-4417.

**B. Who may qualify for the credits and on what form are they claimed?**

Entity	Form Used to Compute Credits	Form on Which Credits Claimed
Corporations	Schedule DC	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule DC	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule DC	Form 4T
Partnerships	Schedule DC	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships <sup>2</sup>	Schedule DC	Form 1, 1NPR, or 2

<sup>1</sup> The credits are allowed only if the exempt organization conducts an unrelated trade or business in a Wisconsin development zone.

<sup>2</sup> Estates and trusts share the credits among themselves and their beneficiaries in proportion to the income allocable to each.

**C. When must the credits be claimed?**

Claim the credits within four years of the unextended due date of the taxpayer’s franchise or income tax return.

**D. Are the credits refundable or nonrefundable?**

The credits are nonrefundable. If a credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credits may not be offset against the economic development surcharge.

**E. Where can I obtain more information?**

See the instructions for Schedule DC.

**V. EARLY STAGE SEED INVESTMENT CREDIT**

**A. What is the purpose of the credit?**

The early stage seed investment credit is part of the qualified new business venture program administered by the Wisconsin Economic Development Corporation (WEDC). The credit is based on a claimant’s investment paid to a certified fund manager that the fund manager invests in a qualified new business venture. The credit equals 25% of the qualified investment amount as certified by the WEDC. If an investment for which a claimant claims the early stage seed investment credit is held by the claimant for less than three years, the claimant shall pay the Department of Revenue the amount of the credit that the claimant received related to the investment.

An investment fund manager must apply to the WEDC for certification. Only fund managers who meet certain requirements and commit to consider investing in qualified new business ventures may receive certification. For more information, visit the WEDC web site at [www.wedc.org](http://www.wedc.org), write to the Wisconsin Economic Development Corporation, PO Box 1687, Madison, WI 53701-1687, or call (608) 267-4417.

Effective for taxable years beginning on or after January 1, 2009, a person who is eligible to claim the early stage seed investment credit may sell or otherwise transfer the credit to another person who is subject to tax if the person receives prior authorization from the investment fund manager and the manager then notifies the WEDC and the Department of Revenue of the transfer and submits with the notification a copy of the transfer documents. No person may sell or otherwise transfer a credit more than once in a 12 month period. The WEDC may charge any person selling or otherwise transferring a credit a fee equal to one percent of the credit amount sold or transferred.

**B. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule VC	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule VC	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule VC	Form 4T
Partnerships	Schedule VC	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, 5S
Sole proprietorships <sup>2</sup>	Schedule VC	Form 1, 1NPR, or 2

<sup>1</sup> The credit is allowed only if the exempt organization’s qualified investment is part of an unrelated trade or business activity.

<sup>2</sup> Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

**C. When must the credit be claimed?**

Claim the credit within four years of the unextended due date of the taxpayer’s franchise or income tax return.

**D. Is the credit refundable or nonrefundable?**

The credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be offset against the economic development surcharge.

**E. Where can I obtain more information?**

See the instructions for Schedule VC.

## VI. TECHNOLOGY ZONE CREDIT

### A. What is the purpose of the credit?

The technology zone credit provides an incentive for new or expanding high-technology businesses to locate in a Wisconsin technology zone. Eight areas of the state have been designated as technology zones by the Wisconsin Economic Development Corporation (WEDC). The WEDC determines the amount of technology zone credit available, based on the real and personal property taxes paid, capital investments made, and jobs created by the business.

To participate in the technology zone program, businesses must first be certified for tax credits by the WEDC. For more information regarding eligibility in the technology zone program, visit the WEDC web site at [www.wedc.org](http://www.wedc.org), write to the Wisconsin Economic Development Corporation, PO Box 1687, Madison, WI 53701-1687, or call (608) 267-4417.

### B. Who may qualify for the credit and on what form is it claimed?

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule TC	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule TC	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule TC	Form 4T
Partnerships	Schedule TC	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships <sup>2</sup>	Schedule TC	Form 1, 1NPR, or 2

<sup>1</sup> The credit is allowed only if the exempt organization's activities in a technology zone are part of an unrelated trade or business activity.

<sup>2</sup> Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

### C. When must the credit be claimed?

Claim the credit within four years of the unextended due date of the taxpayer's franchise or income tax return.

### D. Is the credit refundable or nonrefundable?

The credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be offset against the economic development surcharge.

### E. Where can I obtain more information?

See the instructions for Schedule TC.

## VII. COMMUNITY DEVELOPMENT FINANCE AUTHORITY CREDIT

### A. What is the purpose of the credit?

Corporations that make contributions to the Wisconsin Housing and Economic Development Authority and, in the same year, purchase common stock in the Wisconsin Community Development Finance Company may claim a credit. The credit is equal to 75% of the purchase price of the stock, but may not exceed 75% of the amount that was contributed to the Wisconsin Community Development Finance Authority.

### B. Who may qualify for the credit and on what form is it claimed?

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	No special form	Form 4, 4I, or 5
Tax-option (S) corporations <sup>1</sup>	No special form	Form 5S
Exempt corporations <sup>2</sup>	No special form	Form 4T

<sup>1</sup> The credit may offset a tax-option (S) corporation's franchise tax measured by interest income from certain

federal, state, and local government obligations and its built-in gains tax.

<sup>2</sup> The credit is allowed only if the exempt corporation makes the contribution as part of an unrelated trade or business activity.

**C. When must the credit be claimed?**

Claim the credit within four years of the unextended due date of the corporation’s Wisconsin corporation franchise or income tax return.

**D. Is the credit refundable or nonrefundable?**

The credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be offset against the economic development surcharge.

**E. Where can I obtain more information?**

See the instructions for Form 4, 4I, 4T, 5, or 5S.

**VIII. SUPPLEMENT TO FEDERAL HISTORIC REHABILITATION TAX CREDIT**

**A. What is the purpose of the credit?**

The supplement to the federal historic rehabilitation tax credit provides an incentive to businesses to rehabilitate certified historic structures located in Wisconsin and used for the production of income. The building must be listed in the National Register of Historic Places or determined to be historic and will be listed in the National Register.

To qualify for the credit, the qualified rehabilitation expenditures must be more than the greater of \$5,000 or the adjusted basis in the building on the first day of a 24-month, or for phased rehabilitation projects a 60-month, rehabilitation period. The credit equals 5% of the qualified rehabilitation expenditures incurred during the rehabilitation period.

“Qualified rehabilitation expenditures” are amounts incurred that must be capitalized and added to the basis of the building rather than deducted. Qualified

expenditures don’t include any amount being depreciated under an accelerated method, the cost of acquiring the building itself or any interest in the building, or any expense incurred for the enlargement of an existing building.

The Wisconsin Historical Society administers the historic preservation program. A business must formally apply to the National Park Service, through the Wisconsin Historical Society, for approval of the project before beginning the physical work of construction or destruction in preparation of construction. In addition, the business generally must receive final certification of the completed work from the National Park Service before claiming the credit.

For more information, visit the Historical Society’s web site at [www.wisconsinhistory.org/hp/buildings](http://www.wisconsinhistory.org/hp/buildings), write to the Division of Historic Preservation, Wisconsin Historical Society, 816 State Street, Madison, WI 53706-1482, or call (608) 264-6490.

**B. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule HR	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule HR	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule HR	Form 4T
Partnerships	Schedule HR	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships <sup>2</sup>	Schedule HR	Form 1, 1NPR, or 2

<sup>1</sup> The credit is allowed only if the exempt organization rehabilitates a certified historic structure used in an unrelated trade or business.

<sup>2</sup> Estates and trusts share the supplement to the federal historic rehabilitation tax credit among themselves and their beneficiaries in proportion to the income allocable to each.

**C. When must the credit be claimed?**

Claim the credit within four years of the unextended due date of the taxpayer’s Wisconsin franchise or income tax return.

**D. Is the credit refundable or nonrefundable?**

The credit is nonrefundable. If the credit is not entirely offset against qualifying Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be offset against the economic development surcharge.

**E. Where can I obtain more information?**

See the instructions for Schedule HR.

**IX. DAIRY AND LIVESTOCK FARM INVESTMENT CREDIT**

**A. What is the purpose of the credit?**

The dairy and livestock farm investment credit encourages modernization or expansion of the claimant’s dairy or livestock farm in Wisconsin. To qualify for the credit, the expenditures must be for certain depreciable property used exclusively related to dairy animals or livestock in Wisconsin.

Qualifying property used exclusively related to dairy animals must be acquired and placed in service in taxable years beginning on or after January 1, 2004, and before January 1, 2017. Qualifying property used exclusively related to livestock must be acquired and placed in service in taxable years beginning on or after January 1, 2006, and before January 1, 2017.

“Dairy farm modernization or expansion” means the construction, the improvement, or the acquisition of buildings or facilities, or the acquisition of equipment, for dairy animal housing, confinement, animal feeding, milk production, or waste manage-

ment, if exclusively related to dairy animals and if acquired and placed in service in Wisconsin.

“Livestock farm modernization or expansion” means the construction, the improvement, or the acquisition of buildings or facilities, or the acquisition of equipment, for livestock housing, confinement, feeding, or waste management, if used exclusively related to livestock on the claimant’s livestock farm and if acquired and placed in service in Wisconsin.

“Livestock” means cattle, not including dairy animals; swine; poultry, including farm-raised pheasants, but not including other farm-raised game birds or ratites (such as emu, ostrich and rhea); fish that are raised in aquaculture facilities; sheep; and goats.

“Used exclusively” related to dairy animals, livestock, or both, means used to the exclusion of all other uses except for other uses not exceeding 5% of total use.

The credit is equal to 10% of the purchase price of qualified property. The maximum dairy and livestock farm investment credit available during the eight-year period is \$75,000 with the exception that no more than \$50,000 of amount may be based on costs incurred prior to May 27, 2010.

**B. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule DI	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule DI	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule DI	Form 4T

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Partnerships	Schedule DI	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships <sup>2</sup>	Schedule DI	Form 1, 1NPR, or 2

<sup>1</sup> The credit is allowed only if the exempt corporation acquires property for dairy or livestock farm modernization or expansion as part of an unrelated trade or business activity.

<sup>2</sup> Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

**C. When must the credit be claimed?**

Claim the credit within four years of the unextended due date of the taxpayer’s franchise or income tax return.

**D. Is the credit refundable or nonrefundable?**

The credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be offset against the economic development surcharge.

**E. Where can I obtain more information?**

See the instructions for Schedule DI.

**X. FARMLAND PRESERVATION CREDIT**

**A. Farmland Preservation Credit—Pre 2010**

**1. What changed with the existing credit?**

For taxable years beginning after December 31, 2009, no new claims may be filed for the farmland preservation credit as it exists under the prior law, but if an otherwise eligible claimant is subject to a farmland preservation agreement

that is in effect on July 1, 2010, for the period prior to January 1, 2010, the claimant may continue to file a claim for the existing credit until the farmland preservation agreement expires. No claimant that files a claim for the existing farmland preservation credit may file a claim for the new farmland preservation credit (explained in the next section) based on the same farmland acreage used to compute the existing credit.

**2. What is the purpose of the credit?**

The farmland preservation credit provides an incentive for owners of Wisconsin farmland to preserve their farmland. An owner of at least 35 acres of farmland may qualify for the credit either by signing a farmland preservation agreement not to develop the land for a specific time or by having the land zoned for exclusive agricultural use. The farmland must have generated at least \$6,000 of gross farm profits for the current taxable year or at least \$18,000 of gross farm profits during the current taxable year and the last two years combined.

The farmland preservation credit is based on the first \$6,000 of net property taxes levied on farmland and improvements. The maximum amount of credit available is \$4,200. The minimum credit is 10% of the net property taxes, up to \$600.

**3. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations organized under Wisconsin law	Schedule FC	Form 4, 4I, or 5
Exempt organizations organized under Wisconsin law	Schedule FC	Form 4T

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Wisconsin resident individuals, trusts created by Wisconsin residents, grantors of revocable trusts who are Wisconsin residents, estates of individuals who are Wisconsin residents on the date of death, and guardians on behalf of wards	Schedule FC	Form 1, 1NPR, or 2
Wisconsin resident partners, LLC members, and tax-option (S) corporation shareholders	Schedule FC	Form 1, 1NPR, 2, 4, 4I, 4T, or 5

**4. When must the credit be claimed?**

Claim the credit within four years of the unextended due date of the taxpayer’s Wisconsin franchise or income tax return.

**5. Is the credit refundable or nonrefundable?**

The credit is refundable. If the credit is not entirely offset against qualifying Wisconsin franchise or income taxes due for the current taxable year, the balance will be refunded. The credit may be offset against the economic development surcharge.

**6. Where can I obtain more information?**

See the instructions for Schedule FC and Publication 503, *Wisconsin Farmland Preservation Credit*.

**B. Farmland Preservation Credit—2010 and beyond**

**1. When does the new credit begin?**

The new farmland preservation credit is effective for taxable years beginning on or after January 1, 2010.

**2. What is the purpose of the credit?**

The farmland preservation credit provides an incentive for owners of Wisconsin farmland to preserve their farmland. The claimant must have an ownership interest in a farm that is covered by a farmland preservation agreement entered into on or after July 1, 2009, or located in a farmland preservation zoning district. The claimant must have paid or be legally responsible for paying the current years property taxes levied against the qualifying acres to which the claim relates. There is no minimum acreage requirement and no limit on the amount of credit that may be claimed; however, the claimant must be in compliance with soil and water conservation plans and standards as of the end of the taxable year to which the claim relates.

The farmland preservation credit is based on the number of qualifying acres of farmland multiplied by either \$5, \$7.50, or \$10 per acre based on whether or not the acreage is covered by a farmland preservation agreement and/or is located in a farmland preservation zoning district.

**3. How much is the credit?**

Acreage	Amount of Credit per Acre
Located in farmland preservation zoning district and subject to farmland preservation agreement	\$10
Located in farmland preservation zoning district only	\$7.50
Subject to farmland preservation agreement only	\$5

**4. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations organized under Wisconsin law	Schedule FC-A	Form 4, 4I, or 5
Exempt organizations organized under Wisconsin law	Schedule FC-A	Form 4T



Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Wisconsin resident individuals, trusts created by Wisconsin residents, grantors of revocable trusts who are Wisconsin residents, estates of individuals who are Wisconsin residents on the date of death, and guardians on behalf of wards	Schedule FC-A	Form 1, INPR, or 2
Wisconsin resident partners, LLC members, and tax-option (S) corporation shareholders	Schedule FC-A	Form 1, INPR, 2, 4, 4I, 4T, or 5

**5. When must the credit be claimed?**

Claim the credit within four years of the unextended due date of the taxpayer’s Wisconsin franchise or income tax return.

**6. Is the credit refundable or nonrefundable?**

The credit is refundable. If the credit is not entirely offset against qualifying Wisconsin franchise or income taxes due for the current taxable year, the balance will be refunded. The credit may be offset against the economic development surcharge.

**7. Where can I obtain more information?**

See the instructions for Schedule FC-A and Publication 503—Wisconsin Farmland Preservation Credit.

**XI. DAIRY MANUFACTURING FACILITY INVESTMENT CREDIT**

**A. What is the purpose of the credit?**

The dairy manufacturing facility investment credit encourages modernization or expansion of dairy

manufacturing facilities in Wisconsin. To qualify for the credit, the expenditures must be for certain depreciable property used exclusively related to dairy manufacturing. The credit is available for property placed in service after December 31, 2006, and before January 1, 2015.

Effective for taxable year that begin after December 31, 2008 and before January 1, 2017, the dairy manufacturing facility investment credit is extended to dairy cooperatives, which means a business organized under chapter 185 or 193, Wis. Stats., for the purpose of obtaining or processing milk.

The Department of Agriculture, Trade, and Consumer Protection (DATCP) must certify the taxpayer or members of dairy cooperatives are eligible for the credit and allocate the amount of credit to the taxpayer or members of the dairy cooperative. For more information, visit the DATCP web site at [datcp.wi.gov](http://datcp.wi.gov) or write to the Wisconsin Department of Agriculture, Trade, and Consumer Protection, PO Box 8911, Madison, WI 53708-8911.

**B. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule DM—All taxpayers Schedule DMK-1—Dairy Cooperatives	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule DM—All taxpayers Schedule DMK-1—Dairy Cooperatives	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, INPR, or 2
Exempt corporations <sup>1</sup>	Schedule DM—All taxpayers Schedule DMK-1—Dairy Cooperatives	Form 4T



Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Partnerships	Schedule DM—All taxpayers Schedule DMK-1—Dairy Cooperatives	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, or 2
Sole proprietorships <sup>2</sup>	Schedule DM—All taxpayers Schedule DMK-1—Dairy Cooperatives	Form 1, 1NPR, or 2

<sup>1</sup> This credit is allowed only if the exempt corporation acquires property for modernization or expansion of a dairy manufacturing facility in Wisconsin.

<sup>2</sup> Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

### C. When must the credit be claimed?

Claim the credit within four years of the unextended due date of the taxpayer's franchise or income tax return.

### D. Is the credit refundable or nonrefundable?

The credit is refundable. If the credit is not entirely offset against qualifying Wisconsin franchise or income taxes due for the current taxable year, the balance will be refunded. The credit may be offset against the economic development surcharge.

### E. Where can I obtain more information?

See the instructions for Schedule DM and Schedule DMK-1.

## XII. ENTERPRISE ZONE JOBS CREDITS

### A. What is the purpose of the credits?

The enterprise zone jobs credit provides an incentive for increasing employment or improving job skills of employees in an enterprise zone. The enterprise zone jobs credit consists of a regular credit and a supplemental credit.

The regular credit is based on the increase in the number of full-time Wisconsin employees during the base year and the current year. The "base year" is the taxable year beginning during the calendar year prior to the year in which the enterprise zone where the claimant is located takes effect. The supplemental credit is equal to the amount paid in the taxable year, relating to employees who work in an enterprise zone, to upgrade or improve job-related skills, to train employees on the use of job-related new technologies, or to provide job-related training to employees if it is the employee's first full-time job.

Additional supplemental credits are available for an amount up to seven percent of the payroll paid to full-time employees employed in an enterprise zone, up to ten percent of significant capital expenditures made, and up to one percent of the amount paid to purchase tangible personal property, items, property, or goods from Wisconsin vendors.

The Wisconsin Economic Development Corporation (WEDC) must certify the business as eligible for the credit and verify expenses. For more information, visit the WEDC web site at [www.wedc.org](http://www.wedc.org) or write to the Wisconsin Economic Development Corporation, PO Box 1687, Madison, WI 53701-1687.

### B. Who may qualify for the credits and on what form are they claimed?

Entity	Form Used to Compute Credits	Form on Which Credits Claimed
Corporations	Schedule EC	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule EC	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule EC	Form 4T

Entity	Form Used to Compute Credits	Form on Which Credits Claimed
Partnerships	Schedule EC	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, or 2
Sole proprietorships <sup>2</sup>	Schedule EC	Form 1, 1NPR, or 2

<sup>1</sup> This credit is allowed only if the exempt corporation conducts an unrelated trade or business in a Wisconsin enterprise zone.

<sup>2</sup> Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

**C. When must the credits be claimed?**

The credits may not be claimed for taxable years beginning before July 1, 2007. Claim the credits within four years of the unextended due date of the taxpayer’s franchise or income tax return.

**D. Are the credits refundable or nonrefundable?**

The credits are refundable. If the credits are not entirely offset against qualifying Wisconsin franchise or income taxes due for the current taxable year, the balance will be refunded. The credits may be offset against the economic development surcharge.

**E. Where can I obtain more information?**

See the instructions for Schedule EC.

**XIII. INTERNET EQUIPMENT CREDIT**

**A. What is the purpose of the credit?**

The purpose of the Internet equipment credit is to increase broadband Internet availability in Wisconsin. The Internet equipment credit allows a taxpayer to claim a sales tax exemption on Internet equipment used in the broadband market. “Internet equipment used in the broadband market” means equipment that is capable of transmitting data packets or Internet signals at speeds of at least 200 kilobits per second in either direction.

The claimant must certify to the Wisconsin Economic Development Corporation (WEDC) that the claimant will, within 24 months after July 1, 2007, make an investment that is reasonably calculated to increase broadband Internet availability in Wisconsin. The WEDC must certify the business as eligible for the credit and verify expenses. For more information, visit the WEDC web site at [www.wedc.org](http://www.wedc.org), or write to the Wisconsin Economic Development Corporation, PO Box 1687, Madison, WI 53701-1687.

**B. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule IE	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule IE	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule IE	Form 4T
Partnerships	Schedule IE	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, or 2
Sole proprietorships <sup>2</sup>	Schedule IE	Form 1, 1NPR, or 2

<sup>1</sup> This credit is allowed only if the exempt corporation’s qualified investment is part of an unrelated trade or business activity.

<sup>2</sup> Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

**C. When must the credit be claimed?**

The taxpayer may not claim the credit until the first taxable year following the taxable year in which the claimant claimed the sales tax exemption on Internet equipment used in the broadband market. The

sales tax exemption may first be claimed on July 1, 2007. Claim the credit within four years of the unextended due date of the taxpayer's franchise or income tax return.

**D. Is the credit refundable or nonrefundable?**

The credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be offset against the economic development surcharge.

**E. Where can I obtain more information?**

See the instructions for Schedule IE.

**XIV. FILM PRODUCTION CREDITS**

**A. Film Production Services Credit**

**1. What is the purpose of the credit?**

The film production services credit provides an incentive to film production companies to operate in Wisconsin. The credit applies to claimants who incur production expenditures for making an accredited production. "Accredited production" means a film, video, broadcast advertisement, or television production, as approved by the Department of Tourism, for which the aggregate salary and wages included in the cost of production for the period ending 12 months after the month in which the principal filming or taping of the production begins exceeds \$50,000. Accredited production also means an electronic game that is approved by the Department of Tourism and for which the aggregate salary and wages included in the cost of the production for the period ending 36 months after the month in which the principal programming, filming, or taping of the production begins exceeds \$100,000. Among others, "accredited production" does not include any of the following, regardless of production costs:

- News, current events, or public programming or a program that includes weather or market reports,
- A talk show,

- A production with respect to a questionnaire or contest,
- A sports event or authority,
- A gala presentation of awards show,
- A finished production that solicits funds,
- A production for which the production company is required under 18 USC 2257 to maintain records with respect to a performer portrayed in a single media or multimedia program, or
- A production produced primarily for industrial, corporate, or institutional purposes.

The claimant must file an application with the Department of Tourism. For more information, visit the Department of Tourism web site at [www.travelwisconsin.com](http://www.travelwisconsin.com) or write to the Wisconsin Department of Tourism, PO Box 8690, Madison, WI 53708-8690.

**2. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule FP	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule FP	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule FP	Form 4T
Partnerships	Schedule FP	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, or 2
Sole proprietorships <sup>2</sup>	Schedule FP	Form 1, 1NPR, or 2

<sup>1</sup> This credit is allowed to the extent the film production services is part of an unrelated trade or business activity.

<sup>2</sup> Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

**3. When must the credit be claimed?**

Claim the credit within four years of the unextended due date of the taxpayer’s franchise or income tax return.

**4. Is the credit refundable or nonrefundable?**

For taxable years that begin on or after January 1, 2008 and before January 1, 2009, the credit is equal to (a) 25% of salary and wages paid to employees in the taxable year for services in Wisconsin to produce an accredited production, (b) 25% of the production expenditures, and (c) the amount of sales and use taxes paid on the purchase of tangible personal property and taxable services used directly in producing an accredited production. Item (b) above is a refundable credit. Items (a) and (c) are nonrefundable, but unused credits may be carried over and offset against tax for up to 15 years. The refundable portion of the credit may be offset against the economic development surcharge.

For taxable years beginning on or after January 1, 2009, the credit is equal to (a) 25% of the salary, wages, or labor-related contract payments made to individuals that earn less than \$250,000 and are residents of Wisconsin at the time they were paid and who worked on an accredited production in Wisconsin, and (b) 25% of the production expenditures paid to produce an accredited production. The credit is refundable. If the credit is not entirely offset against qualifying Wisconsin franchise or income taxes due for the current taxable year, the balance will be refunded. The credit may be offset against the economic development surcharge.

**5. Where can I obtain more information?**

See the instructions for Schedule FP.

**B. Film Production Company Investment Credit**

**1. What is the purpose of the credit?**

The film production investment credit provides an incentive to film production companies to operate in Wisconsin. The film production company investment credit applies to claimants who establish a film production company in Wisconsin. “Film production company” means an entity that creates films, videos, electronic games, broadcast advertisement, or television productions, but not including, among others:

- News, current events, or public programming or a program that includes weather or market reports,
- A talk show,
- A production with respect to a questionnaire or contest,
- A sports event or sports activity,
- A gala presentation of awards show,
- A finished production that solicits funds,
- A production for which the production company is required under 18 USC 2257 to maintain records with respect to a performer portrayed in a single media or multimedia program, or
- A production produced primarily for industrial, corporate, or institutional purposes.

The claimant must file an application with the Department of Tourism. For more information, visit the Department of Tourism web site at [www.travelwisconsin.com](http://www.travelwisconsin.com) or write to the Wisconsin Department of Tourism, PO Box 8690, Madison, WI 53708-8690.

**2. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule FP	Form 4, 4I, or 5

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Tax-option (S) corporations	Schedule FP	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule FP	Form 4T
Partnerships	Schedule FP	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, or 2
Sole proprietorships <sup>2</sup>	Schedule FP	Form 1, 1NPR, or 2

<sup>1</sup> This credit is allowed to the extent the film production company is part of an unrelated trade or business activity.

<sup>2</sup> Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

### 3. When must the credit be claimed?

Claim the credit within four years of the unextended due date of the taxpayer's franchise or income tax return.

### 4. Is the credit refundable or nonrefundable?

For taxable years that begin on or after January 1, 2008 and before January 1, 2009, the credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward. Unused credits may be carried over and offset against tax for up to 15 years. The credit may not be offset against the economic development surcharge.

For taxable years beginning on or after January 1, 2009, the credit is refundable. If the credit is not entirely offset against qualifying

Wisconsin franchise or income taxes due for the current taxable year, the balance will be refunded. The credit may be offset against the economic development surcharge.

### 5. Where can I obtain more information?

See the instructions for Schedule FP.

## XV. HEALTH INSURANCE RISK-SHARING PLAN ASSESSMENTS CREDIT

### A. What is the purpose of the credit?

The Health Insurance Risk-Sharing Plan (HIRSP) provides health insurance coverage for Wisconsin residents who meet certain requirements. HIRSP is funded by premiums paid by covered persons, assessments against insurers, and provider payment discounts. For taxable years beginning on or after January 1, 2006, the health-insurance risk-sharing plan assessment credit is available for insurers that pay assessments to the HIRSP Authority.

A claimant may claim as a credit against franchise or income tax an amount equal to a percentage of the risk-sharing plan assessment paid in the calendar year in which the claimant's taxable year begins. For more information, visit the HIRSP Authority web site at [www.hirsp.org/index.shtml](http://www.hirsp.org/index.shtml), write to the HIRSP Authority, 1751 West Broadway PO Box 8961, Madison, WI 53708-8961, or call (800) 828-4777, or (608) 221-4551.

### B. Who may qualify for the credit and on what form is it claimed?

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule HI	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule HI	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Partnerships	Schedule HI	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, or 2

**C. When must the credit be claimed?**

Claim the credit within four years of the unextended due date of the taxpayer’s franchise or income tax return. Credits may be computed for taxable years beginning in 2006 and 2007 but may first be claimed in taxable years beginning in 2008.

**D. Is the credit refundable or nonrefundable?**

The credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward. Unused credits may be carried over and offset against tax for up to 15 years. The credit may not be offset against the economic development surcharge.

**E. Where can I obtain more information?**

See the instructions for Schedule HI.

**XVI. ETHANOL AND BIODIESEL FUEL PUMP CREDIT**

**A. What is the purpose of the credit?**

For taxable years that begin on or after January 1, 2010 and before January 1, 2018, the ethanol and biodiesel fuel pump credit is equal to 25 percent of the amount that the claimant paid in the taxable year to install or retrofit pumps located in Wisconsin that dispense motor vehicle fuel marketed as gasoline and 85 percent ethanol or a higher percentage of ethanol or motor vehicle fuel marketed as diesel fuel and 20 percent biodiesel fuel or that mix fuels from separate storage tanks and allow the end user to choose the percentage of gasoline replacement renewable fuel or diesel replacement renewable fuel in the motor vehicle fuel dispensed. The maximum amount of the credit that may be claimed in a taxable year is an amount that is equal

to \$5,000 for each service station for which the claimant has installed or retrofitted pumps.

“Biodiesel fuel” means a fuel that is comprised of monoalkyl esters of long chain fatty acids derived from vegetable oils or animal fats.

“Motor vehicle fuel” means gasoline or diesel fuel.

“Diesel replacement renewable fuel” includes biodiesel and any other fuel derived from a renewable resource that meets all of the applicable requirements of the American Society for Testing and Materials for that fuel and that the Department of Commerce or the Department of Safety and Professional Services designates by rule as a diesel replacement renewable fuel.

“Gasoline replacement renewable fuel” includes ethanol and any other fuel derived from a renewable resource that meets all of the applicable requirements of the American Society for Testing and Materials for that fuel and that the Department of Commerce or the Department of Safety and Professional Services designates by rule as a gasoline replacement renewable fuel.

**B. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule EB	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule EB	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule EB	Form 4T
Partnerships	Schedule EB	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, or 2
Sole proprietorships <sup>2</sup>	Schedule EB	Form 1, 1NPR, or 2



<sup>1</sup> This credit is allowed to the extent the motor vehicle fueling activity is part of an unrelated trade or business activity.

<sup>2</sup> Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

**C. When must the credit be claimed?**

Claim the credit within four years of the unextended due date of the taxpayer’s franchise or income tax return. The credit cannot be claimed for taxable years beginning after December 31, 2017.

**D. Is the credit refundable or nonrefundable?**

The credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be offset against the economic development surcharge.

**E. Where can I obtain more information?**

See the instructions for Schedule EB.

**XVII. MANUFACTURING INVESTMENT CREDIT**

**A. What is the purpose of the credit?**

Taxpayers with over \$25,000 in unused manufacturer’s sales tax credit as of January 1, 2006, and who meet certain criteria are eligible for the manufacturing investment credit. The Wisconsin Department of Commerce certified companies eligible for the manufacturing investment credit. The general criteria for eligibility are:

- The business has retained 100% of full-time jobs that it employed in Wisconsin from December 23, 2003, through either December 31, 2006, or December 31, 2007; or
- The business’s average annual investment in Wisconsin from January 1, 2003, through either December 31, 2006, or December 31, 2007, is equal to no less than 2% of the total book value of the business’s depreciable assets in facilities that are based in Wisconsin; or

- The business’s average annual investment in Wisconsin from January 1, 2003, through either December 31, 2006, or December 31, 2007, is no less than \$5,000,000.

**Companies eligible for the manufacturing investment credit must have filed an application with the Department of Commerce no later than September 30, 2008.** For more information, visit the Wisconsin Economic Development Corporation web site at [www.wedc.org](http://www.wedc.org) or write to the Wisconsin Economic Development Corporation, PO Box 1687, Madison, WI 53701-1687.

**B. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule MI	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule MI	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule MI	Form 4T
Partnerships	Schedule MI	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, or 2
Sole proprietorships <sup>2</sup>	Schedule MI	Form 1, 1NPR, or 2

<sup>1</sup> This credit is allowed to the extent the exempt corporation’s unrelated trade or business was certified and had manufacturer’s sales tax credit carryover to 2006 of more than \$25,000.

<sup>2</sup> Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

**C. When must the credit be claimed?**

Claim the credit within four years of the unextended due date of the taxpayer’s franchise or income tax

return. The credit can first be claimed for taxable years beginning after December 31, 2007.

**D. Is the credit refundable or nonrefundable?**

The credit is nonrefundable. The credit is equal to the amount of unused manufacturer's sales tax credit amortized over a 15-year period, starting with the taxable year beginning after December 31, 2007. If a taxpayer is unable to use the 1/15 share of the credit in a tax year, the unused share or portion may be carried forward for up to 15 years. The amortized amount may be offset against the claimant's franchise or income tax, including the alternative minimum tax, due. The credit may not be offset against the economic development surcharge.

**E. Where can I obtain more information?**

See the instructions for Schedule MI.

**XVIII. CARRYFORWARD OF UNUSED MANUFACTURER'S SALES TAX CREDIT**

The manufacturer's sales tax credit may not be computed for taxable years that begin after December 31, 2005. Instead, effective January 1, 2006, a sales and use tax exemption applies to fuel and electricity consumed in manufacturing tangible personal property in Wisconsin. For more information on the sales and use tax exemption, see *Wisconsin Tax Bulletin* issue No. 137 (January 2004), p. 6, issue No. 142 (April 2005), p. 13, and issue No. 145 (November 2005), p. 15. These publications are available on the Department of Revenue web site, at [www.revenue.wi.gov](http://www.revenue.wi.gov).

The treatment of manufacturer's sales tax credit computed but unused for taxable years that began before January 1, 2006, depends on the amount of unused credit.

**Taxpayers with \$25,000 or less of unused manufacturer's sales tax credit as of January 1, 2006**, may use up to 50% of the credit in each of the taxable years beginning in 2006 and 2007. The credit is nonrefundable. If the credit was not entirely offset against Wisconsin franchise or income taxes due for the taxable year, the balance may be carried forward for the remainder of the 20-year carryforward period. The credit

may not be offset against the economic development surcharge.

**Taxpayers with more than \$25,000 of unused manufacturer's sales tax credit as of January 1, 2006**, may deduct in each of the taxable years beginning after December 31, 2005 and before January 1, 2008, 50% of the amount of unused credit that the taxpayer added back to income at the time the taxpayer first claimed the credit. For taxable years that begin after December 31, 2007, taxpayers having more than \$25,000 of unused credits as of January 1, 2006 may be eligible for a manufacturing investment credit.

Use Schedule MS to compute the credit carryforward allowable. For further information, see the Schedule MS instructions.

**XIX. FOOD PROCESSING PLANT AND FOOD WAREHOUSE INVESTMENT CREDIT**

**A. What is the purpose of the credit?**

The food processing plant and food warehouse investment credit is equal to ten percent of the amount paid in the taxable year for food processing or food warehousing modernization or expansion related to the operation of the claimant's food processing plant or food warehouse.

"Food processing plant" means any place where food processing is conducted, except it does not include (1) dairy plants licensed under sec. 97.20, Wis. Stats., (2) meat establishments licensed under sec. 97.42, Wis. Stats., (3) retail food establishments, or (4) any restaurant or other establishment holding a permit under sec. 254.64, Wis. Stats.

"Food warehouse" means a warehouse used for the storage of food, and includes a cold-storage warehouse, frozen-food warehouse and frozen-food locker plant. It does not include: (1) a warehouse used solely for the storage of grain or other raw agricultural commodities, (2) a retail food establishment, restaurant or other retail facility at which food is stored on a temporary basis incidental to retail preparation or sale, (3) a warehouse located in a dairy plant, a food processing plant, or a meat establishment, and used primarily for the storage of



food ingredients or food products manufactured or processed at the licensed establishment, (4) a warehouse operated by a milk distributor and used primarily for the storage and distribution of milk and fluid milk products, and (5) a facility owned or operated by a consumer and used by that consumer to store food for the consumer’s use.

“Food processing plant or food warehouse modernization or expansion” means constructing, improving, or acquiring buildings or facilities, or acquiring equipment, for food processing or food warehousing, including the following, if used exclusively for food processing or food warehousing and if acquired and placed in service in Wisconsin during taxable years that begin after December 31, 2009, and before January 1, 2017:

- Food intake, handling, storage, and warehouse facilities.
- Building additions.
- Upgrades to utilities, including water, electric, heat, refrigeration, freezing, and waste facilities.
- Installing energy savings equipment or equipment that converts waste to energy.
- Food or raw material intake and storage equipment.
- Processing and manufacturing equipment, including vats, cookers, freezers, pipes, motors, pumps, and valves.
- Packaging and handling equipment, including cleaning, sealing, bagging, boxing, labeling, conveying, and product movement equipment.
- Warehouse equipment, including storage racks and loading and unloading equipment.
- Waste treatment and waste management equipment, including tanks, blowers, separators, dryers, digesters, and equipment to produce energy, fuel, or industrial products.
- Computer software or hardware for managing the claimant’s food processing or food warehousing operation, including software and hardware related to logistics, inventory management, production plant controls, and temperature monitoring controls.

The aggregate amount of credits that a claimant may claim is \$200,000. If two or more persons own and operate the food processing plant or food warehouse, each person may claim a credit in proportion to his or her ownership interest, except that the aggregate amount of credits claimed by all persons who own and operate the operation shall not exceed \$200,000.

**B. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule FW	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule FW	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule FW	Form 4T
Partnerships	Schedule FW	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships <sup>2</sup>	Schedule FW	Form 1, 1NPR, or 2

<sup>1</sup> The credit is allowed only if the exempt organization modernizes or expands a food processing plant or food warehouse as part of an unrelated trade or business activity.

<sup>2</sup> Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

**C. When must the credit be claimed?**

Claim the credit within four years of the unextended due date of the taxpayer’s franchise or income tax return. The credit can be claimed for taxable years beginning on or after January 1, 2010 and before January 1, 2017.

**D. Is the credit refundable or nonrefundable?**

The credit is refundable. If the credit is not entirely offset against qualifying Wisconsin franchise or income taxes due for the current taxable year, the balance will be refunded. The credit may be offset against the economic development surcharge.

**E. Where can I obtain more information?**

See the instructions for Schedule FW.

**XX. JOBS TAX CREDIT**

**A. What is the purpose of the credit?**

For taxable years beginning on or after January 1, 2010, the jobs tax credit is equal to any of the following: Ten percent of wages paid to an eligible employee in the taxable year as certified by the Wisconsin Economic Development Corporation (WEDC) and the amount of costs incurred by the claimant during the taxable year, as determined by the WEDC, to undertake training activities.

“*Eligible employee*” means a person employed in a full-time job by a person certified by the WEDC.

“*Full-time job*” means a regular, nonseasonal full-time position in which an individual, as a condition of employment, is required to work at least 2080 hours per year, including paid leave and holidays, and for which the individual receives pay that is equal to at least 150 percent of the federal minimum wage and benefits that are not required by federal or state law.

**B. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule JT	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule JT	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Exempt corporations <sup>1</sup>	Schedule JT	Form 4T
Partnerships	Schedule JT	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships <sup>2</sup>	Schedule JT	Form 1, 1NPR, or 2

<sup>1</sup> The credit is allowed only if the exempt organization pays wages to eligible employees or incurs costs to undertake training activities as part of an unrelated trade or business activity.

<sup>2</sup> Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

**C. When must the credit be claimed?**

Claim the credit within four years of the unextended due date of the taxpayer’s franchise or income tax return.

**D. Is the credit refundable or nonrefundable?**

For taxable years beginning in 2010 and 2011, the jobs tax credit is nonrefundable. Any unused credits for these two years may be carried forward to taxable years beginning in 2012. The credit may not be used to offset the economic development surcharge.

For taxable years beginning in 2012 and after, the jobs tax credit is refundable. The credit may be offset against the economic development surcharge.

**E. Where can I obtain more information?**

See the instructions for Schedule JT.

## XXI. POSTSECONDARY EDUCATION CREDIT

### A. What is the purpose of the credit?

The postsecondary education credit is available to businesses that reimburse individuals for the tuition paid to attend a qualified postsecondary education institution. The credit is equal to 25% of the tuition paid for an individual to attend a qualified postsecondary institution if the individual is eligible for a grant from the Federal Pell Grant Program or 30% of the tuition paid for an individual to attend a qualified postsecondary institution, if the course of study relates to a projected Wisconsin work shortage and the individual was eligible for a grant from the Federal Pell Grant Program. The credit is claimed in the taxable year for which the individual graduates from a course of instruction but may not be claimed for any tuition amounts that the individual excluded on their individual income tax return.

“Course of instruction” means a series of classroom or correspondence courses having a unified purpose which lead to a diploma or degree or to an occupational or vocational objective.

“Qualified postsecondary institution” means all of the following: A University of Wisconsin System institution, a technical college system institution, or a regionally accredited 4-year nonprofit college or university having its regional headquarters and principal place of business in Wisconsin or a school approved by the Educational Approval Board if the delivery of education occurs in Wisconsin.

### B. Who may qualify for the credit and on what form is it claimed?

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule PE	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule PE	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Exempt corporations <sup>1</sup>	Schedule PE	Form 4T
Partnerships	Schedule PE	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships <sup>2</sup>	Schedule PE	Form 1, 1NPR, or 2

<sup>1</sup> The credit is allowed only if the exempt organization pays eligible tuition costs of employees as part of an unrelated trade or business activity.

<sup>2</sup> Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

### C. When must the credit be claimed?

Claim the credit within four years of the unextended due date of the taxpayer’s franchise or income tax return.

### D. Is the credit refundable or nonrefundable?

The credit is nonrefundable. If the credit is not entirely offset against qualifying Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be used to offset against the economic development surcharge.

### E. Where can I obtain more information?

See the instructions for Schedule PE.

## XXII. WOODY BIOMASS HARVESTING AND PROCESSING CREDIT

### A. What is the purpose of the credit?

The woody biomass harvesting and processing credit is equal to ten percent of the amount the claimant paid in the taxable year for equipment that is used primarily to harvest or process woody biomass that is used as fuel or as a component of fuel. “Used primarily” means used to the exclusion of all

other uses except for use not exceeding 25 percent of total use. “Woody biomass” means trees and woody plants, including limbs, tops, needles, leaves, and other woody parts, grown in a forest or woodland or on agricultural land. No credit may be allowed for any amount that the claimant paid for expenses that the claimant also claimed as a deduction under sec. 162 of the Internal Revenue Code. The aggregate amount of credits that a claimant may claim is \$100,000.

**B. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule WB	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule WB	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule WB	Form 4T
Partnerships	Schedule WB	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships <sup>2</sup>	Schedule WB	Form 1, 1NPR, or 2

<sup>1</sup> The credit is allowed only if the exempt organization pays for equipment that is used primarily to harvest or process woody biomass that is used as fuel or as a component of fuel as part of an unrelated trade or business activity.

<sup>2</sup> Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

**C. When must the credit be claimed?**

Claim the credit within four years of the unextended due date of the taxpayer’s franchise or income tax return.

**D. Is the credit refundable or nonrefundable?**

The credit is refundable. If the credit is not entirely offset against qualifying Wisconsin franchise or income taxes due for the current taxable year, the balance will be refunded. The credit may be offset against the economic development surcharge.

**E. Where can I obtain more information?**

See the instructions for Schedule WB.

**XXIII. WATER CONSUMPTION CREDIT**

**A. What is the purpose of the credit?**

The water consumption credit is available for taxable years beginning on or after January 1, 2010 and before January 1, 2020 to an industrial customer of a municipal water utility that is located in a federal renewal community zone in Wisconsin, and whose average annual water consumption from that utility for a 24-month period exceeds 1,000,000 Ccf (Ccf means 100 cubic feet). The credit is computed by subtracting the 2009 water usage costs from the current taxable year’s water usage costs and multiplying the result by 50%. The maximum amount that a claimant may claim in a taxable year is \$300,000.

**B. Who may qualify for the credit and on what form is it claimed?**

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule WC	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule WC	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule WC	Form 4T

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Partnerships	Schedule WC	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships <sup>2</sup>	Schedule WC	Form 1, 1NPR, or 2

<sup>1</sup> The credit is allowed only if the exempt organization is an industrial consumer of water as part of an unrelated trade or business activity.

<sup>2</sup> Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

#### C. When must the credit be claimed?

Claim the credit within four years of the unextended due date of the taxpayer's franchise or income tax return.

#### D. Is the credit refundable or nonrefundable?

The credit is nonrefundable. If the credit is not entirely offset against qualifying Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be used to offset against the economic development surcharge.

#### E. Where can I obtain more information?

See the instructions for Schedule WC.

## XXIV. COMMUNITY REHABILITATION PROGRAM CREDIT

#### A. What is the purpose of the credit?

The community rehabilitation program credit is available for taxable years beginning on or after August 1, 2011. The law specifies that the credit is first effective for taxable years beginning after July 1, 2011 (i.e. taxable years beginning July 2, 2011 or after); however, federal law provides that fiscal

years must start on the 1st of the month so the effective date of the credit is August 1, 2011.

The credit is equal to 5% of the amount that the claimant paid in the taxable year to a community rehabilitation program to perform work for the claimant's business. The maximum amount of credit that may be claimed in a taxable year is \$25,000 for each community rehabilitation program for which the claimant enters into a contract to have the community rehabilitation program perform work for the claimant's business.

#### B. Who may qualify for the credit and on what form is it claimed?

Entity	Form Used to Compute Credits	Form on Which Credits Claimed
Corporations	Schedule CM	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule CM	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule CM	Form 4T
Partnerships	Schedule CM	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships <sup>2</sup>	Schedule CM	Form 1, 1NPR, or 2

<sup>1</sup> The credit is allowed only if the exempt organization contracts with a community rehabilitation program to perform work for the claimants business and that work relates to unrelated trade or business activity.

<sup>2</sup> Estate and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

**C. When must the credit be claimed?**

Claim the credit within four years of the unextended due date of the taxpayer's franchise or income tax return.

**D. Is the credit refundable or nonrefundable?**

The credit is nonrefundable. If the credit is not entirely offset against qualifying Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be used to offset against the economic development surcharge.

**E. Where can I obtain more information?**

See the instructions for Schedule CM.

**XXV. BEGINNING FARMER AND FARM ASSET OWNER CREDITS**

**A. What is the purpose of the credits?**

The beginning farmer and farm asset owner tax credits are available for taxable years beginning on or after January 1, 2011.

**Beginning farmer:**

A beginning farmer may claim a credit against tax, on a one-time basis, the amount paid by the beginning farmer to enroll in a financial management program in the year to which the claim relates. The maximum credit that a beginning farmer may claim is \$500.

A beginning farmer means a person who, at the time that the person submits an application to the Department of Agriculture, Trade and Consumer Protection (DATCP), (1) has a net worth of less than \$200,000, (2) has farmed for fewer than ten years out of the preceding 15 years, (3) has entered into a lease for a term of at least three years with an established farmer for the use of the established farmer's agricultural assets by the beginning farmer, and (4) uses the leased agricultural assets for farming.

**Established farmer:**

An established farmer may claim a credit against tax for an amount equal to 15 percent of the lease amount received by the established farmer in the year to which the claim relates. An established farmer may only claim the credit for the first three years of any lease of the established farmer's agricultural assets to a beginning farmer.

An established farmer means a person who, at the time that the person submits an application to the DATCP, (1) has engaged in farming for a total of at least ten years, (2) owns agricultural assets, and (3) has entered into a lease for a term of at least three years with a beginning farmer for the use of the person's agricultural assets by the beginning farmer.

**B. Who may qualify for the credits and on what form are they claimed?**

Entity	Form Used to Compute Credits	Form on Which Credits Claimed
Corporations	Schedule FL	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule FL	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule FL	Form 4T
Partnerships	Schedule FL	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships <sup>2</sup>	Schedule FL	Form 1, 1NPR, or 2

<sup>1</sup> The credits are allowed only to the extent the farming activity is part of an unrelated trade or business activity.

<sup>2</sup> Estate and trusts share the credits among themselves and their beneficiaries in proportion to the income allocable to each.

**C. When must the credits be claimed?**

Claim the credits within four years of the unextended due date of the taxpayer's franchise or income tax return.

**D. Are the credits refundable or nonrefundable?**

The credits are refundable. If the credits are not entirely offset against qualifying Wisconsin franchise or income taxes due for the current taxable year, the balance will be refunded. The credits may be offset against the economic development surcharge.

**E. Where can I obtain more information?**

See the instructions for Schedule FL.

## XXVI. RELOCATED BUSINESS CREDIT/DEDUCTION

**A. What is the purpose of the credit or deduction?****Tax credit for corporations:**

For two consecutive taxable years beginning with the taxable year in which the claimant's business locates to this state from another state or another country and begins doing business in this state, a credit is provided against the income or franchise taxes of the relocated business. The credit is equal to the amount of income or franchise tax liability for the taxable year after applying all other allowable credits, deductions, and exclusions.

**Tax deduction for individuals:**

For two consecutive taxable years beginning with the taxable year in which the claimant's business locates to this state from another state or another country and begins doing business in this state, a subtraction is provided for income earned by the relocated business. The subtraction is equal to the profit or loss from a trade or business as reported on federal income tax return Schedules C and F or their equivalents, plus ordinary gain or loss on the sale of business assets, as determined under the Internal Revenue Code that applies for Wisconsin, but not less than zero, multiplied by the apportionment fraction under sec. 71.04(4) and (7), Wis. Stats., which determines income as derived from business transacted and property located in Wisconsin.

**B. Who may qualify for the credit or deduction and on what form are they claimed?**

Entity	Form Used to Compute Credit/Deduction	Form on Which Credit/Deduction Claimed
Corporations	Schedule RB	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule RB	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule RB	Form 4T
Partnerships	Schedule RB	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships <sup>2</sup>	Schedule RB	Form 1, 1NPR, or 2

<sup>1</sup> The credit is allowed to the extent the taxable business activity is part of an unrelated trade or business activity.

<sup>2</sup> Estate and trusts share the deduction among themselves and their beneficiaries in proportion to the income allocable to each.

**C. When must the credit or deduction be claimed?**

Claim the credit or deduction within four years of the unextended due date of the taxpayer's franchise or income tax return.

**D. Is the credit refundable or nonrefundable?**

The credit is nonrefundable. The credit is equal to the tax remaining after subtracting all other nonrefundable credits from the claimant's gross tax liability. Because the credit is equal to the remaining tax, there will never be a case of the credit exceeding the tax liability and there will never be a credit carry forward.

**E. Where can I obtain more information?**

See the instructions for Schedule RB.

**XXVII. JOB CREATION DEDUCTION**

**A. What is the purpose of the deduction?**

A subtraction from federal income is allowed for an amount equal to 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 of no greater than \$5,000,000 in the taxable year or \$2,000 for a business with gross receipts greater than \$5,000,000 in the taxable year.

The increase in the number of full-time equivalent employees employed by the taxpayer in Wisconsin during the taxable year is determined by subtracting from the number of full-time equivalent employees employed by the taxpayer in Wisconsin during the taxable year, the number of full-time equivalent employees employed by the taxpayer in Wisconsin during the immediately preceding taxable year. The number of full-time equivalent employees employed by the taxpayer in Wisconsin during the taxable year is determined by computing the average employee count from the taxpayer's quarterly unemployment insurance reports or other information as required by the department for the taxable year.

**B. Who may qualify for the deduction and on what form is it claimed?**

Entity	Form Used to Compute Deduction	Form on Which Deduction Claimed
Corporations	Schedule JC	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule JC	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations <sup>1</sup>	Schedule JC	Form 4T

Entity	Form Used to Compute Deduction	Form on Which Deduction Claimed
Partnerships	Schedule JC	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships <sup>2</sup>	Schedule JC	Form 1, 1NPR, or 2

<sup>1</sup> The deduction is allowed only to the extent the job creation activity is part of an unrelated trade or business activity.

<sup>2</sup> Estate and trusts share the deduction among themselves and their beneficiaries in proportion to the income allocable to each.

**C. When must the deduction be claimed?**

Claim the deduction within four years of the unextended due date of the taxpayer's franchise or income tax return.

**D. Where can I obtain more information?**

See the instructions for Schedule JC.

**XXVIII. ADDITIONAL INFORMATION OR FORMS**

If, after reading this publication, you have any questions about the Wisconsin tax credits, you may:

- E-mail your question to [corp@revenue.wi.gov](mailto:corp@revenue.wi.gov)
- Send a FAX to (608) 267-0834
- Call (608) 266-2772
- Write to the Audit Bureau, Wisconsin Department of Revenue, Mail Stop 5-144, PO Box 8906, Madison, WI 53708-8906
- Call or visit any Department of Revenue office.



If you need forms, you may:

- Download them from the Department's Internet web site at [www.revenue.wi.gov](http://www.revenue.wi.gov)
- Request them online at [www.revenue.wi.gov](http://www.revenue.wi.gov)
- Call (608) 266-1961
- Call or visit any Department of Revenue office.

**XXIX. AVAILABILITY OF BUSINESS TAX INCENTIVES**

<b>Tax Incentive</b>	<b>Corporations</b>	<b>Tax-Option Corporations</b>	<b>Partnerships</b>	<b>Individuals, Estates, and Trusts</b>
Research Credits:				
Expense credit	Yes.	No.	No.	No.
Facilities credit	Yes.	No.	No.	No.
Super research and development credit	Yes.	No.	No.	No.
Development zones credits	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Early stage seed investment credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners to LLC members.	Yes.
Technology zone credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Community development finance authority credit	Yes.	Yes. Claimed by corporation.	No.	No.
Supplement to federal historic rehabilitation tax credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Dairy and livestock farm investment credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Farmland preservation credit	Yes.	Yes. Shareholders may claim credit based on share of corporation's taxes.	Yes. Partners or LLC members may claim credit based on share of entity's taxes.	Yes.
Dairy manufacturing facility investment credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Enterprise zone jobs credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Internet equipment credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.

<b>Tax Incentive</b>	<b>Corporations</b>	<b>Tax-Option Corporations</b>	<b>Partnerships</b>	<b>Individuals, Estates, and Trusts</b>
Film production credits Production expenditures Production company	Yes. Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes. Yes.
Health insurance risk-sharing credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	No.
Ethanol and biodiesel fuel pump credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Manufacturing investment credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Carryforward of unused manufacturer's sales tax credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Food processing plant and food warehouse investment credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Jobs tax credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Postsecondary education credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Woody biomass harvesting and processing credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Water consumption credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Community rehabilitation program credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.

<b>Tax Incentive</b>	<b>Corporations</b>	<b>Tax-Option Corporations</b>	<b>Partnerships</b>	<b>Individuals, Estates, and Trusts</b>
Beginning farmer and farm asset owner credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Relocated business credit	Yes.	No.	No.	No.
Relocated business deduction	No.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Job creation deduction	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.