

Business Tax Incentives for 2015

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IMPORTANT CHANGES

Several credits expired for taxable years beginning on or after January 1, 2015. While no new credits may be computed, unused nonrefundable credits computed prior to the expiration date may be carried forward subject to the carryforward limitations of each credit.

The following credits have expired for taxable years beginning on or after January 1, 2015:

Refundable Credits:

- Woody biomass harvesting and processing credit

Nonrefundable credits:

- Relocated business credit
- Health insurance risk-sharing plan assessments credit

Deductions:

- 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, 2015. Laws effective after that date, new administrative rules, and court decisions may change the interpretations provided in this publication.

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.

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 2015.

These tax incentives consist of the following:

- Community rehabilitation program credit
- Development zones credits
- Early stage seed investment credit
- Economic development tax credit
- Enterprise zone jobs credit
- Farmland credits
- Jobs tax credit
- Manufacturing and agriculture credit
- Manufacturer's sales tax credit - carryforward
- Manufacturing investment credit
- Research credits
- Supplement to federal historic rehabilitation tax credit
- Technology zone credit

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. 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 6
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 ¹	Schedule CM	Form 4T

Entity	Form Used to Compute Credits	Form on Which Credits Claimed
Partnerships	Schedule CM	Reported on Form 3, Schedule 3K, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5S, or 6
Sole proprietorships ²	Schedule CM	Form 1, 1NPR, or 2

¹ 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.

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

C. Is the credit transferable?

No.

D. 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.

E. 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.

F. Is the credit includable in taxable income?

The credit you compute is income and must be reported on your Wisconsin franchise or income tax return in the year computed. This is true even if you cannot use the full amount of a credit computed this year to offset tax liability for this year and must carry over part or all of it to future years.

G. Where can I obtain more information?

See the instructions for Schedule CM.

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.

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 WEDC. For more information regarding eligibility in the Wisconsin development zone programs, visit the WEDC website at inwisconsin.com, write to the Wisconsin Economic Development Corporation, PO Box 1687, Madison, WI 53701-1687, or call 1-855-469-4249.

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 6
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 ¹	Schedule DC	Form 4T
Partnerships	Schedule DC	Reported on Form 3, Schedule 3K, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5S, or 6.
Sole proprietorships ²	Schedule DC	Form 1, 1NPR, or 2

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

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

C. Are the credits transferrable?

No.

D. 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.

E. 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.

F. Is the credit includable in taxable income?

The credit you compute is income and must be reported on your Wisconsin franchise or income tax return in the year computed. This is true even if you cannot use the full amount of a credit computed this year to offset tax liability for this year and must carry over part or all of it to future years.

G. 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 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 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 website at inwisconsin.com, write to the Wisconsin Economic Development Corporation, PO Box 1687, Madison, WI 53701-1687, or call 1-855-469-4249.

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 6
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 ¹	Schedule VC	Form 4T
Partnerships	Schedule VC	Reported on Form 3, Schedule 3K, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5S, or 6
Sole proprietorships ²	Schedule VC	Form 1, 1NPR, or 2

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

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

C. Is the credit transferable?

Yes. 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 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. WEDC may charge any person selling or otherwise transferring a credit a fee equal up to five

percent of the credit amount sold or transferred. The entity selling the tax credits will be required to recognize a capital gain on the sale of the credits equal to the difference between the basis of the tax credits, which would be zero unless the seller previously purchased the tax credits for consideration, and the amount of consideration received for the credits. The character of the capital gain as either short-term or long-term is determined based on the amount of time between the date the seller made the qualifying investment and the date the credits are sold. If the time period is more than one year, it is a long-term capital gain; if the time period is one year or less, it is a short-term capital gain.

The entity purchasing the tax credits will recognize capital gain income when the credits are used to offset a Wisconsin income tax liability. The capital gain recognized is equal to the difference between the purchaser's basis in the tax credits, which is the value of consideration paid for the tax credits and any transaction costs incurred to acquire the tax credits, and the amount of Wisconsin income tax liability satisfied by use of the tax credits. The character of the capital gain as either short-term or long-term is determined based on the amount of time between the date the purchaser acquired the tax credits and the date the credits are used to offset the purchaser's Wisconsin income tax liability. If the time period is more than one year, it is a long-term capital gain; if the time period is one year or less, it is a short-term capital gain.

The purchaser will not be allowed to apply credits to years prior to which the credits were purchased. For example, if tax year 2012 credits are purchased in 2014, the credits can only be used for taxable years beginning in 2014 and beyond.

The carryforward period for credits purchased will continue to be the remaining carryforward period of the original holder of the credits. For example, if a claimant purchases early stage seed investment credits with a remaining carryforward of 8 years at the time of purchase, the purchaser will also have an 8 year credit carryforward.

D. 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.

E. 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.

F. Is the credit includable in taxable income?

The credit you compute is not considered income and is not required to be reported on your Wisconsin franchise or income tax return in the year computed. Instead, the credit computed reduces the basis in your investment.

G. Where can I obtain more information?

See the instructions for Schedule VC.

VI. ECONOMIC DEVELOPMENT TAX CREDIT

A. What is the purpose of the credit?

The economic development tax credit may be claimed by persons certified by the Wisconsin Economic Development Corporation (WEDC) and authorized by that department to claim the tax credits. A person may be certified by WEDC if it determines that the person is conducting or intends to conduct at least one eligible activity.

The person must enter into a contract with WEDC that includes provisions that detail all of the following:

- A description of each eligible activity being conducted or proposed to be conducted.
- Whether any of the eligible activities will occur in an economically distressed area.
- Whether any of the eligible activities will benefit members of a targeted group.

- A compliance schedule that includes a sequence of anticipated actions to be taken or goals to be achieved before the person may receive tax benefits.
- The reporting requirements with which the person must comply.
- If feasible, a determination of the tax benefits the person will be authorized to claim if the person fulfills the terms of the contract.

“Eligible activities” are any of the following:

- Job creation project.
- Capital investment project.
- Employee training project.
- Project related to persons with corporate headquarters in Wisconsin.

WEDC may authorize a person who is certified to claim tax benefits only after the person has submitted a report to WEDC that documents to the satisfaction of WEDC that the person has complied with the terms of the contract and the requirements of any applicable rules.

The economic development tax credit is equal to the amount authorized by WEDC. A copy of the certification and notice to receive tax benefits from WEDC must be attached to the claimant’s Wisconsin tax return.

B. Who may qualify for the credit?

Entity	Form Used to Compute Credits	Form on Which Credits Claimed
Corporations	Schedule ED	Form 4, 4I, or 6
Tax-option (S) corporations	Schedule ED	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations ¹	Schedule ED	Form 4T

Entity	Form Used to Compute Credits	Form on Which Credits Claimed
Partnerships	Schedule ED	Reported on Form 3, Schedule 3K, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5S, or 6
Sole proprietorships ²	Schedule ED	Form 1, 1NPR, or 2

¹ The credit is allowed only to the extent the claimants business relates to an unrelated trade or business activity.

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

C. Is the credit transferrable?

Yes. For taxable years beginning on or after January 1, 2014, a person who is eligible to claim the Economic Development Tax Credit may transfer the credit to another person if the person receives prior authorization from WEDC.

Approval of Credit Transfer

An applicant for certification for the economic development tax credit may submit with its application to WEDC an application to transfer the credit to another person. WEDC may approve the transfer of a credit if it certifies the applicant for the credit and finds that the applicant meets at least one of the following conditions:

1. Is headquartered and employs at least 51 percent of its employees in Wisconsin.
2. Intends to relocate its headquarters to Wisconsin and employ at least 51 percent of its employees in Wisconsin.
3. Intends to expand its operations in Wisconsin, and that expansion will result in an increase in the number of full-time employees employed by the applicant in Wisconsin in an amount equal to at least 10 percent of

the applicant's full-time workforce in Wisconsin at the time of application.

4. Intends to expand its operations in Wisconsin, and that expansion will result in the applicant making a significant capital investment in property located in Wisconsin, as determined by WEDC.

After WEDC authorizes the person to claim a credit and provides a notice of eligibility, the person may transfer the credit in accordance with the terms of its application. A credit may be transferred only in exchange for some consideration, other than money, in connection with the eligible activity for which the credit is initially awarded.

Carryforward of Transferred Credits

The person to whom a credit is transferred may carry forward, beginning on the date of the notice of eligibility to the transferor, any unused credit for 15 years (the carry forward period starts over upon transfer).

Tax Issues

The entity transferring the tax credit will be required to recognize a capital gain on the sale of the credit equal to the difference between the basis of the tax credit, which would be zero unless the seller previously purchased the tax credit for consideration, and the fair market value of consideration received for the credit. The character of the capital gain as either short-term or long-term is determined based on the amount of time between the date the seller made the qualifying investment and the date the credit is transferred. If the time period is more than one year, it is a long-term capital gain; if the time period is one year or less, it is a short-term capital gain.

The entity purchasing the tax credit will recognize capital gain income when the credit is used to offset a Wisconsin income tax liability. The capital gain recognized is equal to the difference between the purchaser's basis in the tax credit, which is the fair market value of consideration paid for the tax credit and any transaction costs incurred to acquire the tax credit, and the amount of Wisconsin income tax liability satisfied by use of the tax credit. The character of the capital gain as either short-term or long-term is determined based on the amount of time between

the date the purchaser acquired the tax credit and the date the credit is used to offset the purchaser's Wisconsin income tax liability. If the time period is more than one year, it is a long-term capital gain; if the time period is one year or less, it is a short-term capital gain.

D. 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.

E. 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 used to offset the economic development surcharge.

F. Is the credit includable in taxable income?

The credit you compute is income and must be reported on your Wisconsin franchise or income tax return in the year computed. This is true even if you cannot use the full amount of a credit computed this year to offset tax liability for this year and must carry over part or all of it to future years.

G. Where can I obtain more information?

See the instructions for Schedule ED.

VII. 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 website at inwisconsin.com or write to the Wisconsin Economic Development Corporation, PO Box 1687, Madison, WI 53701-1687, or call 1-855-469-4249.

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 6
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 ¹	Schedule EC	Form 4T
Partnerships	Schedule EC	Reported on Form 3, Schedule 3K, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, or 2

Entity	Form Used to Compute Credits	Form on Which Credits Claimed
Sole proprietorships ²	Schedule EC	Form 1, 1NPR, or 2

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

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

C. Is the credit transferable?

No.

D. 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.

E. 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.

F. Is the credit includable in taxable income?

The credit you compute is income and must be reported on your Wisconsin franchise or income tax return in the year computed.

G. Where can I obtain more information?

See the instructions for Schedule EC.

VIII. 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 6
Exempt organizations organized under Wisconsin law	Schedule FC	Form 4T
Wisconsin resident individuals, trusts created by Wisconsin residents, grantors of	Schedule FC	Form 1, 1NPR, or 2

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
revocable trusts who are Wisconsin residents, estates of individuals who are Wisconsin residents on the date of death, and guardians on behalf of wards		
Wisconsin resident partners, LLC members, and tax-option (S) corporation shareholders	Schedule FC	Form 1, 1NPR, 2, 4, 4I, 4T, or 6

4. Is the credit transferable?

No.

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. Is the credit includable in taxable income?

The total amount of farmland preservation credit from Schedule FC that you received during 2015 must be reported as income. Fill in as an addition any portion of your farmland preservation credit which was not included as income on your federal tax return.

8. 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 6
Exempt organizations organized under Wisconsin law	Schedule FC-A	Form 4T
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, 1NPR, or 2
Wisconsin resident partners, LLC members, and tax-option (S) corporation shareholders	Schedule FC-A	Form 1, 1NPR, 2, 4, 4I, 4T, or 6

5. Is the credit transferable?

No.

6. 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.

7. 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.

8. Is the credit includable in taxable income?

The credit you compute is income and must be reported on your Wisconsin franchise or income tax return in the year computed.

9. Where can I obtain more information?

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

IX. 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 WEDC, to undertake training activities.

“*Eligible employee*” means a person employed in a full-time job by a person certified by 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 2,080 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.

WEDC may grant exceptions to the requirement that a full-time job means a position in which an individual, as a condition of employment, is required to work at least 2,080 hours per year if all of the following apply: the annual pay for the position is more than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage, and an individual in the position is offered retirement, health, and other benefits that are equivalent to the retirement, health, and other benefits offered to an individual who is required to work at least 2,080 hours per year.

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 6
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
Exempt corporations ¹	Schedule JT	Form 4T
Partnerships	Schedule JT	Reported on Form 3, Schedule 3K, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5S, or 6
Sole proprietorships ²	Schedule JT	Form 1, 1NPR, or 2

¹ 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.

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

C. Is the credit transferable?

No.

D. 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.

E. Is the credit refundable or nonrefundable?

For taxable years beginning in 2010 and 2011, the jobs tax credit was 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.

F. Is the credit includable in taxable income?

The credit you compute is income and must be reported on your Wisconsin franchise or income tax return in the year computed.

G. Where can I obtain more information?

See the instructions for Schedule JT.

X. MANUFACTURER'S SALES TAX CREDIT - CARRYFORWARD OF UNUSED 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 website, at [rev-
enue.wi.gov](http://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.

XI. MANUFACTURING AND AGRICULTURE CREDIT

A. What is purpose of the credit?

The manufacturing and agriculture credit is available to businesses that generate qualified production activities income from property located in Wisconsin that is assessed as either manufacturing or agricultural. The credit provides an incentive for manufacturing and agricultural businesses currently operating in Wisconsin and provides an incentive for others to move to Wisconsin, expand their business operations in Wisconsin, or create a start-up business that is manufacturing or agricultural related. The credit is available for taxable years that begin on or after January 1, 2013.

Qualified production property is tangible personal property manufactured in whole or in part by the claimant on property that is assessed as manufacturing property under [s. 70.995](#), Wis. Stats., or tangible personal property produced, grown, or extracted in whole or in part by the claimant on or from property assessed as agricultural property under [s. 70.32\(2\)\(a\)4.](#), Wis. Stats.

The credit is a percentage of eligible qualified production activities income. The credit is calculated by multiplying eligible qualified production activities income by one of the following percentages:

- For taxable years beginning after December 31, 2012, and before January 1, 2014, 1.875 percent
- For taxable years beginning after December 31, 2013, and before January 1, 2015, 3.75 percent

- For taxable years beginning after December 31, 2014, and before January 1, 2016, 5.025 percent
- For taxable years beginning after December 31, 2015, 7.5 percent

For individuals, the credit is limited to the amount of income tax paid on the income from which the credit is based.

- For shareholders of a tax–option corporation, the credit may be offset only against the tax imposed on the shareholder’s prorated share of the tax–option corporation’s income.
- For partners of a partnership, the credit may be offset only against the tax imposed on the partner’s distributive share of partnership income.
- For members of a limited liability company, the credit may be offset only against the tax imposed on the member’s distributive share of the limited liability company’s income.

For a corporation, eligible qualified production activities income is the lesser of:

- eligible qualified production activities income,
- income apportioned to Wisconsin, or
- income taxable to Wisconsin as determined by combined reporting law, if the corporation is a member of a Wisconsin combined group

Income from the following activities may not be used to claim the credit:

- Film production,
- Producing, transmitting or distributing electricity, natural gas, or potable water,
- Constructing real property (except that income from producing materials which become real property can qualify for the credit),
- The sale of food and beverage that you prepared at a retail establishment,
- The lease, rental, license, sale, exchange, or other disposition of land, and
- Engineering or architectural services.

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 MA-M or MA-A	Form 4, 4I, or 6
Tax-option (S) corporations	Schedule MA-M or MA-A	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations ¹	Schedule MA-M or MA-A	Form 4T
Partnerships	Schedule MA-M or MA-A	Reported on Form 3, Schedule 3K, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5S, or 6
Sole proprietorships ²	Schedule MA-M or MA-A	Form 1, 1NPR, or 2

¹ The credit is allowed only to the extent the claimants business relates to an unrelated trade or business activity.

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

C. Is the credit transferable?

No.

D. 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.

E. 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.

F. Is the credit includable in taxable income?

The amount of credit computed is income and must be reported as income on the claimant's Wisconsin franchise or income tax return for the taxable year immediately after the taxable year in which the credit is computed.

G. Where can I obtain more information?

- See the common questions for the manufacturing and agriculture credit. revenue.wi.gov/faqs/isc/manufagr.html
- See the instructions for Schedules MA-A or MA-M.

XII. 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.

Companies eligible for the manufacturing investment credit must have filed an application with the Department of Commerce no later than September 30, 2008.

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 6
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 ¹	Schedule MI	Form 4T
Partnerships	Schedule MI	Reported on Form 3, Schedule 3K, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, or 2
Sole proprietorships ²	Schedule MI	Form 1, 1NPR, or 2

¹ 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.

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

C. Is the credit transferable?

No.

D. 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.

E. 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.

F. Is the credit includable in taxable income?

The credit you compute is income and must be reported on your Wisconsin franchise or income tax return in the year computed. This is true even if you cannot use the full amount of a credit computed this year to offset tax liability for this year and must carry over part or all of it to future years.

G. Where can I obtain more information?

See the instructions for Schedule MI.

XIII. RESEARCH CREDITS

Research credits are available for increasing research activities in Wisconsin. Corporations have been eligible to compute and claim the Wisconsin research credit since its inception in 1984. For taxable years beginning on or after January 1, 2013, the research expense credits may be claimed by individuals, partnerships, tax-option (S) corporations, and limited liability companies in addition to corporations.

“Qualified research expenses” are defined in section 41(b) of the Internal Revenue Code as amended to December 31, 2013, with certain exceptions that are explained in the Form 4 and Form 6 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, 2013, with certain exceptions that are explained in the Form 4 or Form 6 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.

Wisconsin does not follow the following provisions of IRC [§ 41](#) for purposes of computing the Wisconsin research expense credit:

- Section 41(f)(1), which provides special rules for the aggregation of expenditures for a controlled group of taxpayers filing a federal consolidated return
- Section 41(f)(2), which provides for special allocations in the case of estates, trusts, and partnerships
- Section 41(f)(5), relating to the definition of a controlled group of corporations
- Section 41(f)(6), regarding an energy research consortium
- Section 41(h), relating to the termination of the federal credit
- The changes to IRC § 41 under [§ 1351 of P.L. 109-58](#), as it pertains to certain collaborative energy research consortia.

A. Research Credit For Increasing Research

1. What is the purpose of the credit?

The research expense credit provides an incentive for increasing qualified research activities in Wisconsin. The credit is equal to 5.75 percent of the amount by which the claimant's qualified research expenses for the taxable year exceed 50 percent of the average qualified research expenses for the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit. If the claimant had no

qualified research expenses in any of the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit, the claimant may claim an amount equal to 2.875 percent of the qualified research expenses for the taxable year for which the credit is claimed.

B. Research Credit For Activities Related to Internal Combustion Engines

1. What is the purpose of the credit?

The research credit for activities related to internal combustion engines provides an incentive for increasing qualified research activities in Wisconsin. The credit is equal to 11.5 percent of the amount by which the claimant's qualified research expenses for the taxable year exceed 50 percent of the average qualified research expenses for the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit. If the claimant had no qualified research expenses in any of the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit, the claimant may claim an amount equal to 5.75 percent of the qualified research expenses for the taxable year for which the credit is claimed.

C. Research Credit For Activities Related to Certain Energy Efficient Products

1. What is the purpose of the credit?

The research credit for activities related to certain energy efficient products provides an incentive for increasing qualified research activities in Wisconsin. The credit is equal to 11.5 percent of the amount by which the claimant's qualified research expenses for the taxable year exceed 50 percent of the average qualified research expenses for the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit. If the claimant had no qualified research expenses in any of the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit, the claimant may claim an amount equal to 5.75 percent of the qualified research expenses for the taxable year for which the credit is claimed.

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	Form 4, 4I, or 6
Tax-option (S) corporations	Schedule R	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations ¹	Schedule R	Form 4T
Partnerships	Schedule R	Reported on Form 3, Schedule 3K, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5S, or 6
Sole proprietorships ²	Schedule R	Form 1, 1NPR, or 2

¹ The credit is allowed only to the extent the claimants business relates to an unrelated trade or business activity.

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

3. Is the credit transferable?

No.

4. 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.

5. 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.

6. Is the credit includable in taxable income?

The credit you compute on Schedule R is income and must be reported on your Wisconsin franchise or income tax return in the year computed. This is true even if you cannot use the full amount of a credit computed this year to offset tax liability for this year and must carry part or all of it forward to future years.

7. Where can I obtain more information?

- See the instructions for Schedule R.
- [Publication 131](#), *Tax Incentives for Conducting Qualified Research in Wisconsin*.

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 website at 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.

XIV. 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 20% 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

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 6
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 ¹	Schedule HR	Form 4T
Partnerships	Schedule HR	Reported on Form 3, Schedule 3K, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5S, or 6
Sole proprietorships ²	Schedule HR	Form 1, 1NPR, or 2

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

² 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. Is the credit transferable?

Yes. For taxable years beginning on or after January 1, 2014, any person, including a nonprofit entity

described in section 501(c)(3) of the Internal Revenue Code, may sell or otherwise transfer the credit, in whole or in part, to another person who is subject to the taxes imposed under sec. 71.02, 71.08, 71.23, or 71.43, Wis. Stats., if the person notifies the Department of Revenue (DOR) of the transfer, and submits with the notification a copy of the transfer documents, and DOR certifies ownership of the credit with each transfer.

Carryforward of Transferred Credits

If DOR adjusts or disallows, in whole or in part, a credit that has been transferred, only the person who originally transferred the credit to another person is liable to repay the adjusted or disallowed amount.

The carryforward period for credits purchased will continue to be the remaining carryforward period of the original holder of the credits. For example, if a claimant purchases a supplement to the federal historic rehabilitation tax credit with a remaining credit carryforward of 8 years at the time of purchase, the purchaser will also have an 8 year credit carryforward.

Tax Issues

The entity transferring the tax credit will be required to recognize a capital gain on the sale of the credit equal to the difference between the basis of the tax credit, which would be zero unless the seller previously purchased the tax credit for consideration, and the fair market value of consideration received for the credit. The character of the capital gain as either short-term or long-term is determined based on the amount of time between the date the seller made the qualifying investment and the date the credit is transferred. If the time period is more than one year, it is a long-term capital gain; if the time period is one year or less, it is a short-term capital gain.

The entity purchasing the tax credit will recognize capital gain income when the credit is used to offset a Wisconsin income tax liability. The capital gain recognized is equal to the difference between the purchaser's basis in the tax credit, which is the fair market value of consideration paid for the tax credit and any transaction costs incurred to acquire the tax credit, and the amount of Wisconsin income tax liability satisfied by use of the tax credit. The character

of the capital gain as either short-term or long-term is determined based on the amount of time between the date the purchaser acquired the tax credit and the date the credit is used to offset the purchaser's Wisconsin income tax liability. If the time period is more than one year, it is a long-term capital gain; if the time period is one year or less, it is a short-term capital gain.

D. 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.

E. 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 a maximum of 15 years. The credit may not be offset against the economic development surcharge.

F. Is the credit includable in taxable income?

The credit you compute is not considered income and is not required to be reported on your Wisconsin franchise or income tax return in the year computed. Instead, the qualified rehabilitation expenses are added to the basis of the building and depreciated using the straight line method of depreciation, and the credit computed reduces the basis of the building.

G. Where can I obtain more information?

See the instructions for Schedule HR.

XV. 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). 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 WEDC. For more information regarding eligibility in the technology zone program, visit the WEDC website at inwisconsin.com, write to the Wisconsin Economic Development Corporation, PO Box 1687, Madison, WI 53701-1687, or call 1-855-469-4249.

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 6
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 ¹	Schedule TC	Form 4T
Partnerships	Schedule TC	Reported on Form 3, Schedule 3K, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5S, or 6
Sole proprietorships ²	Schedule TC	Form 1, 1NPR, or 2

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

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

C. Is the credit transferable?

No.

D. 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.

E. 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 used to offset the economic development surcharge.

F. Is the credit includable in taxable income?

The credit you compute is income and must be reported on your Wisconsin franchise or income tax return in the year computed. This is true even if you cannot use the full amount of a credit computed this year to offset tax liability for this year and must carry over part or all of it to future years.

G. Where can I obtain more information?

See the instructions for Schedule TC.

XVI. ADDITIONAL INFORMATION OR FORMS

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

- Email your question to: DORFranchise@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 3-107, 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 website at revenue.wi.gov

XVII. AVAILABILITY OF BUSINESS TAX INCENTIVES

Tax Incentive	Corporations	Tax-Option Corporations	Partnerships	Individuals, Estates, and Trusts
Community development finance credit	Yes.	Yes. Claimed by corporation.	No.	No.
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.
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.
Economic development 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.
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.
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.
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.
Manufacturer's sales tax credit - Carryforward of unused 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 and agriculture 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.
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.

Tax Incentive	Corporations	Tax-Option Corporations	Partnerships	Individuals, Estates, and Trusts
Research Credits	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	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.
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.