

2002

Wisconsin Technology Zone Credit

(Attach to Wisconsin Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S)

Schedule TC

Name

Identifying Number

Wisconsin Department of Revenue

Table with 6 rows and 2 columns. Row 1: Enter the credit for Wisconsin real and personal property taxes paid. Row 2: Enter the credit for Wisconsin franchise and income taxes paid. Row 3: Enter the credit for Wisconsin state, county, baseball park, and football stadium sales and use taxes paid. Row 4: Add lines 1, 2 and 3. This is the technology zone credit before pass-through credits. Row 5: Enter technology zone credit passed through from other entities. Row 6: Add lines 4 and 5. This is the total current year technology zone credit (see instructions).

Instructions for Schedule TC

Item to Note

For taxable years beginning on or after January 1, 2002, persons doing business in a Wisconsin technology zone may be eligible to claim a technology zone tax credit. The Wisconsin Department of Commerce administers the technology zone program. To participate in the technology zone program, the business must first be certified by the Department of Commerce.

contact recommends the person's business for certification. The Department of Commerce will establish a tax benefit limit for certified businesses.

For a map and additional information about the technology zones, visit the Department of Commerce web site at www.commerce.state.wi.us/CD/CD-bed-tz-general.html, call (608) 266-2688, e-mail acumblad@commerce.state.wi.us, or write to the Division of Community Development, Wisconsin Department of Commerce, P.O. Box 7970, Madison, WI 53707-7970.

General Instructions

Purpose of Schedule TC

Use Schedule TC to claim the tax credit that may be available to persons doing business in Wisconsin technology zones. The credit is a percentage, determined by the Department of Commerce, of the Wisconsin real and personal property taxes, Wisconsin franchise and income taxes, and Wisconsin state, county, baseball park, and football stadium sales and use taxes paid in the taxable year beginning in 2002.

Who Is Eligible to Claim the Credit

Any individual, estate, trust, partnership, limited liability company (LLC), corporation, tax-option (S) corporation, insurance company, or tax-exempt organization that is conducting a trade or business in a technology zone and has been certified by the Department of Commerce may be eligible for the tax credit.

The Department of Commerce has designated eight areas of the state as technology zones. A person located in or planning to be located in a technology zone must submit an application to and be certified by the Department of Commerce to claim tax benefits. A person may be eligible for tax benefits if (1) the person's business is new or expanding, (2) the person's business is a high-technology business, and (3) the technology zone

Partnerships, LLCs treated as partnerships, and tax-option (S) corporations cannot claim the credit, but the credit attributable to the entity's business operations passes through to the partners, members, or shareholders.

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

Credit Is Income

The credit that you compute on Schedule TC 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 take the full amount of a credit computed this year and must carry part or all of it forward to future years.

Carryover of Unused Credits

The technology zone credit is nonrefundable. Any unused credit may be carried forward for 15 years. If there is a reorganization of a corporation claiming a technology zone credit, the limitations provided by Internal Revenue Code section 383 may apply to the carryover of any unused Wisconsin technology zone credit.

Information

For more information about claiming the credit, you may:

- E-mail your question to corp@dor.state.wi.us
- Send a FAX to (608) 267-0834
- Call (608) 266-2772 [TTY (608) 267-1049]
- Write to the Audit Bureau, Wisconsin Department of Revenue, Mail Stop 5-144, P.O. Box 8906, Madison, WI 53708-8906

Specific Instructions

Line 1. Enter the 2002 estimated credit from the Department of Commerce verification form for Wisconsin real and personal property taxes paid during the taxable year that began in 2002.

Line 2. Enter the 2002 estimated credit from the Department of Commerce verification form for Wisconsin franchise and income taxes paid. Generally, your credit is based on the net tax due on your 2001 Wisconsin franchise or income tax return. The net tax does not include the recycling surcharge, built-in gains tax for tax-option (S) corporations, or alternative minimum tax for individuals.

Line 3. Enter the 2002 estimated credit from the Department of Commerce verification form for Wisconsin state, county, baseball park, and football stadium sales and use taxes paid during the taxable year that began in 2002.

Line 5. Enter the amount of technology zone credit passed through from tax-option (S) corporations, partnerships, LLCs treated as partnerships, estates, and

trusts. The pass-through credit is shown on Schedule 5K-1 for shareholders of tax-option (S) corporations, Schedule 3K-1 for partners and LLC members, and Schedule 2K-1 for beneficiaries of estates and trusts.

Line 6. Add lines 4 and 5. This is the total 2002 technology zone credit.

Individuals (including tax-option (S) corporation shareholders, partners, members of LLCs treated as partnerships, and beneficiaries of estates or trusts) should refer to the Wisconsin Form 1 or 1NPR instructions for claiming the credit.

Corporations, except tax-option (S) corporations, should see the Form 4, 4I, 4T, or 5 instructions for claiming the credit.

Special instructions apply to pass-through entities:

- **Tax-option (S) corporations, partnerships, and LLCs treated as partnerships:** Prorate the technology zone credit on line 6 among the shareholders, partners, or members based on their ownership interests. Show the credit for each shareholder on Schedule 5K-1 and for each partner or LLC member on Schedule 3K-1.
- **Estates and trusts:** Prorate the technology zone credit on line 6 between the estate or trust itself and its beneficiaries in proportion to the income allocable to each. Show the estate's or trust's portion of the credit on the dotted line to the left of line 6. Label it "Form 2 portion" and claim it as explained in the Form 2 instructions. Show the credit for each beneficiary on Schedule 2K-1.

Required Attachments to Schedule TC

To claim the technology zone credit, you must attach the following information to Schedule TC:

- A copy of your certification for tax benefits issued by the Department of Commerce.
- A statement from the Department of Commerce verifying the amount of your credits for property taxes, franchise and income taxes, and sales and use taxes paid.

If the technology zone credit is passed through from a tax-option (S) corporation, partnership, LLC treated as a partnership, estate, or trust, attach a copy of your Schedule 5K-1, 3K-1, or 2K-1 to Schedule TC instead of the above information.