



2004

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

1	Enter the credit for Wisconsin real and personal property taxes paid	1	
2	Enter the credit for capital investments made in a technology zone	2	
3	Enter the credit for wages paid for jobs created in a technology zone	3	
4	Add lines 1, 2, and 3. This is the technology zone credit before pass-through credits. Check appropriate box: <input type="checkbox"/> 1st year <input type="checkbox"/> 2nd year <input type="checkbox"/> 3rd year of eligibility to claim the technology zone credit	4	
5	Enter technology zone credit passed through from other entities	5	
6	Add lines 4 and 5. This is the total current year technology zone credit (<i>see instructions</i>)	6	
7	Carryover of unused technology zone credit	7	
8	Add lines 6 and 7. This is the available technology zone credit	8	

Instructions for Schedule TC

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 paid, 10% of the capital investments made, and 15% of the amount spent for the first 12 months of wages for each job created after certification for the taxable year beginning in 2004.

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 the local technology zone representative 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 local technology zone representative 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, write to the Division of Community Development, Wisconsin Department of Commerce, P.O. Box 7970, Madison, WI 53707-7970, or e-mail acumblad@commerce.state.wi.us.

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.

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 2004 estimated credit from the Department of Commerce verification form for Wisconsin real and personal property taxes paid during the taxable year that began in 2004.

Line 2. Enter the 2004 estimated credit from the Department of Commerce verification form based on 10% of the capital investments you made in a technology zone for the taxable year beginning in 2004. Capital investments include the following:

- The purchase price of depreciable, tangible personal property.
- The amount expended to acquire, construct, rehabilitate, remodel, or repair real property in a technology zone.

Note: Capital investments cannot be used to calculate the technology zone credit in either of the following cases:

- They are used to calculate any other tax credit, such as a development zone credit or a research credit.
- They are not retained for use in the technology zone for the period during which your business is certified for tax credits.

Line 3. Enter the 2004 estimated credit from the Department of Commerce verification form based on 15% of the amount spent for the first 12 months of wages for each job that is created in a technology zone after certification.

Line 4. Indicate whether this is the first year, second year, or third year of your eligibility to claim the technology zone credit by checking the appropriate box.

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 2004 technology zone credit. Enter the amount on line 6 as an addition to income on the appropriate line of your Wisconsin franchise or income tax return.

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.

Line 7. Enter any unused technology zone credit carried over from prior years.

Line 8. Add lines 6 and 7. This is the available 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.

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 paid, capital investments made, and wages paid for jobs created in a technology zone.

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.