

# Wisconsin Dairy Investment Credit

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

# 2005

Wisconsin Department  
of Revenue

Name

Identifying Number

- 1** Fill in the amount paid in 2005 for the following items if used exclusively for dairy farm modernization or expansion:
- a** Freestall barns
  - b** Fences
  - c** Watering facilities
  - d** Feed storage and handling equipment
  - e** Milking parlors
  - f** Robotic equipment
  - g** Scales
  - h** Milk storage and cooling facilities
  - i** Bulk tanks
  - j** Manure pumping and storage facilities
  - k** Digesters
  - l** Equipment used to produce energy
  - m** Other (list) \_\_\_\_\_

<b>1a</b>	
<b>1b</b>	
<b>1c</b>	
<b>1d</b>	
<b>1e</b>	
<b>1f</b>	
<b>1g</b>	
<b>1h</b>	
<b>1i</b>	
<b>1j</b>	
<b>1k</b>	
<b>1l</b>	
<b>1m</b>	
<b>2</b>	
<b>3</b>	
<b>4</b>	
<b>5</b>	
<b>6a</b>	\$50,000
<b>6b</b>	
<b>6c</b>	
<b>7</b>	
<b>8</b>	
<b>9</b>	

- 2** Add lines 1a through 1m
- 3** Multiply line 2 by 10% (0.10)
- 4** Fill in 2005 dairy investment credit passed through from other entities
- 5** Add lines 3 and 4
- 6 a** Maximum credit
- b** Enter credit computed for 2004 (from 2004 Schedule DI, line 5)
- c** Subtract line 6b from line 6a
- 7** Fill in the smaller of line 5 or line 6c. This is your 2005 dairy investment credit
- 8** Carryover of unused 2004 dairy investment credit
- 9** Add lines 7 and 8. This is the available dairy investment credit

## Instructions for Schedule DI

### General Instructions

#### Purpose of Schedule DI

Use Schedule DI to claim the dairy investment credit. This credit is available for taxable years beginning on or after January 1, 2004, and before January 1, 2010. The maximum credit available during this 6-year period is \$50,000.

#### 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 ac-

quires depreciable property for dairy farm modernization or expansion may be eligible for the credit.

Partnerships, LLCs treated as partnerships, and tax-option (S) corporations cannot claim the credit; instead, the credit flows through to the partners, members, or shareholders based on their ownership interests.

Estates and trusts share the credit with the beneficiaries in proportion to the income allocable to each.

#### Credit Is Income

The credit that you compute on Schedule DI is income and must be reported on your Wisconsin franchise or in-

come 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.

### Carryover of Unused Credit

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

### Specific Instructions

**Line 1.** Fill in on lines 1a to 1m the cost of depreciable property acquired for dairy farm modernization or expansion. The property must have been acquired and placed in service in the taxable year beginning in 2005. The property must be used exclusively related to dairy animals in Wisconsin.

“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 management, if exclusively related to dairy animals and if acquired and placed in service in Wisconsin. It does not include the purchase of equipment used for raising crops for sale or vehicles licensed for highway use, snowmobiles, or all-terrain vehicles.

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

“Milk production” means the activity of producing and handling milk on the claimant’s dairy farm in Wisconsin for human consumption. It does not include activities such as transporting, pasteurizing, or homogenizing milk or making butter, cheese, ice cream, or other dairy products.

“Dairy farm” includes a facility in Wisconsin used to raise heifers as replacement dairy animals. “Dairy animals” include heifers raised as replacement dairy animals.

**Line 4.** Fill in the amount of dairy investment 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 7.** Fill in the smaller of line 5 or line 6c. This is the total current year dairy investment credit. Enter the amount on line 7 as an addition to income on the appropriate line of your Wisconsin franchise or income tax return.

The maximum dairy investment credit allowed for property acquired and placed in service during taxable years that begin on or after January 1, 2004, and before January 1, 2010, is \$50,000.

The aggregate amount of credit that a partnership, limited liability company treated as a partnership, or tax-option (S) corporation may compute may not exceed \$50,000. If two or more persons own and operate the dairy farm, 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 farm may not exceed \$50,000.

Special instructions apply to pass-through entities:

- **Tax-option (S) corporations, partnerships, and LLCs treated as partnerships:** Prorate the dairy investment credit on line 7 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 dairy investment credit on line 7 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 7. 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 9.** Add lines 7 and 8. This is the available dairy investment credit.

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

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

**Tax-exempt organizations** that have unrelated business taxable income should complete the appropriate lines on Form 4T.