

Wisconsin Dairy and Livestock Farm Investment Credit

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

2006

Wisconsin Department of Revenue

Name

Identifying Number

1 Fill in the amount paid in 2006 for the following items if used exclusively for dairy or livestock 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** Birthing and rearing structures
- n** Feedlot structures
- o** Fish hatchery buildings, fish processing buildings, and fish rearing ponds
- p** Other (*list*) _____

1a	
1b	
1c	
1d	
1e	
1f	
1g	
1h	
1i	
1j	
1k	
1l	
1m	
1n	
1o	
1p	

- 2** Add lines 1a through 1p
- 3** Multiply line 2 by 10% (0.10)
- 4** Fill in 2006 dairy and livestock farm investment credit passed through from other entities
- 5** Add lines 3 and 4
- 6 a** Maximum credit
- b** Enter credit computed for 2004 and 2005 (from 2005 Schedule DI, line 6b plus line 7)
- c** Subtract line 6b from line 6a
- 7** Fill in the smaller of line 5 or line 6c. This is your 2006 credit
- 8** Carryover of unused 2004 and 2005 dairy investment credit
- 9** Add lines 7 and 8. This is the available dairy and livestock farm investment credit

2	
3	
4	
5	
6a	\$50,000
6b	
6c	
7	
8	
9	

Instructions for Schedule DI

General Instructions

Purpose of Schedule DI

Use Schedule DI to claim the dairy and livestock farm investment credit. The dairy investment credit is available for taxable years beginning on or after January 1, 2004, and before January 1, 2010. The livestock farm investment credit is available for taxable years beginning on or after January 1, 2006, and before January 1, 2012. The maximum dairy and livestock farm investment credit available during this 8-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, insur-

ance company, or tax-exempt organization that acquires depreciable property for dairy farm or livestock 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 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.

Carryover of Unused Credit

The dairy and livestock farm 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 and livestock farm investment credit, the limitations provided by Internal Revenue Code section 383 may apply to the carryover of any unused Wisconsin dairy and livestock farm investment credit.

Specific Instructions

Line 1. Fill in on lines 1a to 1p the cost of depreciable property acquired for dairy farm modernization or expansion or livestock farm modernization or expansion. The property must have been acquired and placed in service in the taxable year beginning in 2006. The property must be used exclusively related to dairy animals, livestock, or both, 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 on the claimant’s dairy farm and if acquired and placed in service in Wisconsin.

“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.

“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.

The terms “dairy farm modernization or expansion” and “livestock farm modernization or expansion” do 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, livestock, or both, means used to the exclusion of all other uses except for other uses not exceeding 5% of total use.

Line 4. Fill in the amount of dairy and livestock farm 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 and livestock farm 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 and livestock farm 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, 2012, 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 or livestock 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 and livestock farm investment credit on line 7 among the shareholders, partners, or members based on their ownership interests. Show only 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 and livestock farm investment credit that otherwise would be entered on line 7 between the estate or trust itself and its beneficiaries in proportion to the income allocable to each. Show only the estate’s or trust’s portion of the credit on line 7. Show the beneficiaries’ portion of the credit to the left of line 7. Label it “Beneficiaries’ portion” and show the credit for each beneficiary on Schedule 2K-1.

Line 9. Add lines 7 and 8. This is the available dairy and livestock farm 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.

Estates and trusts should see the Form 2 instructions for claiming the credit.