

C. Qualification Tests – Cont'd.

Prior Tax Year – Check if business is seeking certification for a prior federal income tax year.

Enter the dates of the tax federal tax year for which the business is seeking certification.	
Beginning Date: <u> </u> / <u> </u> / <u> </u>	Ending Date: <u> </u> / <u> </u> / <u> </u>
<small>mm dd yyyy</small>	<small>mm dd yyyy</small>

Check one of the tests below and complete requested information.

	Amounts From Tax Year to be Certified
<input type="checkbox"/> Test 1 – Gross Receipts	
Gross receipts from biotechnology	\$ _____
Gross receipts from all activities	\$ _____
<input type="checkbox"/> Test 2 – Expenses and Deductions	
Expenses and deductions from biotechnology	\$ _____
Expenses and deductions from all activities	\$ _____

Test 3 – Facts and Circumstances

If you do not qualify under test 1 or test 2, include with your application the following information:

- Explain how more than half of your business activities are “biotechnology” activities,
- Describe the measure used to determine the percentage of biotechnology activities in which you are engaged, and
- Provide a summary of all business activities.

D. Signature

I hereby certify that this return, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is true, correct, and complete.

Print Name	Signature	Date

Instructions

Sales and use tax exemptions are provided for certain purchases by a business that raises animals that are sold to a “Biotechnology Business” that will use the animals in qualified research or manufacturing.

A business seeking to be certified by the Wisconsin Department of Revenue as a “Biotechnology Business,” must complete this form.

A. Business Information

Enter the business information.

“**Business**” includes any activity engaged in by any person or caused to be engaged in by any person with the object of gain, benefit, or advantage, either direct or indirect.

“**Person**” includes any natural person, firm, partnership, limited liability company, joint venture, joint stock company, association, public or private corporation, the United States, the state, including any unit or division of the state, any county, city, village, town, municipal utility, municipal power district or other governmental unit, cooperative, unincorporated cooperative association, estate, trust, receiver, personal

representative, any other fiduciary, any other legal entity, and any representative appointed by order of any court or otherwise acting on behalf of others.

Note 1: A single-owner entity that is disregarded for Wisconsin income/franchise tax purposes is disregarded for Wisconsin sales and use tax purposes. A disregarded entity may not apply for certification as a biotechnology business. Instead, the owner that reports gross receipts for income tax purposes must complete this form.

Note 2: A business reporting on a consolidated return for federal income tax purposes, or reporting on a combined return for state purposes, must use its own information for its tax year, and not the group’s information.

B. Biotechnology Activities

“**Animals**” include bacteria, viruses, and other microorganisms.

“**Biotechnology**” means the application of biotechnologies, including recombinant deoxyribonucleic acid techniques, biochemistry, molecular and cellular biology, genetics, genetic engineering, biological cell fusion, and other bioprocesses, that use living organisms or parts of an organism to produce or modify products to improve plants or animals or improve animal health, develop microorganisms for specific uses,

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Date Application Received	Date Certification Issued

identify targets for small molecule pharmaceutical development, or transform biological systems into useful processes and products.

“Biotechnology” does not include merely selling biotechnology products produced by another person or performing research or product development activities that use biotechnology for purposes other than for purposes expressly indicated in the definition of “biotechnology.”

“Biotechnology Business” means a business, as certified by the Wisconsin Department of Revenue, that is primarily engaged in the application of biotechnologies that use a living organism or parts of an organism to produce or modify products to improve plants or animals, develop microorganisms for specific uses, identify targets for small molecule pharmaceutical development, or transform biological systems into useful processes and products.

“Biotechnology business” does not include:

- Merely selling biotechnology products produced by another person or performing research or product development activities that use biotechnology for purposes other than for purposes expressly indicated in the definition of “biotechnology”
- Public or private institutions of higher education
- Government agencies

“Biotechnology product” means a product produced using the application of biotechnologies.

“Biotechnology service” means the provision of a service using the application of biotechnology.

“Grant funded biotechnology research and development” means performing research and development using biotechnology, as previously defined, that is funded by grants.

“Self-funded biotechnology research and development” means performing research and development using biotechnology, as previously defined, that is funded by the taxpayer’s own resources.

“Primarily” means more than 50%.

C. Qualification Tests

A business may use this form to apply for certification for its current tax year, a prior tax year, or both. A business is eligible to be certified as a biotechnology business if it meets Test 1, Test 2, or Test 3, for the applicable year.

“Current tax year” is the applicant’s tax year, for federal income tax purposes, that has not ended as of the time the Wisconsin Department of Revenue receives the application.

A business requesting certification for its current tax year will use its actual gross receipts, or expenses and deductions, from the *tax year immediately prior to the current tax year* to qualify for certification and must believe, in good faith, that it will continue to be primarily engaged in biotechnology during its current tax year. The business should include amounts from activities both in and outside Wisconsin.

A business whose tax year is a fiscal year will only be certified for the portion of its tax year occurring on and after January 1, 2012.

Example: Company A files its federal income tax on a calendar year basis. In 2012, Company A applies to be certified as a Biotechnology Business for the period of January 1, 2012 to December 31, 2012 using the gross receipts test. On the application for Current Year, Test 1, Company A enters its total gross receipts from biotechnology in 2011 and its total gross receipts from all activities in 2011.

“Prior tax year” A business may apply for certification for a prior tax year, but not for a tax year prior to January 1, 2012. A prior tax year is one that has ended before the Department of Revenue has received the application.

A business requesting certification for the prior tax year uses its actual gross receipts, or expenses and deductions, from the prior tax year to qualify for certification.

A business whose tax year is a fiscal year will only be certified for the portion of its tax year occurring on and after January 1, 2012.

Example: Company B is a fiscal filer for federal income tax purposes. Company B files an application to be certified as a Biotechnology Business for the tax period beginning March 1, 2011 and ending February 29, 2012. On the application, Company B checks Prior Year, Test 2, enters its expenses and deductions from biotechnology for fiscal year ending February 29, 2012 and its total expenses and deductions for its fiscal year ending February 29, 2012. If approved, the department will certify the business from January 1, 2012 through February 29, 2012.

“Gross receipts” are the amounts properly reported as indicated on the following forms:

- 2011 IRS Form 1120: *U.S. Corporate Income Tax Return*, Line 1e.
- 2011 IRS Form 1120-S: *U.S. Income Tax Return for an S-Corporation*, Line 1e.
- 2011 IRS Form 1065: *U.S. Return of Partnership Income*, Line 1e.
- 2011 IRS Form 1040, Schedule C: *Profit or Loss From Business*, Line 3.

“Expenses and deductions” do not include:

- Net capital losses and net capital loss carryovers
- Net losses from sales of assets
- Deductions for bad debts
- Net operating loss deductions
- Charitable contributions
- Special deductions (Schedule C, Form 1120)

In the case of a business not required to file its own federal income tax return, “gross receipts” or “expenses and deductions” are determined in the same manner as a business that is required to file its own federal income tax return.

Upon completion, mail this form and any accompanying information to the attention of “Biotechnology Certification” at the address provided on page 1.