

Name	Identifying Number
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1 Enter amount paid to reimburse an individual for tuition that the individual paid or incurred to attend a qualified postsecondary institution from which the individual graduated in 2011 . . .	<b>1</b>	
2 Enter percentage (25% (0.25) or 30% (0.30) - see instructions) . . . . .	<b>2</b>	X
3 Multiply line 1 by the percentage on line 2. . . . .	<b>3</b>	
4 Enter postsecondary education credit passed through from other entities. . . . .	<b>4</b>	
5 Add lines 3 and 4. This is your 2011 postsecondary education credit. . . . .	<b>5</b>	
5a Fiduciaries - enter the amount of credit allocated to beneficiaries . . . . .	<b>5a</b>	
5b Fiduciaries - subtract line 5a from line 5 . . . . .	<b>5b</b>	
6 Carryover of unused postsecondary education credit . . . . .	<b>6</b>	
7 Add lines 5 and 6 (lines 5b and 6 if fiduciary). This is the available postsecondary education credit	<b>7</b>	

**Sign below.**

*I certify that I (or this entity) will not be reimbursed for any amount of tuition on which this credit is based.*

Signature of claimant or authorized representative	Date
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**Instructions for 2011 Schedule PE**

**Purpose of Schedule PE**

Use Schedule PE to claim the postsecondary education credit. This credit is available to a business that reimburses certain individuals for the tuition paid or incurred to attend a qualified postsecondary institution.

**Who is Eligible to Claim the Credit**

A corporation, sole proprietor, partner, member of a limited liability company (LLC), or a shareholder of a tax-option corporation may claim the credit.

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

**Limitations**

- No credit is allowed unless the claimant certifies to the department that the claimant will not be reimbursed for any amount of tuition for which the credit is claimed.
- A claimant may not claim the credit for any tuition amounts the individual claimed as a Wisconsin subtraction from income for tuition expense or that was excluded from the individual's income under the employer's educational assistance program.

- The credit may not be claimed for tuition amounts that the claimant paid or incurred for a family member of the claimant or for a family member of a managing employee unless (a) the family member was employed an average of at least 20 hours per week as an employee of the claimant, or as an employee of the claimant's business, during the one-year period prior to commencing participation in the education program, and (b) the family member is enrolled in a course of instruction that is substantially related to the claimant's business.

"Family member" means a spouse, child, grandchild, great-grandchild, parent, brother or sister, nephew or niece, grandparent, great-grandparent, or aunt or uncle. The person may be related by blood, marriage or adoption.

"Managing employee" means an individual who wholly or partially exercises operational or managerial control over, or who directly or indirectly conducts, the operation of the claimant's business.

- The individual who was reimbursed for tuition was eligible for a grant from the federal Pell Grant Program.
- The credit may not be claimed for tuition paid or incurred for an individual who is not a resident of Wisconsin.
- The credit must be claimed within four years of the unextended due date of the return.

## Credit is Income

The credit you compute on Schedule PE is income and must be reported on your Wisconsin franchise or income tax return in the year computed.

## Carryover of Unused Credits

Any unused credit may be carried forward for 15 years. If there is a reorganization of a corporation claiming the credit, the limitations provided by Internal Revenue Code sec. 383 may apply to the carryover of the unused credit.

## Specific Line Instructions

**Line 1:** Enter the amount paid to reimburse an individual for the tuition that the individual paid or incurred to attend a qualified postsecondary institution.

The credit may be claimed only for the taxable year in which the individual graduates from a course of instruction in an amount equal to the total amount paid or incurred for all taxable years in which the claimant paid or incurred such amounts related to that individual.

A "qualified postsecondary institution" means (a) a University of Wisconsin System institution, a technical college system institution, or a regionally accredited 4-year nonprofit college or university having its regional headquarters and principal place of business in Wisconsin, and (b) a school approved by the Educational Approval Board if the delivery of education occurs in Wisconsin.

"Course of instruction" means a series of classroom or correspondence courses having a unified purpose which lead to a diploma or degree or to an occupational or vocational objective.

**Line 2:** Enter one of the following amounts on line 2:

- Twenty-five percent (0.25) if the individual was enrolled in a course of instruction and eligible for a grant from the federal Pell Grant Program.
- Thirty percent (0.30) if the individual was enrolled in a course of instruction that relates to a projected worker shortage in Wisconsin, as determined by the local workforce development board, and if the individual was eligible for a grant from the federal Pell Grant Program.

**Line 4:** Enter the amount of postsecondary education credit passed through from tax-option (S) corporations, partnerships, LLCs treated as partnerships, estates or 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 or trusts.

**Line 5:** Add line 3 and line 4.

**Line 5a:** *Fiduciaries* - Prorate the credit from line 5 between the entity and its beneficiaries in proportion to the income allocable to each. Show the beneficiaries' portion of the credit on line 5a. Show the credit for each beneficiary on Schedule 2K-1.

**Line 5b:** *Fiduciaries* - Subtract line 5a from line 5. This is the estate or trusts portion of the credit. Enter the amount of credit from line 5b on line 1 of Schedule CR.

**Line 6:** Enter any unused post-secondary education credit carried over from prior years.

**Line 7:** Add lines 5 and 6 (lines 5b and 6 if fiduciary). Enter the amount of credit from line 7 on line 1 of Schedule CR. See the following exceptions:

- If the claimant is a combined group member, enter the amount of credit on Form 4M instead of Schedule CR.
- Tax-option (S) corporations, partnerships, and LLCs treated as partnerships should prorate the amount of credit on line 5 among the shareholders, partners, or members based on their ownership interest. Show the credit for each shareholder on Schedule 5K-1 and for each partner or member on Schedule 3K-1.
- Fiduciaries who file Form 2 must complete lines 5a and 5b.

## Required Attachments to Return

File your completed Schedule PE with your Wisconsin franchise or income tax return. Shareholders of tax-option (S) corporations, partners of partnerships, members of LLCs treated as partnerships, and beneficiaries of estates or trusts must file a copy of Schedule 5K-1, 3K-1, or 2K-1, as appropriate, with Schedule PE.

## Additional Information

For more information, you may:

- E-mail your question to [corp@revenue.wi.gov](mailto:corp@revenue.wi.gov)
- Call (608) 266-2772 [TTY: Call the Wisconsin Telecommunications Relay System at 711]
- Send a FAX to (608) 267-0834
- Write to the Audit Bureau, Wisconsin Department of Revenue, Mail Stop 5-144, PO Box 8906, Madison WI 53708-8906.