

Instructions for 2018 Schedule EIT

Purpose of Schedule EIT

Use Schedule EIT to claim the refundable electronics and information technology manufacturing zone credit, which is available to qualifying taxpayers certified by the Wisconsin Economic Development Corporation (WEDC). For information regarding how to become certified, visit the WEDC website at wedc.org or call 1-855-469-4249.

Who is Eligible to Claim the Credit

Any individual, estate, trust, partnership, limited liability company (LLC), corporation, or tax-exempt organization that has been certified by WEDC may be eligible for the 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 can pass through to the partners, members, or shareholders.

Credit is Income

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

Caution: If you recklessly or fraudulently claim a false credit, you may be ineligible to claim it for up to 10 years and you may owe a penalty. See pages 24 and 25 of [Wisconsin Tax Bulletin #180](#) for further details.

Qualifications

WEDC may certify a business that begins operations in an electronics and information technology manufacturing zone to receive tax benefits. The amount of tax benefits consists of:

- The payroll credit is equal to 17 percent of eligible payroll up to a maximum amount of \$1,500,000.
 - The amount of state payroll may not exceed \$100,000 per employee and it must be attributable to wages paid by the claimant to full-time employees for services that are performed in the zone or that are performed outside the zone, but within the state, and for the benefit of the operations within the zone, as determined by WEDC.
- The capital expenditure credit is equal to 15 percent of significant capital expenditures made in the zone up to a maximum amount of \$1,350,000.

Specific Instructions

Line 1: Enter the eligible amount of zone payroll credit certified to you by WEDC. Include a copy of the certification/verification form issued by WEDC.

Line 2: Enter the eligible amount of capital expenditure credit certified to you by WEDC. Include a copy of the certification/verification form issued by WEDC.

Line 4: If applicable, enter the entity name, Federal Employer Identification Number (FEIN), and the amount of electronics and information technology manufacturing zone credit passed through from tax-option (S)

corporations (from Schedule 5K-1), partnerships and LLCs treated as partnerships (from Schedule 3K-1), and estates and trusts (from Schedule 2K-1).

Line 5: Add lines 3 and 4d. This is the total current year electronics and information technology manufacturing zone credit. Enter the amount of credit from line 5 on the appropriate line of Schedule CR. See the following exceptions:

- If the claimant is a combined group member, enter the amount of credit on Form 6, Part III, line 13 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.

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's or trust's portion of the credit. Enter the amount of credit from line 5b on the appropriate line of Schedule CR.

Required Attachments to Returns

You must include the following information with your Wisconsin franchise or income tax return:

- Schedule EIT
- A copy of your certification/verification to claim tax benefits issued by WEDC.

Exception for shareholders, partners, members, and beneficiaries: If the credit is received from a tax-option (S) corporation, partnership, LLC treated as a partnership, estate, or trust, include a copy of Schedule 5K-1, 3K-1, or 2K-1 with Schedule EIT instead of the certification/verification to claim tax benefits issued by WEDC.

Additional Information

For more information, you may:

- For credit eligibility questions, contact WEDC: <https://wedc.org/inside-wedc/contact-us/>
 - Call 1-855-469-4249
- For tax related questions, e-mail your question to: DORFranchise@wisconsin.gov
 - Call (608) 266-2772 [TTY: Call the Wisconsin Telecommunications Relay System at 711. If no answer, dial 1-800-947-3529]
 - Send a FAX to (608) 267-0834