

Instructions for 2019 Schedule ES

Purpose of Schedule ES

Use Schedule ES to claim the non-refundable employee college savings account contribution tax credit.

Who is Eligible to Claim the Credit

A partner of a partnership, a member of a limited liability company (LLC), a corporation, or a shareholder of a tax-option (S) corporation that is an employer and contributes to an employee's college savings account is eligible for the credit. **Federal Schedule C employers and estate and trusts are not eligible to compute the credit.**

Partnerships, limited liability companies, and tax-option corporations may not claim the credit, but the eligibility and amount of the credit are based on the amount they paid into a college savings account owned by the employee in the taxable year the contribution is made. A partnership, limited liability company, or tax-option corporation computes the amount of credit that each of its partners, members, or shareholders may claim and provides that information to them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

Definitions

- “Claimant” means an individual who files a claim under this subsection and who is a partner of a partnership, member of a limited liability company, or shareholder of a tax-option corporation that is an employer and that contributes to an employee’s college savings account under [par. \(b\)](#).
- “College savings account” means a college savings account, as described in [s. 224.50](#).
- “Employee” has the meaning given in [s. 71.63 \(2\)](#).
- “Employer” means an employer that is a partnership, as defined in [s. 71.195](#), or a tax-option corporation, as defined in [s. 71.34 \(2\)](#).

Credit Computation

The credit may be computed for each employee of the employer equal to the amount the employer paid into a college savings account owned by the employee in the taxable year in which the contribution is made.

The maximum contribution to the employees college savings account is equal to 25 percent of the maximum amount that an individual contributor may deduct under [s. 71.05\(6\)\(b\)32.a., Wis. Stats.](#), per beneficiary ($\$3,280 \times 25\% = \820 ; $\$1,640 \times 25\% = \410 if married filing separately or a divorced parent).

The maximum credit per employee is equal to 25 percent of the amount the employer contributed to the employee’s college savings account, subject to the maximum contribution limitation above.

The credit must be claimed within four years of the unextended due date of your return.

Complete the following worksheet separately for each employee that you made contributions to a college savings account owned by the employee:

1	Enter contributions made in 2019 to your employees' college savings account, but do not enter more than \$3,280 (\$1,640 if married filing separate or a divorced parent).....	1	_____	.00
2	Enter \$820 (\$410 if married filing separate or a divorced parent).....	2	_____	.00
3	Enter the smaller of line 1 or line 2. This is the maximum contribution eligible for the credit.....	3	_____	.00
4	Multiply line 3 by 25% (.25). This is the allowable credit.....	4	_____	.00

Enter the total from line 4 of all worksheets on Schedule ES, line 2.

Credit is Income

The credit you compute on Schedule ES is income and must be reported on your Wisconsin franchise or income tax return in the year the credit was computed. This is true even if you cannot use the full amount of the credit computed this year to offset tax liability for this year and must carry part or all of it forward to future years.

Carryforward of Unused Credits

The employee college savings account contribution credit is nonrefundable. Any unused credit may be carried forward for up to 15 years.

If there is a reorganization of a corporation claiming the manufacturing credit, the limitations provided by Internal Revenue Code (IRC) section 383 may apply to the carryover of any unused credit.

Specific Instructions

Line 1: Enter the number of employees that you made eligible college savings account contribution credits for during the taxable year.

Line 2: Enter the total credit computed for all employees from the total of all worksheets above.

Line 3: If applicable, fill in the entity name, Federal Employer Identification Number (FEIN), and the amount of employee college savings account contribution credit passed through from tax-option (S) corporations (from Schedule 5K-1) and partnerships and LLCs treated as partnerships (from Schedule 3K-1).

Line 4: Add lines 2 and 3d. This is the 2019 employee college savings account contribution credit.

Line 5: Enter the amount of employee college savings account contribution credit that was not previously used and has not expired.

Line 6: Add lines 4 and 5. This is the available employee college savings account contribution credit. Enter the amount of credit from line 6 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 V, line 1 instead of Schedule CR.

- Tax-option (S) corporations, partnerships, and LLCs treated as partnerships should prorate the amount of credit on line 4 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.

Required Attachments to Returns

- *For claimants not receiving the credit passed through from a partnership, tax-option(S) corporation, or limited liability company:*
 - The only documentation you are required to include with your tax return is Wisconsin Schedule ES.
- *For claimants receiving the credit passed through from a partnership, tax-option (S) corporation, or limited liability company:*
 - Submit Wisconsin Schedule ES and,
 - A copy of the Wisconsin Schedule 3K-1 and/or Schedule 5K-1.

Additional Information

For more information, you may:

- 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

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of November 1, 2019: Chapter 71 Wis. Stats.