



Wisconsin farmland preservation credit

Schedule FC instructions

2021

Caution

Before you complete your 2021 Schedule FC, you may be required to notify the county land conservation committee. See line 18 instructions located later in these instructions.

For tax years beginning after 2016, the “Based on Prior Year’s Law” method for computing the farmland preservation credit is no longer available.

Reminders

- You may need to file Schedule FC-A instead of or in addition to Schedule FC. See “Which Schedule to File” located later in these instructions.
- Individuals, corporations, estates, and trusts can file their income or franchise tax return and Schedule FC electronically. Additional information is available on the department’s website, revenue.wi.gov, under “Online Services.”
- **Note** Wisconsin e-file is no longer available for Schedule FC. However, you will still be able to electronically file Schedule FC using modernized e-file.
- Read the instructions carefully to avoid errors and help prevent delays in processing your credit.
- Fill in your property taxes on lines 11a and 11b of Schedule FC, even if you use the multiple municipality proration method of computing your credit.
- Fill in the actual number of acres on which your claim is based on Schedule FC, question 4.
- Be sure to use the correct percentage level of credit (see line 15 instructions located later in these instructions).

Checklist:



Before mailing your claim, check off the following items –

- Questions 1 to 7 on Schedule FC all answered
- ALL household income reported
- Only your household’s ownership percentage of property taxes claimed
- ALL calculations checked
- Schedule FC SIGNED
- ALL required enclosures included (see “Enclosures Required” located later in these instructions)
- Documents assembled (DONOT STAPLE, use paper clips) in the proper order, as follows:
 - Wisconsin income or franchise tax form (Form 1, 1NPR, 2, 4, 4T, or 6)
 - Schedule FC
 - 2021 property tax bills
 - Enclosures b through h under “Enclosures Required” located later in these instructions
 - Any additional farmland preservation credit information
 - Other Wisconsin schedules and forms
 - Federal tax form (Form 1040, 1040-SR, 1041, or 1120)
 - Federal schedules

FEDERAL PRIVACY ACT In compliance with federal law, you are hereby notified that the request for your social security number on the Wisconsin farmland preservation credit claim is made under the authority of Section 71.59(2)(a) of the Wisconsin Statutes. The disclosure of this number on your claim is mandatory. It is used for identification purposes throughout the processing, filing, and auditing of your claim, and in the issuance of refund checks.



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In these instructions, “DATCP” means the Wisconsin Department of Agriculture, Trade and Consumer Protection.

WHICH SCHEDULE TO FILE

A 2021 farmland preservation credit claim may be filed using Schedule FC, Schedule FC-A, or both. However, a credit may not be claimed on the same acreage using both Schedule FC and Schedule FC-A.

File Schedule FC if 1) you are subject to a farmland preservation agreement entered into prior to July 1, 2009 (see notes below), and 2) you otherwise qualify (see “Who May Claim the Credit” and “Who May Qualify” below).

Notes

- A farmland preservation agreement is considered entered into prior to July 1, 2009, if 1) the application for the agreement was submitted to the county clerk between January 1, 2008, and June 30, 2009, and 2) the agreement was entered into on or after July 1, 2009.
- An agreement entered into prior to July 1, 2009, may be modified in order to file your farmland preservation claim using Schedule FC-A. For more information, contact DATCP at (608) 224-4621, (608) 224-4611, or DATCPWorkingLands@wisconsin.gov.

File Schedule FC-A if 1) you have an ownership interest in a farm that is covered by an original or modified farmland preservation agreement entered into on or after July 1, 2009 (see notes above) or located in an area designated in a certified exclusive agricultural use zoning or farmland preservation zoning ordinance and 2) you otherwise qualify (see “Who May Claim the Credit” and “Who May Qualify” located later in these instructions).

WHO MAY CLAIM THE CREDIT

A claimant must be the owner of farmland and may be any of the following:

- *Individuals* – Individuals, partners in partnerships, members of limited liability companies (LLCs) treated as partnerships, shareholders of tax-option (S) corporations, and grantors of revocable trusts may claim the credit on their individual income tax returns. (See “Corporations” for information regarding publicly traded partnerships and LLCs treated as corporations.)

Only one member of a household (an individual, spouse if married, and dependents while under age 18) may claim the credit. If two or more members of a household each qualify (for example, where spouses are married filing separate returns), they must determine between themselves who the claimant will be. If they are unable to agree, the matter may be referred to the Secretary of Revenue, whose decision will be final.
- *Corporations* – Corporations other than tax-option (S) corporations (see “Individuals”) may claim the credit on their corporation franchise or income tax returns. This includes publicly traded partnerships and limited liability companies (LLCs) treated as corporations under Wisconsin Statutes.
- *Estates and Trusts* – Personal representatives of estates and trustees of qualifying trusts may claim the credit on the estate or trust return. (For exceptions, see definition of “Owner” located later in these instructions.)

WHO MAY QUALIFY

To qualify for the farmland preservation credit, you must meet all of the following conditions:

1. You or any member of your *household* (see definition located later in these instructions) must have been the *owner* (see definition located later in these instructions) of the Wisconsin farmland for which the credit is being claimed, during your taxable year that begins in 2021.
2. You must have been a resident of Wisconsin for the entire taxable year. The taxable year may be either calendar year 2021 or a fiscal year beginning in 2021, but it must be for the same period covered by your 2021 income tax return.

A corporation must have been organized under the laws of Wisconsin.

3. You and your spouse must not claim homestead credit for 2021 or the veterans and surviving spouses property tax credit based on your 2021 property taxes (payable in 2022).
4. The 2019 property taxes for the property on which the claim is based must have been paid in full.
5. Your claim must be based on at least 35 acres of farmland.
6. You must be subject to a farmland preservation agreement that was entered into prior to July 1, 2009, and in effect on July 1, 2021. If your agreement expired in 2021, it must have expired on or after July 1, 2021.

7. The farmland on which the claim is based must have produced at least \$6,000 of *gross farm profits* (see definition later in these instructions) during 2021 or at least a total of \$18,000 in gross farm profits for 2019, 2020, and 2021 combined. If you rent out your farmland, the renter's gross farm profits are used to satisfy this requirement.

Exception: If at least 35 acres of your farmland were enrolled in the Conservation Reserve Program, you do not have to meet this gross farm profits requirement.

8. You must not have been notified that you are in violation of a soil and water conservation plan or standards for any farmland. However, if you receive a notice of cancellation of the noncompliance before the deadline for filing your claim, you may then file a claim by the deadline, provided the other conditions are met.

WHEN TO FILE

A 2021 farmland preservation credit claim must be filed no later than 4 years after the unextended due date of your 2021 tax return. For calendar year filers, the 2021 Schedule FC must be filed by April 15, 2026.

HOW AND WHERE TO FILE

Schedule FC should be enclosed immediately behind the 2021 Wisconsin income or franchise tax return when it is filed. Your tax return and Schedule FC should be mailed to the address shown on the tax return.

Your farmland preservation credit will decrease any tax due or increase any tax refund. Only one refund check will be mailed for the combined farmland preservation credit and tax refund.

If you previously filed your 2021 Wisconsin tax return and now wish to file a farmland preservation credit claim, do the following:

- Complete an amended tax return and enclose Schedule FC.
- Mail them to the address shown on the tax return.

If an individual is not required to file a 2021 Wisconsin tax return but wishes to claim a farmland preservation credit, they should enclose Schedule FC and a schedule listing all sources and amounts of income with a Form 1, on which they fill in only the name and address area, and the amount of credit on line 27a. The farmland preservation credit claim should be mailed to Wisconsin Department of Revenue, PO Box 59, Madison WI 53785-0001.

ELECTRONIC FILING

If you file Schedule FC electronically, mail all of the required Schedule FC enclosures (see "Required Enclosures" located later in these instructions), along with a completed Form W-RA, *Required Attachments for Electronic Filing*, to Wisconsin Department of Revenue, PO Box 8977, Madison WI 53708-8977.

Note Wisconsin e-file is no longer available for Schedule FC. However, you will still be able to electronically file Schedule FC using modernized e-file.

ADDITIONAL HELP

To obtain more information about farmland preservation credit or help in preparing Schedule FC, or for a copy of Wisconsin Publication 503, *Wisconsin Farmland Preservation Credit*, you may contact any Department of Revenue office. The location and telephone number of the office nearest you may be listed in your telephone book. You may also email a question to DORFarmlandPreservationCredit@wisconsin.gov, access the department's website at revenue.wi.gov, or phone (608) 266-2442 (Madison).

These instructions include several references to contacting DATCP for information. You may contact DATCP at (608) 224-4621 or (608) 224-4611.

QUESTIONS ABOUT REFUNDS

If you need to contact the Department of Revenue about your refund, please wait at least 10 weeks after filing your Schedule FC. Automated assistance is available by calling (608) 266-8100 in Madison or 1-866-WIS-RFND (1-866-947-7363, toll-free within the U.S. or Canada). If you need to speak with a person, assistance is available Monday through Friday from 7:45 a.m. to 4:15 p.m. by calling (608) 266-2772 (long-distance charges, if applicable, will apply). If you call, you will need your social security number and the dollar amount of your refund. You may also get information on your refund using the department's secure internet website at revenue.wi.gov.

TTY PHONE HELP

Telephone help is available using TTY equipment. Call the Wisconsin Telecommunications Relay System at 711.

DEFINITIONS

Owner “Owner” means a resident of Wisconsin owning land and includes an individual, a corporation incorporated in Wisconsin (including a publicly traded partnership or limited liability company (LLC) treated as a corporation), a grantor of a revocable trust, a qualifying trust, an estate, each member of a partnership or association having a joint or common interest in land, each member of an LLC that is treated as a partnership, each shareholder of a tax-option (S) corporation, a vendee under a land contract, and a guardian on behalf of a ward.

Exceptions: An owner qualifying for farmland preservation credit does not include a trust created by a nonresident, a trust that receives Wisconsin real property from a nonresident, or a trust in which a nonresident grantor retains a beneficial interest. An owner also does not include the estate of an individual who is a nonresident on the date of death.

When farmland is subject to a life estate, the person who has an ownership interest and is operating the farm and paying the property taxes is the owner who may claim the credit.

When property is transferred during the claim year by a method other than a sale, such as through gift, divorce, death, bankruptcy, foreclosure, or repossession, the owner of the property on the tax levy date is the owner who may claim the credit. The tax levy date is the date the property tax roll is delivered to the local treasurer for collection, usually in early December of each year.

Household “Household” means an individual, spouse if married, and all dependents while they are under age 18. When dependent children reach age 18, they are no longer considered members of a household for purposes of determining a farmland preservation credit.

Gross farm profits “Gross farm profits” means gross receipts, excluding rent, from the land’s agricultural use, less the cost or other basis of livestock or other items purchased for resale that are sold or otherwise disposed of during the taxable year. Gross farm profits include the fair market value, at the time of disposition, of payments-in-kind received for placing land in federal programs.

Gross farm profits do not include the fair market value of crops grown but not sold during the year, fuel tax credits or refunds, or a previous year’s farmland preservation credit.

If you rent out your farmland, gross farm profits are those of your renter, produced from your farmland. The renter’s name and address should be filled in on question 7 of Schedule FC. If you are unsure whether the required gross farm profits were produced from the farmland you rented out, contact your renter to obtain this information.

FILING INCORRECT CLAIMS

If you recklessly or fraudulently claim an incorrect farmland preservation credit, you will be ineligible to claim any refundable credit for up to 10 years. Penalties may also apply.

Because of the way farmland preservation credit claims are processed, please use BLACK INK to complete Schedule FC.

Schedule FC has preprinted zeros in the “cents” area of the entry lines. Amounts filled in on those lines should be rounded to the nearest dollar. If completing Schedule FC by hand, do not use commas or dollar signs in any of the amounts that are filled in. For more tips, see page 5 of the instructions for Wisconsin Form 1.

LINE-BY-LINE INSTRUCTIONS


LINES 1 THROUGH 7. QUESTIONS

Read and answer questions 1 through 7 carefully. All the requested information must be provided. If you do not qualify for farmland preservation credit, do not complete the rest of Schedule FC.

Question 1a: “Individuals” include personal representatives of estates and trustees of qualifying trusts claiming the credit on the estate or trust return.

Question 2: If you are in noncompliance with a soil and water conservation plan or standard on any of your farmland, you do not qualify. However, if you subsequently receive a notice of cancellation of the noncompliance before the filing deadline and meet the other conditions, you may then file a claim by the deadline.

Question 3: If the 2020 property taxes for all of the farmland on which your claim is based are not paid in full, you do not qualify.

 **Question 4:** If your claim is based on at least 35 acres, fill in the total number of acres rounded to the nearest whole acre. Fill in the total number of acres on which your claim is based, even if your property is co-owned with others (for example, if you have a 50% ownership interest in 100 acres on which your claim is based, fill in 100 acres, not 50). Fill in the actual number of acres, not “over 35,” “50%,” etc.

If your claim is based on less than 35 acres (before rounding to the nearest whole acre), do not complete Schedule FC. You do not qualify for farmland preservation credit.

Questions 5 and 6: If your answers to both questions are “No,” you do not qualify. If your answer to question 5 is “No” but your answer to question 6 is “Yes,” you **DO** qualify.

LINES 8 THROUGH 10. HOUSEHOLD INCOME

The instructions for *Individuals* apply to claimants who were single or married for the entire taxable year. Persons who became married or divorced during the taxable year should refer to Wisconsin Publication 503, *Wisconsin Farmland Preservation Credit*. See “Additional Help” located earlier in these instructions, for information about obtaining Publication 503.

In computing its household income, a corporation is also required **to include the household income of each corporate shareholder** of record at the end of the corporation’s taxable year. Therefore, a corporation must also complete lines 8 through 10 to reflect the combined incomes of all its shareholders and their spouses and total farm income of dependents while under age 18 (see the lines 8 and 9 instructions for individuals). If the corporation files its claim on a fiscal year basis, the household income of shareholders and their spouses and dependents must be for that same fiscal year, even if they file on a calendar year basis for income tax purposes.

Complete Worksheet 3, *Computing Corporation Shareholder Income*, located later in these instructions. List the corporate shareholders’ names, social security numbers, and ownership percentages and explain each shareholder’s household income (incomes reportable on lines 8 through 10 of Schedule FC). Enclose the completed Worksheet 3 with your Schedule FC.

In these instructions, “Individuals” include partners, members of LLCs treated as partnerships, shareholders of tax-option (S) corporations, and grantors of revocable trusts. “Corporations” include publicly traded partnerships and LLCs treated as corporations but do NOT include tax-option (S) corporations.

Line 8. Taxable Income and Dependents’ Farm Income

- **Line 8a:** Individuals – On line 8a(1), fill in the income from your 2021 Wisconsin income tax return (line 5 of Form 1 or line 30 of Form 1NPR).

Exception: If you are filing Form 1NPR and line 29, Wisconsin column, is more than line 16, Wisconsin column, subtract line 29 from line 16 and fill in the result on line 8a(1) as a negative number.

If you are married filing a joint return, the income on line 8a(1) must be the joint income of you and your spouse.

If you are married filing separate returns, fill in your income on line 8a(1) and your spouse’s income on line 8a(2) from both of your 2021 Wisconsin income tax returns.

CAUTION:

- You must include the total amount of any farmland preservation credit from Schedule FC received in your taxable year that began in 2021 as income on your 2021 Wisconsin tax return. Additional information is provided in Wisconsin Publication 503, *Wisconsin Farmland Preservation Credit* (see “Additional Help” located earlier in these instructions for information about obtaining Publication 503).

- If your Wisconsin income tax return includes a deduction for a net operating loss (NOL) carryforward, be sure that this deduction has been computed correctly. More information about computing a Wisconsin NOL carryforward is available in Wisconsin Publication 120, *Net Operating Losses for Individuals, Estates, and Trusts*.
- If you and your spouse received taxable income in 2021 but were not required to file a tax return (for example, because income was under minimum filing requirements), fill in on line 8a(1) the amount that would have been reported if you had filed a return. Include a schedule showing how you arrived at the taxable income.
- If you had any **dependents** under age 18 during 2021, fill in the total farm income they received on the schedule below line 8a(3). Total farm income is the farm income, including wages, earned on the farm for which the claim applies. If a dependent turned 18 during the year, include the dependent's total farm income for the portion of the year that the dependent was under age 18. Fill in the total from the schedule on line 8a(3).
- **Line 8b:** Corporations – Fill in on line 8b the income from either Form 6 (the corporation's share of income from Part II, line 5 less its share of farm net business loss offsets from Part III, line 7) or Form 4 (line 5 less farm net business loss offsets on line 14).

CAUTION: A farm net business loss offset may not increase or produce a negative amount on Schedule FC, line 8b. If a corporation has a loss on Form 4, line 5, or Part II, line 5 of Form 6, fill in that amount on line 8b. Do not increase the loss by any farm net business loss offset. If a corporation has income, but the amount of farm net business loss offset reduces that income below zero, fill in 0 on line 8b.

- **Line 8c:** Estates and Trusts – Complete the following Income Worksheet and fill in the total on line 8c (enclose a copy with your Schedule FC):

Income Worksheet	
<u>Add:</u> Income distribution deduction from federal Form 1041	_____
Line 5, Wisconsin Form 2	_____
Line 20, Schedule ESBT	_____
Total of lines 2, 3, and 5, column 1, Schedule A, page 3, Wisconsin Form 2	_____
Subtotal	_____
<u>Less:</u> Total of lines 8, 10, and 11, column 1, Schedule A, page 3, Wisconsin Form 2	(_____)
Subtotal	_____
Add or subtract, as appropriate, the distributable amount from Schedule B, page 3, Wisconsin Form 2	_____
Subtotal.	_____
Add or subtract, as appropriate, the difference between the federal and Wisconsin basis of any capital asset sold by the estate or trusts that is distributed to the beneficiary	_____
Total (fill in on line 8c)	=====

Line 9. Other Household Income and Adjustments

• **Line 9a. Depreciation**

In computing household income, you may deduct only \$25,000 per household of farm depreciation. This limitation applies to the aggregate depreciation from your farm, farm rental property, farm partnerships, farm LLCs, farm tax-option (S) corporations, and farm car and truck mileage.

- *Individuals* – If depreciation was deducted in computing taxable income filled in on line 8a, you must add back 1) farm depreciation in excess of \$25,000, and 2) all nonfarm depreciation, including car and truck mileage depreciation. Use the Depreciation Worksheet, located later in these instructions, to compute your depreciation that must be added back.
- *Corporations* – If depreciation was deducted in computing taxable income filled in on line 8b, you must add back 1) farm depreciation in excess of \$25,000, and 2) all nonfarm depreciation, including car and truck mileage depreciation. Also, a corporation must fill in on line 9a any depreciation required to be added back that was deducted by its shareholders and their spouses, and the farm depreciation of their dependents while under age 18 (see the above instructions for *individuals*).
- *Estates and Trusts* – If depreciation was deducted in computing taxable income filled in on line 8c, you must add back 1) farm depreciation in excess of \$25,000, and 2) all nonfarm depreciation, including car and truck mileage depreciation.

Car and truck mileage depreciation If you claimed the standard mileage rate on your 2021 farm, business, or rent schedule, 26¢ per mile is considered to be depreciation. Include this depreciation in the amount you add back on line 9a.

Exception: The 26¢ per mile adjustment is not required for miles claimed after the adjusted basis of your car or truck reaches zero. If this applies to you, enclose a note explaining the situation.

Section 179 expense Depreciation does not include Internal Revenue Code Section 179 expense.



If two or more items are included in the amount filled in on line 9a, enclose a worksheet similar to the 'Depreciation Worksheet' on this page with your Schedule FC.

• **Line 9b. Nonfarm Business Losses**



If you have more than one nonfarm business loss (for example, a rental loss and a partnership loss), determine the amount to fill in on line 9b separately for each loss. Enclose a schedule listing each loss and amount included on line 9b.

You may not reduce a nonfarm business loss by a net profit from another nonfarm business. Each nonfarm business must be reviewed separately.

• **Individuals** – Fill in all nonfarm business losses that were included in the income filled in on line 8a. The amount of each nonfarm business loss should be determined without regard for any amortization, depreciation, depletion, and intangible drilling expenses of such nonfarm business. For each nonfarm business, determine the amount of nonfarm business loss to fill in on line 9b as follows:

- If nonfarm business loss is less than or equal to the total of nonfarm amortization, depreciation, depletion, and intangible drilling expenses, fill in 0 on line 9b.
- If nonfarm business loss is greater than the total of nonfarm amortization, depreciation, depletion, and intangible drilling expenses, subtract these expenses from the nonfarm business loss and fill in the result on line 9b.

Example 1: You included a nonfarm rental loss of \$5,000 in your income on line 8a of Schedule FC, which consisted of rental receipts of \$20,000, reduced by depreciation of \$10,000 and other expenses of \$15,000. Since your nonfarm rental loss (\$5,000) is less than your depreciation (\$10,000), fill in 0 on line 9b.

Example 2: Your income on line 8a of Schedule FC included a nonfarm business loss of \$30,000 consisting of \$15,000 of receipts, reduced by \$25,000 of depreciation and \$20,000 of other expenses. Since your nonfarm business loss (\$30,000) is greater than your depreciation (\$25,000), subtract the depreciation from the loss. Fill in \$5,000 (\$30,000 – \$25,000) on line 9b.

• **Corporations** – Fill in all nonfarm business losses, exclusive of depreciation, that were included in the income filled in on line 8b. Determine the amount to fill in on line 9b for each nonfarm business loss as follows:

- If nonfarm business loss is less than or equal to nonfarm depreciation, fill in 0 on line 9b.
- If nonfarm business loss is greater than nonfarm depreciation, subtract depreciation from the nonfarm business loss and fill in the result on line 9b.

A corporation must also fill in nonfarm business losses included in the income of all its shareholders and their spouses (see the line 9b instructions for *individuals*).

• **Estates and Trusts** – Fill in all nonfarm business losses, exclusive of amortization, depreciation, depletion, and intangible drilling expenses, that were included in the income filled in on line 8c. To determine the amount to fill in on line 9b for each nonfarm business loss, see the line 9b instructions for *individuals*.

Depreciation Worksheet		
Fill in all depreciation from the following sources:	Column A FARM	Column B NONFARM
Car and truck mileage (26¢ per mile) –		
Schedule C	_____	_____
Schedule E	_____	_____
Schedule F	_____	_____
Form 4835	_____	_____
Other	_____	_____
Other depreciation –		
Schedule C	_____	_____
Schedule E –		
Rental property	_____	_____
Partnerships/LLCs	_____	_____
Tax-option (S) corporations	_____	_____
Estates and Trusts	_____	_____
Schedule F	_____	_____
Form 4835	_____	_____
Other	_____	_____
Total	_____	_____
Less \$25,000 of farm depreciation	(\$25,000)	0
Subtotal. If less than zero, fill in 0	_____	_____
Total of Columns A and B. Fill in here and on line 9a of Schedule FC		

• **Lines 9c Through 9z.**

- *Individuals* – Fill in lines 9c through 9z, as applicable. These are items that may be deducted or excluded in computing taxable income but not in computing household income for farmland preservation credit.

In addition, if you had a dependent(s) in your household under age 18 who received farm income from the farm on which this claim is based, include on lines 9c through 9z the dependent's income items that relate directly to the farm business.

- 9d. Capital gains not taxable – fill in the capital gain exclusion for the sale of assets held more than one year, gain deferred on the sale of capital assets, capital gain excluded from the sale of a qualified Wisconsin investment reported on Schedule QI, plus any other nontaxable capital gain.

Example: You reported net gains of \$4,000 from the sale of capital assets held more than one year, on Wisconsin Schedule WD. In computing Wisconsin taxable income, you deducted \$1,200 ($\$4,000 \times 30\%$) of this gain. On line 9d, fill in the \$1,200 of capital gains not included in taxable income.

- 9e. Capital loss carryforwards and net operating loss carrybacks – fill in the total of all capital loss carryforwards and net operating loss carrybacks deducted in computing your Wisconsin taxable income.

Example 1: In computing your Wisconsin taxable income, you deducted a capital loss carryforward of \$500. Fill in the \$500 capital loss carryforward on line 9e.

Example 2: You reported a net gain of \$400 from capital assets held less than one year on Wisconsin Schedule WD, consisting of 2021 gains of \$1,400 and capital loss carryforward of \$1,000. Fill in the capital loss carryforward of \$1,000 on line 9e.

- 9h. Contributions to deferred compensation plans – fill in any deferred compensation that you excluded from taxable income (generally from box 12 of your wage and tax statement, Form W-2 – should be preceded by the prefix D, E, F, G, H, S, or Y).

- 9i. Contributions to IRAs, self-employed SEP, SIMPLE and qualified plans – fill in any IRA, self-employed SEP, SIMPLE and qualified plan deductions shown on your federal Schedule 1 (Form 1040 or 1040-SR).

- 9m. Gain from sale of home excluded for federal tax purposes – fill in the gain from the sale or exchange of your principal residence excluded for federal tax purposes. Enclose a schedule showing the computation of the gain.

CAUTION: Do not include nonrecognized gain from an involuntary conversion (for example, destruction or condemnation) of your principal residence.

- 9p. Interest on state and municipal bonds – fill in any interest from state or municipal bonds that was not included in Wisconsin taxable income.

- 9r. IRA, SEP, SIMPLE, distributions from qualified plans, pension, annuity, railroad retirement, and veterans' pension or disability payments – fill in the GROSS amount of all payments received from these sources, except rollovers and any amount that is included in Wisconsin taxable income. If a pension or IRA distribution is rolled over to another plan, write "Rollover" on line 9r, and do not include it in household income.

Example: In 2021, you received \$3,500 in pension distributions, \$2,700 of which is taxable income and is included on line 8a of Schedule FC. Fill in \$800 ($\$3,500 - \$2,700$) on line 9r.



Taxable rollovers or conversions from one retirement plan to another, such as from a traditional IRA to a Roth IRA, should have been included as income on your Wisconsin return and may not be subtracted in determining household income.

- 9w. Scholarships, fellowships, and grants – fill in the total amount received from these sources in 2021 that was not included in Wisconsin income.



If scholarship or fellowship income is included in 2021 Wisconsin taxable income, and all or a portion of that same income was also included in household income on your 2020 farmland preservation credit claim, you may subtract the amount included in 2020 household income from your 2021 household income. Fill in the amount as a negative number on line 9w, and reduce your 2021 household income by this amount.

- 9x. Social security and SSI payments – fill in the total amount of social security and SSI payments received by you and your spouse that was not included in taxable income. Include the monthly premium amounts deducted for Medicare Parts A through D (generally, \$148.50 per month, per person for Medicare Part B, unless Social

Security advises a different amount). Include any social security death benefit (\$255) received and federal and state SSI (supplemental security income), SSI-E (supplemental security income - exceptional expense), SSD (social security disability), and CTS (caretaker supplement) payments (\$250 per month for the first child and \$150 per month per additional child). Do NOT include Title XX benefits (payments for services). Also do not include your children's social security or SSI benefits, whether paid to them directly or to you on their behalf.

9y. Unemployment compensation – fill in any unemployment compensation received that was not included in Wisconsin taxable income.

- *Partners, LLC Members, and Tax-Option (S) Corporation Shareholders* – If you or your spouse received income from a partnership, LLC treated as a partnership, or tax-option (S) corporation during 2021, include on lines 9c through 9z the distributive share of any of those items that were deducted or excluded by the partnership, LLC, or tax-option (S) corporation. To determine this, it may be necessary to contact the partnership, LLC, or tax-option (S) corporation.
- *Corporations* – Use Worksheet 3, *Computing Corporation Shareholder Income*, located later in these instructions. On Worksheet 3, corporations must fill in on lines 9c through 9z amounts that were deducted or excluded in computing Wisconsin taxable income by each corporate shareholder of record as of the end of the corporation's taxable year that began in 2021. The income items of the shareholder's spouse, and the farm-related income items of the shareholder's dependents under age 18, must also be included. See the instructions for *individuals* for explanations of the income items. Do not fill in items with respect to deductions or exclusions of the corporation itself.
- *Estates and Trusts* – Fill in on lines 9c through 9z the income items as explained in the instructions for *individuals*.

Repaid Amounts Nontaxable items of income that you received and included in household income in a prior year and were required to repay in 2021 may be subtracted from your 2021 household income. On your 2021 Schedule FC, subtract the amount repaid on the household income line to which the repayment relates (fill in the amount as a negative number). Enclose an explanation indicating the amount of repayment, and the year you received the income and included it on a Schedule FC.

LINE 11. PROPERTY TAXES

- **Line 11a** Fill in the net property taxes levied during 2021 on the farmland and improvements owned by you or any member of your household on which your claim is based. Net property taxes are the net real estate taxes AFTER state aids, school tax credits, the first dollar credit, and the lottery and gaming credit, if applicable. Net property taxes do NOT include personal property taxes, special assessments, delinquent interest, charges for services, dog license tax, or tax for managed forest land or forest cropland. Do not include property taxes on property that is not included on a farmland preservation agreement.

If a property tax bill covers more property than the property on which the claim is based (for example, the property is located partly inside and partly outside an exclusive agricultural use district, part of the property is not subject to your farmland preservation agreement, or part of the property is used to compute a credit using Schedule FC-A), refer to Worksheet 2, *Property Tax Proration*, located later in these instructions, to determine the amount of property taxes to fill in on line 11a. Enclose the completed Worksheet 2 with your Schedule FC.

If you purchased or sold farmland during the taxable year, or if the farmland is owned by or with persons or entities other than yourself or a member of your household, see "Ownership" below.

If any of the 2021 property tax bills show unpaid prior year property taxes, enclose a statement signed by your county treasurer indicating the date the 2020 property taxes were paid in full.

Fill in line 11a even if you use the multiple municipality proration method (see Worksheet 1, *Multiple Municipality Proration*, located later in these instructions) to compute your farmland preservation credit. Fill in your share of the total amount of property taxes, even if your share exceeds \$6,000 (fill in only your share).

Example: You have a 50% ownership interest in the property on which your claim is based and the net 2021 property taxes are \$13,000. Fill in \$6,500 on line 11a (your 50% share of \$13,000).

Ownership If you purchased the property on which your claim is based during the taxable year, fill in on line 11a the total net property taxes less any amount allocated to the seller in the closing statement. If no amount is set forth in a closing statement, you may use the total net property taxes.

If you purchased property subject to a farmland preservation agreement and you received a statement of transfer of property subject to a farmland preservation agreement, submit the executed copy. If none was received, submit a copy of the farmland preservation agreement currently in effect, as well as a copy of the DATA worksheet, which you can request from DATCP (see "Additional Help" located earlier in these instructions).

If you sold the property on which your claim is based during the taxable year, fill in on line 11a only that portion of the net property taxes that is allocated to you in the closing statement pertaining to the sale of the property. If the amount is not set forth in a closing statement, you may not use any of these property taxes in your computation.

If the property on which your claim is based is owned by a partnership, LLC, or tax-option (S) corporation or is co-owned with persons or entities other than a member of your household, fill in on line 11a only the amount of net property taxes that reflects the ownership percentage of you and your household.

If you purchased or sold property during the year, or if there are names on the property tax bills other than yours and your spouse's and 1) you did not verify your ownership percentage with a previous year's claim, or 2) your ownership percentage has changed since 2020, enclose a copy (not the original) of the appropriate document listed below, to verify your (or your household's) ownership percentage. The document will remain a permanent part of your file. A claim submitted without proper verification may delay your refund. Documents that you may submit to verify your ownership include:

- a. A closing statement and deed or land contract if you purchased or sold property during the year. The closing statement must be signed by both the buyer and the seller and show the legal description or parcel numbers of the property purchased or sold.
- b. A deed to verify your ownership percentage in co-owned property; your acquisition by a method other than purchase, such as by gift, repossession, etc.; or a life estate.
- c. A Wisconsin Schedule 3K-1 to verify your percentage of ownership of capital if you are a partner in a partnership (a partner's ownership percentage in farmland owned by the partnership is based on capital ownership percentage, not profit or loss percentage).
- d. A Wisconsin Schedule 5K-1 to verify your percentage of stock ownership if you are a tax-option (S) corporation shareholder.
- e. A land contract if you are a vendee purchasing property.
- f. A divorce judgment, including the final stipulation, if you acquired full or partial ownership through a divorce.
- g. A final judgment in an estate if you inherited property.
- h. A certification of termination of joint tenancy if a joint tenant (or spouse) has died.
- i. A trust instrument if you are the trustee of a trust claiming the credit, the grantor of a revocable trust, or a grantor with a life estate.

The following examples illustrate how to compute your share of property taxes on co-owned property.

Example 1: You are a tenant-in-common with another person (not a member of your household). You each have a one-half ownership interest in the property. Your claim may be based on one-half of the property taxes.

Example 2: You are one of three partners in a farm partnership that owns the farmland. Your Wisconsin Schedule 3K-1 indicates your ownership of capital is 50%, and the other two partners each have 25% ownership of capital. Your claim may be based on 50% of the property taxes. Claims filed by your partners would be based on 25% of the property taxes for each partner. (**Note** If a partnership is operating a farm owned by one of the partners rather than by the partnership, only the partner who owns the farmland may claim the credit.)

Example 3: Your claim is based on six parcels of farmland. Three of the parcels are owned by a tax-option (S) corporation of which you own 50% of the stock. The other three parcels are owned solely by you. Your claim may be based on 50% of the property taxes for the three parcels owned by the tax-option (S) corporation and 100% of the property taxes for the three parcels you own solely.

If your spouse is deceased but their name appears on the property tax bills, submit item h listed above to verify your ownership. Also, contact your county courthouse for information about listing your name on the property tax bills for future years.

- **Line 11b** Fill in the SMALLER of a) the amount on line 11a, or b) \$6,000.

LINES 15 THROUGH 16. CREDIT COMPUTATION

Complete lines 15a and 15b, and 16, as applicable. Determine the amount of regular credit (lines 15a and 15b) that you are entitled to claim. Then compute the 10% special minimum credit and enter it on line 16. Your allowable credit will be the largest of line 15a, 15b, or 16.

• Lines 15a and 15b. Regular Credit

Unless your farmland qualifies for multiple percentages, your regular credit will be 80% of the amount on line 14. The following information will help determine which percentage(s) you should use. **Note** The December 31, 2021, dates given below apply to claimants filing a calendar year claim. If your claim is based on a fiscal year, substitute the last day of your fiscal year that began in 2021 for the December 31, 2021, date. If you are uncertain of the agricultural zoning for your farmland, contact your local zoning administrator or DATCP (see “Additional Help” located earlier in these instructions).

100% – The farmland on which this claim is based is located in a county that has a certified agricultural preservation plan and is in an area zoned for exclusive agricultural use under a certified county, city, village, or town ordinance. The agricultural preservation plan and zoning ordinance must both have been certified prior to July 1, 2009, and in effect on December 31, 2021.

80% – The farmland on which this claim is based is subject to a farmland preservation agreement that was entered into prior to July 1, 2009, and in effect on July 1, 2021.

If all of the farmland qualifies for this percentage, place a checkmark in the area designated on line 15a and compute your credit by multiplying the amount from line 14 by 80%.

70% – The farmland on which this claim is based is located in an area zoned for exclusive agricultural use under a city, county, or village ordinance certified prior to July 1, 2009, and in effect on December 31, 2021, and is located in a county that had not, as of July 1, 2009, adopted an agricultural preservation plan.

If part of the farmland qualifies for one percentage and another part qualifies for a different percentage, place a checkmark in the area designated on line 15b. Compute your credit using Worksheet 1, *Multiple Municipality Proration*, located later in these instructions. Fill in line 15b (also fill in line 11a), and leave line 15a blank. Enclose the completed Worksheet 1 with Schedule FC.

• Line 16. 10% Special Minimum Credit

Regardless of the amount of your household income, you are entitled to a “10% special minimum credit” if you meet all of the conditions listed under “Who May Qualify” located earlier in these instructions. Compute the amount of this credit by multiplying the amount from line 11b by 10%. The maximum special minimum credit available is \$600.

LINE 17. FARMLAND PRESERVATION CREDIT

Compare the credits on lines 15a through 16. Fill in the largest of these amounts on line 17. Also, fill in the credit from line 17 on the proper line of your Wisconsin tax return, as indicated on Schedule FC.

LINE 18. CERTIFICATION

If you submitted a farmland preservation agreement with a previous year’s farmland preservation credit claim, and no information on it has changed, you must notify the county land conservation committee that you intend to file a 2021 Schedule FC. You must also place a checkmark in the designated area to the right of line 18 to certify that both conditions have been met.

ENCLOSURES REQUIRED

Enclose **all** of the following items that pertain to your household income or the farmland for which credit is being claimed:

- a. Complete, legible copies of your 2021 property tax bills or computer printouts signed by the county or municipal treasurer. The property tax bills or computer printouts must show all of the following information: the year; the owner’s name; the parcel numbers and legal description of the property; the acreage; the assessed value of land and improvements; any special assessments; property taxes before and after state aids and credits, including lottery and gaming credit, if applicable; and a space for indicating whether there are unpaid property taxes for prior years.

Do not enclose installment tax stubs, mortgage statements, computer printouts that are not signed by the county or municipal treasurer, canceled checks, or money order receipts as verification of property taxes. They cannot be accepted as a substitute for the property tax bills.

- b. An executed farmland preservation agreement (copy, not original). If you have an agreement that was extended to 25 years, enclose a copy of the executed extension agreement. Also enclose a copy of the original agreement if the parcel numbers are not shown on the extension agreement. Include Exhibit “A,” if made part of the original agreement to provide the legal description of the property.

If a different numbering system is used to identify parcels on the agreement and the property tax bills, enclose an explanation to reconcile the difference.

- c. An executed statement of transfer of property subject to farmland preservation agreement (copy, not original). Also enclose a copy of the original agreement if the parcel numbers are not shown on the transfer agreement. Include Exhibit "A," if made part of the original agreement to provide the legal description of the property.

If a different numbering system is used to identify parcels on the agreement and the property tax bills, enclose an explanation to reconcile the difference.

- d. Closing statement signed by both the buyer and the seller, and the deed or land contract relating to the purchase or sale, if any of the farmland on which the claim is based was purchased or sold during the claim year (copies, not originals).
- e. Document to verify your percentage of ownership in the property (see "Ownership" located earlier in these instructions).
- f. Statement signed by your county treasurer, indicating the date your 2020 property taxes were paid in full (if any of your 2021 property tax bills show unpaid prior year taxes).
- g. Worksheets 1 to 3 located later in these instructions.
- h. Worksheets of estate/trust income and depreciation, similar to those illustrated earlier in these instructions.

Note

Incomplete claims or claims without proper enclosures may be questioned. Be sure your claim is complete so your credit is not delayed.

HOW TO ASSEMBLE

Assemble (DO NOT STAPLE, use paper clips) your Wisconsin franchise or income tax return and farmland preservation credit claim IN THE ORDER LISTED on the front cover of this instruction booklet.

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of October 28, 2021: subch. IX of ch. 71, Wis. Stats.

ENCLOSE THIS WORKSHEET WITH THE 2021 SCHEDULE FC

WORKSHEET 1 – Multiple Municipality Proration

Complete this worksheet only if you are using the current year's law method and you have parcels of farmland that qualify for different percentages of credit. Refer to the instructions for lines 15a and 15b of Schedule FC, to determine what portion of your property taxes qualifies for 100%, 80%, or 70% of the credit.

1. On lines 1A, 1B, and 1C, as appropriate, fill in the 2021 net property taxes on which this claim is based – see instructions for line 11 of Schedule FC
2. On line 2A, fill in the smaller of the amount on line 1A or \$6,000
3. Subtract the amount on line 2A from \$6,000, and fill in the result here
4. On line 4B, fill in the smaller of the amount on line 1B or the amount on line 3. If line 1B is zero, fill in 0 on line 4B.
5. Subtract the amount on line 4B from the amount on line 3, and fill in the result here
6. On line 6C, fill in the smaller of the amount on line 1C or the amount on line 5
7. Fill in your total household income (from Schedule FC, line 10) here
8. Using the amount on line 7, fill in the appropriate amount from Table 1—Schedule FC (located later in these instructions) here
9. On line 9C, fill in the smaller of the amount on line 6C or the amount on line 8
10. Subtract the amount on line 9C from the amount on line 8, and fill in the result here
11. On line 11B, fill in the smaller of the amount on line 4B or the amount on line 10
12. Subtract the amount on line 11B from the amount on line 10, and fill in the result on line 12A
- 13A. Subtract the amount on line 12A from the amount on line 2A, and fill in the result on line 13A
- 13B. Subtract the amount on line 11B from the amount on line 4B, and fill in the result on line 13B
- 13C. Subtract the amount on line 9C from the amount on line 6C, and fill in the result on line 13C
14. Using the amount on line 13A, fill in the amount from Table 2—Schedule FC (located later in these instructions) on line 14A
15. Using the sum of lines 13A and 13B, fill in the appropriate amount from Table 2—Schedule FC (located later in these instructions) here
16. Subtract the amount on line 14A from the amount on line 15, and fill in the result on line 16B
17. Using the sum of lines 13A, 13B, and 13C, fill in the appropriate amount from Table 2—Schedule FC (located later in these instructions) here
18. Subtract the amount on line 15 from the amount on line 17, and fill in the result on line 18C
19. Percentage of credit allowable
20. Multiply the amounts on line 14A by 100%, line 16B by 80%, and line 18C by 70%. Fill in the results on lines 20A, 20B, and 20C.
21. Farmland preservation credit — Total the amounts on lines 20A, 20B, and 20C. Fill in here and on line 15b of Schedule FC

Column A—100%	Column B—80%	Column C—70%
1A	1B	1C
2A		
	4B	
		6C
		9C
	11B	
12A		
13A		
	13B	
		13C
14A		
	16B	
		18C
100%	80%	70%
20A	20B	20C

ENCLOSE THIS WORKSHEET WITH THE 2021 SCHEDULE FC

Use the appropriate formula below to prorate your property taxes for a property tax bill that covers more property than the property on which your claim is based (for example, the property is located partly inside and partly outside an exclusive agricultural use district, part of the property is not subject to your farmland preservation agreement, or part of the property is used to compute a credit using Schedule FC-A).

A. Parcel Has Land, No Improvements

$$\begin{array}{|c|} \hline \text{Number} \\ \text{of acres} \\ \text{on which} \\ \text{claim is} \\ \text{based} \\ \hline \end{array} \div \begin{array}{|c|} \hline \text{Number} \\ \text{of total} \\ \text{acres} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Proration} \\ \text{ratio} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Net taxes} \\ \text{per} \\ \text{property} \\ \text{tax bill} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Allowable} \\ \text{property} \\ \text{taxes for} \\ \text{farmland} \\ \text{preserva-} \\ \text{tion} \\ \text{credit} \\ \hline \end{array}$$

B. Parcel Has Land With Improvements – None of the improvements are in the district or on property subject to an agreement

$$\begin{array}{|c|} \hline \text{Number} \\ \text{of acres} \\ \text{on which} \\ \text{claim is} \\ \text{based} \\ \hline \end{array} \div \begin{array}{|c|} \hline \text{Number} \\ \text{of total} \\ \text{acres} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Result} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Assessed} \\ \text{value of} \\ \text{land} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Result} \\ \hline \end{array} \div \begin{array}{|c|} \hline \text{Total} \\ \text{assessed} \\ \text{value} \\ \text{(land and} \\ \text{improve-} \\ \text{ments)} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Proration} \\ \text{ratio} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Net taxes} \\ \text{per} \\ \text{property} \\ \text{tax bill} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Allowable} \\ \text{property} \\ \text{taxes for} \\ \text{farmland} \\ \text{preserva-} \\ \text{tion} \\ \text{credit} \\ \hline \end{array}$$

C. Parcel Has Land With Improvements – All or a portion of the improvements are in the district or on property subject to an agreement

$$\begin{array}{|c|} \hline \text{Number} \\ \text{of acres} \\ \text{on which} \\ \text{claim is} \\ \text{based} \\ \hline \end{array} \div \begin{array}{|c|} \hline \text{Number} \\ \text{of total} \\ \text{acres} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Result} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Assessed} \\ \text{value of} \\ \text{land} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Result} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Assessed} \\ \text{value of} \\ \text{improve-} \\ \text{ments} \\ \text{on which} \\ \text{claim is} \\ \text{based}^* \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Result} \\ \hline \end{array} \div \begin{array}{|c|} \hline \text{Total} \\ \text{assessed} \\ \text{value} \\ \text{(land and} \\ \text{improve-} \\ \text{ments)} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Proration} \\ \text{ratio} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Net taxes} \\ \text{per} \\ \text{property} \\ \text{tax bill} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Allowable} \\ \text{property} \\ \text{taxes for} \\ \text{farmland} \\ \text{preserva-} \\ \text{tion} \\ \text{credit} \\ \hline \end{array}$$

*Enter only the assessed value of those improvements located on the land on which your claim is based.

ENCLOSE THIS WORKSHEET WITH THE 2021 SCHEDULE FC

ENCLOSE THIS WORKSHEET WITH THE 2021 SCHEDULE FC

Corporate claimants use this worksheet to accumulate shareholder household income information. Use a column for each shareholder of record as of the end of the corporation's taxable year, for each shareholder's spouse, and for each of the shareholder's dependents who are under age 18 (enclose additional worksheets as necessary). The line numbers of this worksheet correspond with the line numbers of Schedule FC. Refer to the instructions for lines 8 through 10 (located earlier in these instructions) for information on how to complete these lines. Fill in the totals from the right-hand column on the applicable lines of Schedule FC.

						TOTAL
Shareholder/spouse/dependent name						Fill in on the applicable line of Schedule FC
Social security number						
Ownership percentage (if shareholder)						%
Line	8a(1) Income from line 5 of Form 1 (Form 1NPR filers see instr.)					
	8a(2) Spouse's income if married filing separately					
	8a(3) Farm income of dependents under age 18					
Line	9a Depreciation					
	b Nonfarm business losses					
	c Amortization					
	d Capital gains not taxable					
	e Capital loss carryforwards and net operating loss carrybacks					
	f Cash public assistance, county relief, and Wisconsin Works payments (do not include foster care payments)					
	g Child support, maintenance payments, and other support money (court ordered)					
	h Contributions to deferred compensation plans					
	i Contributions to IRAs, self-employed SEP, SIMPLE, and qualified plans					
	j Depletion expense and intangible drilling costs					
	m Gain from sale of home					
	n Housing allowance provided to a member of the clergy.					
	o Income of a nonresident or part-year resident spouse					
	p Interest on state and municipal bonds					
	q Interest on United States securities					
	r IRA, SEP, SIMPLE, distributions from qualified plans, pension, annuity, railroad retirement, and veterans' pension or disability payments					
	s Military compensation or cash benefits					
	t Nontaxable income from sources outside Wisconsin ..					
	u Nontaxable income of a Native American					
	v Rent reduction for a resident manager					
	w Scholarships, fellowships, and grants					
	x Social security and SSI payments (do not include Title XX payments)					
	y Unemployment compensation					
	z Workers' compensation and loss of time insurance (for example, sick pay)					

ENCLOSE THIS WORKSHEET WITH THE 2021 SCHEDULE FC THE CORPORATION FILES

ENCLOSE THIS WORKSHEET WITH THE 2021 SCHEDULE FC THE CORPORATION FILES

