

Water Consumption Credit

File with Wisconsin Form 1, 1NPR, 2, 3, 4, 4T, 5 or 5S

2012

Wisconsin Department
of Revenue

Read instructions before filling in this schedule

| | |
|------|--------------------|
| Name | Identifying Number |
|------|--------------------|

| | | |
|---|-----------|-----------|
| 1 Enter the amount of your water usage costs for the 2012 taxable year. | 1 | |
| 2 Enter your water usage costs for the 2009 taxable year | 2 | |
| 3 Subtract line 2 from line 1. (If line 2 is more than line 1, fill in -0- and do not complete the rest of the form – you do not qualify for the credit) | 3 | |
| 4 Multiply the amount on line 3 by 0.50 (50%) | 4 | |
| 5 Enter water consumption credit passed through from other entities | 5 | |
| 6 Add lines 4 and 5 | 6 | |
| 7 Maximum credit. | 7 | \$300,000 |
| 8 Enter the smaller of line 6 or line 7 (see instructions). This is your 2012 water consumption credit | 8 | |
| 8a Fiduciaries - Enter amount of credit from line 8 allocated to beneficiaries. | 8a | |
| 8b Fiduciaries - Subtract line 8a from line 8. | 8b | |
| 9 Carryover of unused water consumption credit. | 9 | |
| 10 Add lines 8 and 9 (lines 8b and 9 if fiduciary) but do not enter more than \$300,000. This is the available water consumption credit | 10 | |

Instructions for 2012 Schedule WC

Purpose of Schedule WC

Use Schedule WC to claim the water consumption credit. This credit is available for taxable years beginning after December 31, 2009, and before January 1, 2020.

Who is Eligible to Claim the Credit

The credit is available to an industrial customer of a municipal water utility that is located in a federal renewal community zone in Wisconsin, and whose average annual water consumption from the utility for a 24-month period exceeds 1,000,000 Ccf. "Ccf" means 100 cubic feet.

Partnerships, LLCs treated as partnerships, and tax-option (S) corporations cannot claim the credit, but the credit attributable to the entity's business operations passes through to the partners, members or shareholders. A partnership, limited liability company, or tax-option (S) corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and provide that information to each of them.

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 WC 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 of water usage costs for the taxable year beginning in 2012.

Line 2: Enter the amount of water usage costs for the taxable year beginning in 2009.

Line 3: Subtract the amount on line 2 from the amount on line 1 and enter the result on line 3. However, if the amount on line 2 is more than the amount on line 1, enter -0- and do not complete the rest of the form. You do not qualify for the credit.

Line 4: Multiply the amount on line 3 by 0.50 (50%). Enter the result on line 4.

Line 5: Enter the amount of water consumption 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 7: The maximum amount of credit that may be claimed in a taxable year is \$300,000.

Line 8: Enter the smaller of the amount on line 6 or line 7. This is your 2012 water consumption credit. **Fiduciaries** must complete lines 8a and 8b.

Line 8a: *Fiduciaries* - Prorate the credit from line 8 between the entity and its beneficiaries in proportion to the income allocable to each. Show the beneficiaries' portion of the credit on line 8a. Show the credit for each beneficiary on Schedule 2K-1.

Line 8b: *Fiduciaries* - Show only the entity's portion of the credit on line 8b.

Line 9: Enter any unused water consumption credit carried over from prior years.

Line 10: Add lines 8 and 9 (lines 8b and 9 if fiduciary) but not more than \$300,000.

Enter the amount of credit from line 10 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 4M instead of Schedule CR.
- Tax-option (S) corporations, partnerships, and LLCs treated as partnerships should prorate the amount of credit on line 8 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 Return

File your completed Schedule WC 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 WC.

Additional Information

For more information, you may:

- E-mail your question to corp@revenue.wi.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
- Write to the Audit Bureau, Wisconsin Department of Revenue, Mail Stop 5-144, PO Box 8906, Madison WI 53708-8906.