

Dairy Manufacturing Facility Investment Credits

2013

Wisconsin Department
of Revenue

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

Read instructions before filling in this schedule

Name	Identifying Number
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Part I: Amount of Credit Allocated by Department of Agriculture, Trade and Consumer Protection

- 1 Fill in the amount paid in 2013 for the following items if used exclusively for dairy manufacturing, as shown in your application to the Department of Agriculture, Trade and Consumer Protection
 - a Building construction, including storage and warehouse facilities **1a** _____
 - b Building additions **1b** _____
 - c Upgrades to utilities, including water, electric, heat, and waste facilities **1c** _____
 - d Milk intake and storage equipment **1d** _____
 - e Processing and manufacturing equipment, including pipes, motors, pumps, valves, pasteurizers, homogenizers, vats, evaporators, dryers, concentrators, and churns **1e** _____
 - f Packaging and handling equipment, including sealing, bagging, boxing, labeling, conveying, and product movement equipment **1f** _____
 - g Warehouse equipment, including storage racks **1g** _____
 - h Waste treatment and waste management equipment, including tanks, blowers, separators, dryers, digesters, and equipment that uses waste to produce energy, fuel, or industrial products **1h** _____
 - i Computer software and hardware used for managing the claimant's dairy manufacturing operation, including software and hardware related to logistics, inventory management, and production plant controls **1i** _____
 - j Other (list) _____ **1j** _____
- 2 Add lines 1a through 1j **2** _____
- 3 Amount of credit as allocated by the Department of Agriculture, Trade and Consumer Protection or amount on line 2. Continue to Part II or Part III, as applicable **3** _____

Part II: Regular Dairy Manufacturing Facility Investment Credit
(Dairy cooperatives should skip Part II and go to Part III)

- 4 Fill in dairy manufacturing facility investment credit passed through from other entities (Do not include amounts allocated from dairy cooperatives. Include those amounts in Part III.) **4** _____
- 5 Add lines 3 and 4 **5** _____

Part III: Dairy Cooperatives Credit

- 6 *Dairy cooperatives only:* Fill in the amount from line 3 **6** _____
- 7a *Dairy cooperatives only:* Fill in the dairy manufacturing facility investment credit passed through from entities other than dairy cooperatives (from Schedule(s) 2K-1, 3K-1, or 5K-1) **7a** _____
- 7b *All entities:* Fill in the dairy manufacturing facility investment credit allocated from dairy cooperatives (from Schedule(s) DMK-1) **7b** _____
- 8 Add lines 6, 7a, and 7b **8** _____

Part IV: Application of Limitation

9	Add lines 5 and 8.	9	_____
10a	Maximum credit. Check (✓) the space next to "10a" if you are required to submit more than one Schedule DM (see instructions) <input type="checkbox"/>	10a	\$200,000
10b	Fill in the credit computed on Schedule DM for years 2007 to 2012 (from 2012 Schedule DM, line 10b plus lines 13 and 14)	10b	_____
10c	Subtract line 10b from line 10a.	10c	_____
11	Fill in the smaller of line 9 or line 10c	11	_____

Part V: Available Amount of Each Credit

12	Divide the amount on line 11 by the amount on line 9 and enter the result as a percentage (if the result is 1, enter 100.0000%)	12	_____ %
13	Multiply the amount on line 5 by the amount on line 12 and enter the result. This is the available dairy manufacturing facility investment credit, subject to the limitation provided in the instructions.	13	_____
13a	Fiduciaries - enter the amount of credit allocated to beneficiaries	13a	_____
13b	Fiduciaries - subtract line 13a from line 13 (enter on Schedule CR).	13b	_____
14	Multiply the amount on line 8 by the amount on line 12 and enter the result. This is the available dairy cooperatives credit, subject to the limitation provided in the instructions	14	_____
14a	Fiduciaries - enter the amount of credit allocated to beneficiaries	14a	_____
14b	Fiduciaries - subtract line 14a from line 14 (enter on Schedule CR).	14b	_____

Instructions for 2013 Schedule DM

General Instructions

Purpose of Schedule DM

Use Schedule DM to claim the dairy manufacturing facility investment credit, which includes the dairy cooperatives credit. This credit is for taxpayers who have invested to modernize or expand dairy manufacturing facilities in Wisconsin and who have been certified by the Department of Agriculture, Trade and Consumer Protection (DATCP). For dairy manufacturing facilities of entities other than dairy cooperatives, the credit is available for taxable years beginning after December 31, 2006 and **before January 1, 2014**. For dairy manufacturing facilities of dairy cooperatives, the credit is available for taxable years beginning after December 31, 2008 and **before January 1, 2014**.

For information on how to become certified by the DATCP, visit the DATCP web site at datcp.wi.gov or write to the Wisconsin Department of Agriculture, Trade and Consumer Protection, PO Box 8911, Madison, WI 53708-8911.

Who is Eligible to Claim the Credit

Any individual, estate, trust, partnership, limited liability company (LLC), corporation, tax-exempt organization, or dairy cooperative that has invested in modernizing or expanding a dairy manufacturing facility in Wisconsin and is certified by the DATCP may be eligible.

Tax-option (S) corporations, partnerships, LLCs treated as partnerships, and dairy cooperatives, cannot claim the credit at the entity level. However, the credit attributable to the entity's business operations passes through to the entity's shareholders, partners, or members.

For dairy manufacturing facilities of entities other than dairy cooperatives, the maximum dairy manufacturing facility investment

credit available to all claimants for taxable years beginning in 2009 is \$700,000. For dairy manufacturing facilities of dairy cooperatives, the maximum credit available to all claimants for taxable years beginning in 2010 is \$700,000.

Claiming the Credit

For taxable years beginning after December 31, 2008 and **before January 1, 2014**, a claimant who is a member of a dairy cooperative may claim the credit in the year after the year in which the dairy manufacturing modernization for expansion occurs.

Caution: Credit is Income

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

The amount of credits computed and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, limited liability companies, or tax-option corporation's income shall be added to a claimant's income in the year in which the cooperative member is allowed to claim the credit.

Specific Instructions

Line 1. Fill in on lines 1a through 1j the cost of constructing, improving, or acquiring buildings or facilities, or acquiring equipment, related to the claimant's dairy manufacturing operation. The property must have been acquired and placed in service in the taxable year beginning in 2013. The property must be used exclusively for dairy manufacturing. "Dairy manufacturing" means processing milk into dairy products or processing dairy products for sale commercially.

"Used exclusively" means used to the exclusion of all other uses except for use not exceeding 5 percent of total use.

Note: The amounts you enter in line 1 should match the amounts in your application to the Wisconsin DATCP.

Line 3. Enter the amount of credit allocated to you by the Wisconsin DATCP based on the amounts you entered above.

Line 4. If applicable, fill in the amount of dairy manufacturing facility investment 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).

For dairy manufacturing facilities of dairy cooperatives, the maximum credit available to all claimants for taxable years beginning in 2010 is \$700,000. If you had any credit allocated to you from a dairy cooperative (from Schedule DMK-1), do not include that amount on line 4. Include the amount from Schedule DMK-1 on line 7b instead.

Line 7a. If the dairy cooperative had dairy manufacturing facility investment credits passed through from tax-option (S) corporations (from Schedule 5K-1), partnerships of LLCs treated as partnerships (from Schedule 3K-1), or estates and trusts (from Schedule 2K-1), fill in the total of those amounts.

Line 7b. This line applies to entities that are members of cooperatives, including cooperatives that are members of other cooperatives.

Line 10a. You are required to submit more than one Schedule DM if you have more than one dairy manufacturing facility and the sum of the credit amounts allocated to you by the DATCP for all of the facilities exceed \$200,000. File one Schedule DM per dairy manufacturing facility.

Line 11. In general, the maximum dairy manufacturing facility investment credit, including the dairy cooperatives credit, that is allowed for property acquired and placed into service after December 31, 2006, and before **January 1, 2014** (as applicable), is \$200,000, for each of the claimants dairy manufacturing facilities.

For facilities owned by tax-option (S) corporations, partnerships, and LLCs treated as partnerships, each shareholder, partner, or member may claim the credit in proportion to her or his ownership interest, but the total amount allowed to all persons who own and operate the facility may not exceed \$200,000, for each of the entity's dairy manufacturing facilities.

For facilities owned by dairy cooperatives, each member may claim the credit in proportion to the amount of milk delivered to the dairy cooperative, as allocated by the dairy cooperative, but the total amount allowed to all persons who own and operate the facility may not exceed \$200,000, for each of the entity's dairy manufacturing facilities.

Lines 13 and 14. In general, the maximum amount of dairy manufacturing facility credit, including the dairy cooperatives credit, that a claimant may claim for all taxable years may not exceed \$200,000 for each of the claimant's dairy manufacturing facilities.

To the extent not limited as described above, enter the amount as an addition to income on the appropriate line of your Wisconsin income or franchise tax return.

Persons who file Form 1, 1NPR, 4, 4T, or 5: Enter the amount of credit from line 13 of Schedule DM on the appropriate line of Schedule CR and the amount from line 14 of Schedule DM on the appropriate line of Schedule CR.

Combined group members: If the claimant is a combined group member, enter the credit amounts on Form 4M instead of Schedule CR.

Tax-option (S) corporations, partnerships, and LLCs treated as partnerships: Prorate the amount of credit on lines 13 and 14 among the shareholders, partners, or members based on their ownership interests. Show the credit for each shareholder on Schedule 5K-1 and for each partner or member on Schedule 3K-1.

Fiduciaries: Estate and trusts that file Form 2 must complete lines 13a and 13b and/or 14a and 14b.

Prorate the credit from line 13 and/or 14 between the entity and its beneficiaries in proportion to the income allocable to each. Show the beneficiaries' portion of the credit on line 13a and/or 14a. Show the credit for each beneficiary on Schedule 2K-1.

Subtract line 13a from line 13 and/or line 14a from line 14. This is the estate's or trust's portion of the credit. Enter the amount of credit from line 13b on the appropriate line of Schedule CR. Enter the amount from line 14b on the appropriate line of Schedule CR.

Dairy Cooperatives: Allocate the credit on line 14 in proportion to the amount of milk delivered to the dairy cooperative by each member. For each member, prepare Schedule DMK-1 to show the amount allocated to that member. For each Schedule DMK-1 you prepare, you must submit a copy to the Department of Revenue and provide another copy to the appropriate member.

Members of a dairy cooperative who are allocated a dairy cooperative credit for 2012 may first claim that credit on their 2013 return. The 2012 credit must be added to income on the member's 2013 return, instead of the 2012 return. As a result, the dairy cooperative will allocate the credit computed on its 2012 Schedule DM to cooperative members on a 2013 Schedule DMK-1.

If the dairy cooperative is not otherwise required to file a Wisconsin income or franchise tax return, the cooperative must submit Schedule DM and the copies of Schedule DMK-1 with a Wisconsin Partnership Return, Form 3, indicating on line D of Form 3 that the form is being filed by a cooperative for purposes of computing and allocating the dairy cooperatives credit. You do not have to complete any other part of Form 3 or prepare Schedules 3K-1. If the dairy cooperative is already required to file a Wisconsin return, submit Schedule DM and the Schedules DMK-1 to the Department of Revenue with that return.

Required Attachments to Return

File your completed Schedule DM with your Wisconsin franchise or income tax return. Dairy cooperatives that are not otherwise required to file a Wisconsin franchise or income tax return must submit Schedule DM and copies of Schedule DMK-1 with Wisconsin Form 3, as explained in *Dairy Cooperatives*, above. Also include a copy of your DATCP certification to claim the credit. Shareholders of tax-option (S) corporations, partners of partnerships, members of LLCs treated as partnerships, beneficiaries of estates or trusts, and members of dairy cooperatives must file a copy of Schedule 5K-1, 3K-1, 2K-1, or DMK-1, as appropriate, with Schedule DM instead of the certification.

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.