

1996

Wisconsin Farmland Tax Relief Credit

(Attach to Wisconsin Form 4, 4I, 4T, or 5)

Schedule FT

Name

Federal Employer ID Number

Wisconsin Department of Revenue

Form with numbered lines 1-6 and sub-tables (a) Parcel 1, (b) Parcel 2, 2a-2e, 5a-5d. Includes instructions for entering net property taxes, assessed values, and farmland preservation credit.

Instructions for Schedule FT

General Instructions

Purpose of Schedule FT

Corporations (other than tax-option (S) corporations) use Schedule FT to compute the amount of allowable farmland tax relief credit.

Who May Qualify

To qualify for the farmland tax relief credit, a corporation must meet the following conditions:

- The corporation must have been organized under the laws of Wisconsin.
• The corporation must have owned at least 35 acres of Wisconsin farmland during the taxable year that begins in 1996.
• The property taxes levied in 1995 for the farmland on which the claim is based must have been paid.
• The farmland on which the claim is based must have produced at least \$6,000 of gross farm profits during the taxable year that begins in 1996, or at least a total of \$18,000 of gross farm profits for the taxable year that begins in 1996 and the last 2 years combined.

A tax-option (S) corporation may not claim the farmland tax relief credit. The corporation's qualifying shareholders may claim a credit on their proportionate share (based on stock ownership) of the corporation's farmland property taxes.

When to File

The deadline for filing your farmland tax relief credit claim is 4 years after the unextended due date of your Wisconsin franchise or income tax return.

What Are Gross Farm Profits

"Gross farm profits" are gross receipts, excluding rent, from the farmland's agricultural use, minus the cost or other basis of livestock or other items purchased for resale that are sold or otherwise disposed of during the taxable year.

Credit Is Income

The amount of credit constitutes income to the claimant and must be reported as income in the year of receipt.

Specific Instructions

Lines 1 and 2. For parcels of Wisconsin farmland without improvements, enter on line 1 the net property taxes levied during the taxable year that begins in 1996.

For parcels of Wisconsin farmland with improvements, enter on line 2a the net property taxes levied on each parcel during the taxable year that begins in 1996. Prorate the taxes based on the ratio of the assessed value of the farmland to the total assessed value of the land and improvements.

Net property taxes don't include special assessments, delinquent interest, or charges for services.

If you sold the farmland on which this claim is based during the taxable year, enter only that portion of the property taxes on the farmland which is allocated to you in the closing agreement pertaining to the sale of the property.

If you purchased the farmland on which this claim is based during the taxable year, enter the property taxes on the farmland minus any amount allocated to the seller in the closing agreement.

Up to \$10,000 of farmland property taxes may be used to compute the credit.

Line 4. Multiply the amount on line 3 by 10%. If you aren't also claiming farmland preservation credit, skip line 5 and enter the amount from line 4 on line 6.

Line 5. If you are also claiming farmland preservation credit, the amount of your farmland tax relief credit may be limited. The total of your farmland preservation credit and farmland tax relief credit can't exceed 95% of the net real property taxes on the Wisconsin farm.

Line 6. Enter the smaller of line 4 or line 5d. This is your farmland tax relief credit.

Required Attachments

Attach to your return this schedule and a copy of the property tax bill upon which the credit is based. If you purchased or sold the farmland during the taxable year, attach a copy of the closing agreement relating to the transaction.