

Wisconsin Exempt Organization Business Taxes Form 4T Instructions

New for 1997 . . .

- **Federal law changes adopted**
Federal law changes enacted through August 5, 1997, generally apply for Wisconsin purposes at the same time as for federal purposes.
- **Federal treatment of single-owner LLCs adopted**
For taxable years beginning on or after January 1, 1997, a single-owner LLC that is disregarded as a separate entity for federal purposes is disregarded as a separate entity for Wisconsin franchise and income tax purposes.

Important . . .

- **Temporary recycling surcharge total receipts requirement for exempt organizations taxable as corporations**
The temporary recycling surcharge does not apply to exempt organizations taxable as corporations that have less than \$4,000 of total receipts from all unrelated trade or business activities for federal income tax purposes. See page 1.
- **Exempt corporations with federal extensions allowed an extra 30 days to file Wisconsin returns**
An exempt corporation receiving an extension of time to file its federal income tax return automatically extends the time for filing the Wisconsin return to 30 days after the federal due date, if you attach a copy of that extension to the return you file. See page 2.
- **Indicate type of organization**
Make sure you indicate the type of your organization by checking the appropriate box under item E on page 1 of Form 4T. Failure to do so may result in the incorrect processing of your return.

Don't Forget . . .

- **Use the preprinted label**
- **Fill in your federal employer ID number**
- **Fill out the form completely**
- **Attach a copy of your federal Form 990-T and any other required schedules or statements**
- **Attach a copy of any extension you receive**
- **Sign the return**

For More Information . . .

- **Wisconsin Tax Bulletin**
This quarterly bulletin published by the Department of Revenue provides information about new Wisconsin tax laws, court decisions, interpretations of law, etc. Subscriptions cost \$7 per year.
- **Topical and Court Case Index**
This index gives references to Wisconsin statutes, administrative rules, *Wisconsin Tax Bulletin* tax releases and private letter rulings, publications, and court decisions. The index is published in December, with an addendum provided in May. The annual cost is \$18, plus sales tax.

To order the bulletin or index, send a check made payable to "Document Sales" to the Wisconsin Department of Administration, P.O. Box 7840, Madison, WI 53707-7840.

Wisconsin Business Activity Codes

Using the list below, determine the proper code to enter in item D, Wisconsin Business Activity Code, on page 1 of your return. Enter the code which reflects the exempt organization's major business activity (the activity which accounted for the largest percentage of total receipts).

AGRICULTURE, FORESTRY, AND FISHING

0100 Agricultural Production — Crops
 0200 Agricultural Production — Livestock
 0710 Soil Preparation Services
 0720 Crop Services
 0740 Veterinary Services
 0750 Animal Services, except Veterinary
 0760 Farm Labor and Management Services
 0780 Landscape and Horticultural Services
 0800 Forestry
 0900 Fishing, Hunting, and Trapping

MINING

1000 Metal Mining
 1200 Coal Mining
 1300 Oil and Gas Extraction
 1400 Nonmetallic Minerals, except Fuels

CONSTRUCTION

1500 General Building Contractors
 1610 Highway and Street Construction
 1620 Heavy Construction, except Highway
 1710 Plumbing, Heating, Air Conditioning
 1720 Painting and Paper Hanging
 1730 Electrical Work
 1740 Masonry, Stonework, and Plastering
 1750 Carpentry and Floor Work
 1760 Roofing, Siding, Sheet Metal Work
 1770 Concrete Work
 1780 Water Well Drilling
 1790 Miscellaneous Special Trade Contractors

MANUFACTURING

Food and Kindred Products

2010 Meat Products
 2020 Dairy Products
 2030 Preserved Fruits and Vegetables
 2040 Grain Mill Products
 2050 Bakery Products
 2060 Sugar and Confectionery Products
 2070 Fats and Oils
 2080 Beverages
 2090 Miscellaneous Food and Kindred Products

Tobacco, Textile, and Apparel Products

2100 Tobacco Products
 2200 Textile Mill Products
 2300 Apparel and Other Textile Products

Lumber and Wood Products

2410 Logging
 2420 Sawmills and Planing Mills
 2430 Millwork, Plywood, Structural Members
 2440 Wood Containers
 2450 Wood Buildings and Mobile Homes
 2490 Miscellaneous Wood Products

Furniture and Fixtures

2500 Furniture and Fixtures
 2600 Paper and Allied Products

Printing and Publishing

2710 Newspapers
 2720 Periodicals
 2730 Books
 2740 Miscellaneous Publishing
 2750 Commercial Printing
 2760 Manifold Business Forms
 2770 Greeting Cards
 2780 Blankbooks and Bookbinding
 2790 Printing Trade Service

Other Manufacturing

2800 Chemicals and Allied Products
 2900 Petroleum and Coal Products
 3000 Rubber and Miscellaneous Plastic Products
 3100 Leather and Leather Products
 3200 Stone, Clay, and Glass Products
 3300 Primary Metal Industries
 3400 Fabricated Metal Products
 3500 Industrial Machinery and Equipment
 3570 Computer and Office Equipment
 3600 Electronic and Other Electric Equipment
 3700 Transportation Equipment
 3800 Instruments and Related Products
 3900 Miscellaneous Manufacturing Industries

TRANSPORTATION AND PUBLIC UTILITIES

Transportation

4000 Railroad Transportation
 4100 Local and Interurban Passenger Transit
 4200 Trucking and Warehousing
 4400 Water Transportation
 4500 Transportation by Air
 4600 Pipelines, except Natural Gas
 4700 Transportation Services

Communications

4810 Telephone Communication
 4820 Telegraph and Other Communications
 4830 Radio and Television Broadcasting
 4840 Cable and Other Pay TV Services
 4890 Other Communication Services

Electric, Gas, and Sanitary Services

4910 Electric Services
 4920 Gas Production and Distribution
 4930 Combined Utility Services
 4940 Water Supply
 4950 Sanitary Services
 4960 Steam and Air Conditioning Supply
 4970 Irrigation Systems

WHOLESALE TRADE

Wholesale Trade — Durable Goods

5010 Motor Vehicles, Auto Parts, and Supplies
 5020 Furniture and Home Furnishings
 5030 Lumber and Construction Materials
 5040 Professional and Commercial Equipment
 5050 Metals and Minerals, except Petroleum
 5060 Electrical Goods
 5070 Hardware, Plumbing, and Heating Equipment
 5080 Machinery, Equipment, and Supplies
 5090 Miscellaneous Durable Goods

Wholesale Trade — Nondurable Goods

5110 Paper and Paper Products
 5120 Drugs, Drug Proprietaries, and Sundries
 5130 Apparel, Piece Goods, and Notions
 5140 Groceries and Related Products
 5150 Farm-Product Raw Materials
 5160 Chemicals and Allied Products
 5170 Petroleum and Petroleum Products
 5180 Beer, Wine, and Distilled Beverages
 5190 Miscellaneous Nondurable Goods

RETAIL TRADE

Building Materials and Garden Supplies

5210 Lumber and Other Building Supplies
 5230 Paint, Glass, and Wallpaper Stores
 5250 Hardware Stores
 5260 Retail Nurseries and Garden Stores
 5270 Mobile Home Dealers

General Merchandise Stores

5310 Department Stores
 5330 Variety Stores
 5390 Miscellaneous General Merchandise Stores

Food Stores

5410 Grocery Stores
 5420 Meat and Fish Markets
 5430 Fruit and Vegetable Markets
 5440 Candy, Nut, and Confectionery Stores
 5450 Dairy Products Stores
 5460 Retail Bakeries
 5490 Miscellaneous Food Stores

Automotive Dealers and Service Stations

5510 New and Used Car Dealers
 5520 Used Car Dealers
 5530 Auto and Home Supply Stores
 5540 Gasoline Service Stations
 5550 Boat Dealers
 5560 Recreational Vehicle Dealers
 5570 Motorcycle Dealers
 5590 Automotive Dealers, not elsewhere classified

Apparel and Accessory Stores

5600 Apparel and Accessory Stores

Furniture and Home Furnishings Stores

5710 Furniture and Home Furnishings Stores
 5720 Household Appliance Stores
 5730 Radio, TV, and Computer Stores

Eating and Drinking Places

5812 Eating Places
 5813 Drinking Places

Miscellaneous Retail

5910 Drug Stores and Proprietary Stores
 5920 Liquor Stores
 5930 Used Merchandise Stores
 5941 Sporting Goods and Bicycle Shops
 5942 Book Stores
 5943 Stationery Stores
 5944 Jewelry Stores
 5945 Hobby, Toy, and Game Shops
 5946 Camera and Photographic Supply Stores

5947 Gift, Novelty, and Souvenir Shops
 5948 Luggage and Leather Goods Stores
 5949 Sewing, Needlework, and Piece Goods Stores

5961 Catalog and Mail Order Houses
 5962 Merchandising Machine Operators
 5963 Direct Selling Establishments
 5983 Fuel Oil Dealers
 5984 Liquefied Petroleum Gas Dealers
 5989 Fuel Dealers, not elsewhere classified
 5992 Florists
 5993 Tobacco Stores and Stands
 5994 News Dealers and News Stands
 5995 Optical Goods Stores
 5999 Miscellaneous Retail Stores, not elsewhere classified

FINANCE, INSURANCE, AND REAL ESTATE

6000 Depository Institutions
 6100 Nondepository Institutions
 6200 Security and Commodity Brokers
 6300 Insurance Carriers
 6400 Insurance Agents, Brokers, and Service
 6510 Real Estate Operators and Lessors
 6530 Real Estate Agents and Managers
 6540 Title Abstract Offices
 6550 Subdividers and Developers
 6700 Holding and Other Investment Offices

SERVICES

Hotels and Other Lodging Places

7010 Hotels and Motels
 7020 Rooming and Boarding Houses
 7030 Camps and Recreational Vehicle Parks
 7040 Membership-Basis Organization Hotels

Personal Services

7210 Laundry, Cleaning, and Garment Services
 7220 Photographic Studios, Portrait
 7230 Beauty Shops
 7240 Barber Shops
 7250 Shoe Repair and Shoeshine Parlors
 7260 Funeral Services and Crematories
 7291 Tax Return Preparation Services
 7299 Miscellaneous Personal Services, not elsewhere classified

Business Services

7310 Advertising
 7320 Credit Reporting and Collection
 7330 Mailing, Reproduction, Stenographic
 7342 Disinfecting and Pest Control
 7349 Building Maintenance Services, not elsewhere classified
 7350 Miscellaneous Equipment Rental and Leasing

Personnel Supply Services

7360 Personnel Supply Services
Computer and Data Processing Services
 7371 Computer Programming Services
 7372 Prepackaged Software
 7373 Computer Integrated Systems Design
 7374 Data Processing and Preparation
 7375 Information Retrieval Services
 7376 Computer Facilities Management

7377 Computer Rental and Leasing
 7378 Computer Maintenance and Repair
 7379 Computer Related Services

Miscellaneous Business Services

7381 Detective and Armored Car Services
 7382 Security Systems Services
 7383 News Syndicates
 7384 Photo Finishing Laboratories
 7389 Business Services, not elsewhere classified

Auto Repair, Services, and Parking

7510 Automotive Rentals, No Drivers
 7520 Automobile Parking
 7530 Automotive Repair Shops
 7540 Automotive Services, except Repair

Miscellaneous Repair Services

7620 Electrical Repair Shops
 7630 Watch, Clock, and Jewelry Repair
 7640 Reupholstery and Furniture Repair
 7690 Miscellaneous Repair Shops

Motion Pictures

7810 Motion Picture Production and Services
 7820 Motion Picture Distribution and Services
 7830 Motion Picture Theaters
 7840 Video Tape Rental

Amusement and Recreational Services

7910 Dance Studios, Schools, and Halls
 7920 Producers, Orchestras, Entertainers
 7930 Bowling Centers
 7940 Commercial Sports
 7991 Physical Fitness Facilities
 7992 Public Golf Courses
 7993 Coin-Operated Amusement Devices
 7996 Amusement Parks
 7997 Membership Sports and Recreation Clubs

7999 Amusement and Recreation, not elsewhere classified

Health Services

8010 Offices and Clinics of Medical Doctors
 8020 Offices and Clinics of Dentists
 8030 Offices of Osteopathic Physicians
 8040 Offices of Other Health Practitioners
 8050 Nursing and Personal Care Facilities
 8060 Hospitals
 8070 Medical and Dental Laboratories
 8080 Home Health Care Services
 8090 Health and Allied Services, not elsewhere classified

Other Services

8100 Legal Services
 8210 Elementary and Secondary Schools
 8220 Colleges and Universities
 8230 Libraries
 8240 Vocational Schools
 8290 Schools and Educational Services, not elsewhere classified
 8320 Individual and Family Services
 8330 Job Training and Related Services
 8350 Child Day Care Services
 8390 Social Services, not elsewhere classified

8400 Museums, Botanical, and Zoological Gardens

8610 Business Associations
 8620 Professional Organizations
 8630 Labor Organizations
 8640 Civic and Social Organizations
 8650 Political Organizations
 8660 Religious Organizations
 8690 Membership Organizations, not elsewhere classified

8710 Engineering and Architectural Services
 8720 Accounting, Auditing, and Bookkeeping

8730 Research and Testing Services
 8740 Management and Public Relations
 8900 Services, not elsewhere classified

PUBLIC ADMINISTRATION

9100 Executive, Legislative, and General Government
 9200 Justice, Public Order, and Safety

Purpose of Form

Tax-exempt organizations and certain individual retirement arrangements (IRAs) or Medical Savings Accounts (MSAs) use Form 4T to report their unrelated business taxable income; to compute their Wisconsin franchise or income tax liability; and to figure their temporary recycling surcharge.

Who Must File

- Organizations exempt from Wisconsin income taxation under sec. 71.26(1)(a) or 71.45(1), Wis. Stats., that have at least \$1,000 of gross income from an unrelated trade or business for federal income tax purposes, must file federal Form 990-T, and do business in Wisconsin.
- Organizations exempt from Wisconsin income taxation under sec. 71.26(1)(a) or 71.45(1), Wis. Stats., that are the sole owner of an LLC which is disregarded as a separate entity, have at least \$1,000 of gross income from an unrelated trade or business for federal income tax purposes, must file federal Form 990-T, and do business in Wisconsin.
- Trusts exempt from federal income tax under Internal Revenue Code (IRC) section 501(a) that have at least \$1,000 of gross income from an unrelated trade or business for federal income tax purposes, must file federal Form 990-T, and have income from Wisconsin sources, such as business transacted or property located in Wisconsin.
- IRAs and MSAs described in IRC sections 408(a) and 220(d) that have at least \$1,000 of gross income from an unrelated trade or business for federal income tax purposes, must file federal Form 990-T, and have income from Wisconsin sources, such as business transacted or property located in Wisconsin.

“Gross income” of a manufacturing, merchandising, or mining business is the total receipts or sales, less the cost of goods sold, plus the gross income from other sources that is includable in unrelated business taxable income.

Who Is Not Required to File

- Exempt organizations that aren't subject to tax on unrelated business taxable income under IRC section 511 and aren't required to file federal Form 990-T.
- Employee benefit plans established by an employer engaged in or affecting interstate commerce or by an employee organization that represents employees engaged in or affecting interstate commerce. This exception doesn't apply to government plans, church plans not electing under the vesting, etc., provisions, worker's compensation plans, non-U.S. plans primarily for nonresident aliens, and “excess benefit plans.”
- The State of Wisconsin, including the University of Wisconsin System, or any county, village, school district, or other political unit of the State of Wisconsin.
- Credit unions.

Temporary Recycling Surcharge

For taxable years ending after April 1, 1991, and ending before April 1, 1999, exempt organizations that must file Wisconsin

Form 4T are subject to a temporary recycling surcharge, with certain exceptions.

The surcharge doesn't apply to:

- Corporations that have less than \$4,000 of total receipts from all unrelated trade or business activities for federal income tax purposes.

“Total receipts from all unrelated trade or business activities” means gross receipts, gross sales, gross dividends, gross interest income, gross rents, gross royalties, the gross sales price from the disposition of capital and business assets, gross receipts passed through from other entities, and all other receipts that are included in unrelated business taxable income for federal income tax purposes.
- Trusts not engaged in farming with less than \$4,000 of gross receipts from all unrelated trade or business activities for federal income tax purposes.
- Trusts engaged solely in farming with less than \$1,000 of net farm profit for federal income tax purposes.
- Trusts engaged in both farming and other unrelated trade or business activities with less than \$4,000 of gross receipts from all nonfarm trade or business activities for federal income tax purposes *and* less than \$1,000 of net farm profit for federal income tax purposes.
- Trusts and IRAs whose entire unrelated business taxable income was passed through from partnerships, provided the partnerships paid any temporary recycling surcharge due on the income.

For more information, see Publication 400, *Wisconsin's Temporary Recycling Surcharge*, which may be obtained from any Department of Revenue office.

Where to Obtain Forms

If you need forms, call (608) 266-1961 or write to the Forms Request Office, Wisconsin Department of Revenue, P.O. Box 8903, Madison, WI 53708-8903. To receive forms by FAX, use your fax telephone to call the department's Fax-A-Form Retrieval System at (608) 261-6229. You may also download forms from the department's Internet website at <http://www.dor.state.wi.us>.

Where to Obtain Assistance

If you need help in preparing Form 4T, call (608) 266-2772 or write to the Audit Bureau, Wisconsin Department of Revenue, P.O. Box 8906, Madison, WI 53708-8906.

Period Covered by Return

The return must cover the same period as the exempt organization's federal business income tax return, Form 990-T. A 1997 Wisconsin return must be filed by an exempt organization for calendar year 1997 or a fiscal year that begins in 1997. A fiscal year may end only on the last day of a month. The period covered by the return can't exceed 12 months.

However, exempt organizations reporting on a 52 to 53 week period for federal tax purposes must file on the same reporting period for Wisconsin. The Department of Revenue will

consider the reporting period as ending on the last day of the month closest to the end of the 52 to 53 week period for purposes of due dates, extensions, and assessments of interest and penalties.

Change in Accounting Period

Any change in accounting period made for federal purposes must also be made for Wisconsin purposes. Attach to the Wisconsin return, for the first taxable year for which the change applies, a copy of the Internal Revenue Service's notice of approval of accounting period change if the IRS's approval is required or an explanation of the change if the IRS's approval isn't required.

Accounting Methods

In computing unrelated business taxable income, the method of accounting must be the same method used in computing federal unrelated business taxable income. However, if the method used for federal purposes isn't authorized under the Internal Revenue Code in effect for Wisconsin purposes, use a method authorized under the Internal Revenue Code in effect for Wisconsin.

Change in Accounting Method

A change in accounting method made for federal purposes must also be made for Wisconsin purposes, unless the change isn't authorized under the Internal Revenue Code in effect for Wisconsin. Adjustments required federally as a result of a change made while an exempt corporation is subject to Wisconsin taxation must also be made for Wisconsin purposes, except in the last year that an exempt corporation is subject to taxation by Wisconsin it must take into account all remaining adjustments required.

Attach to the Wisconsin return, for the first taxable year for which the change applies, either a copy of the application for change in accounting method filed with the Internal Revenue Service and a copy of the IRS's consent if the IRS's approval is required or an explanation of the change if the IRS's approval isn't required.

Elections

As explained above, an exempt corporation can't make different elections for federal and Wisconsin purposes with respect to accounting periods and accounting methods, unless the federal method isn't permitted under the Internal Revenue Code in effect for Wisconsin. In situations where an exempt organization has an option under the Internal Revenue Code and the IRS doesn't consider that option to be a method of accounting, a different election may be made for Wisconsin than that made for federal purposes. If federal law specifies the manner or time period in which an election must be made, those requirements also apply for Wisconsin purposes.

If a different election is made, an adjustment(s) is required on the Wisconsin return to account for the difference. Exempt organizations taxable as trusts enter such adjustments on Schedule V and/or Schedule W. Exempt organizations taxable as corporations should account for such differences on Form 4T, line 1.

When to File

Generally, an exempt organization must file Form 4T by the 15th day of the 5th month following the close of its taxable

year. However, an employes' trust defined in IRC section 401(a), an IRA, and an MSA must file Form 4T by the 15th day of the 4th month following the close of the taxable year. If a return is filed late, without an extension, the exempt organization may be subject to penalties and interest.

Caution: The due date for paying franchise or income tax and the temporary recycling surcharge is explained below.

Extension of Time to File

If you are requesting an extension of time to file your federal income tax return, the following treatment applies:

- For exempt organizations taxable as corporations, any extension allowed by the Internal Revenue Service for filing the federal return automatically extends the Wisconsin due date to 30 days after the federal extended due date. *You don't need to submit either a copy of the federal extension or an application for a Wisconsin extension to the department by the original due date of your return.* However, you must attach a copy of the federal extension to the Wisconsin return that you file.
- For exempt organizations taxable as trusts, any extension allowed by the Internal Revenue Service for filing the federal return automatically extends the Wisconsin due date to the federal due date. You must attach a copy of the federal extension to the Wisconsin return that you file.

If you aren't requesting a federal extension, but you need additional time for Wisconsin, you may obtain a Wisconsin extension as follows:

- Exempt organizations taxable as corporations may request a 30-day extension by submitting Wisconsin Form IC-830, Application for Extension of Time to File, to the department on or before the original due date of the return.
- Exempt organizations taxable as trusts may obtain an extension allowable under federal law by (1) estimating their 1997 Wisconsin tax and paying the amount they will owe by the unextended due date of their return, and (2) attaching to Form 4T a completed copy of the appropriate federal extension application form or a statement explaining which federal extension provision is being used.

Where to File

Mail Form 4T to the Wisconsin Department of Revenue, P.O. Box 8908, Madison, WI 53708-8908. **Exception:** Send amended returns to P.O. Box 8991, Madison, WI 53708-8991.

When to Pay Franchise or Income Tax and Temporary Recycling Surcharge

The franchise or income tax and temporary recycling surcharge must be paid by the 15th day of the 5th month (15th day of the 4th month for employes' trusts, IRAs, and MSAs) following the close of the taxable period, regardless of the due date of the return. Exempt organizations may be required to make quarterly estimated payments to prepay their franchise or income tax and temporary recycling surcharge.

An extension for filing the return doesn't extend the time to pay the franchise or income tax and temporary recycling surcharge. Interest will be charged on the tax and surcharge not paid by

the original due date. You can avoid interest charges during the extension period by paying the tax and surcharge due by the original due date. Submit your payment with Wisconsin Form 4-ES, Corporation Estimated Tax Voucher.

During the extension period, 12% annual interest generally applies to the unpaid tax and surcharge. However, if the sum of the net tax and surcharge shown on the return is \$500 or more, 12% annual interest applies only to 10% of the net tax and surcharge. Interest of 18% per year applies to the remainder of the unpaid tax and surcharge. See Form 4U, Part II.

Payment of Estimated Franchise or Income Tax and Temporary Recycling Surcharge

Exempt organizations that expect the sum of their franchise or income tax due (tax minus credits) and temporary recycling surcharge to be \$500 or more generally must make quarterly estimated tax payments using Wisconsin Form 4-ES. Failure to make required estimated tax and surcharge payments may result in an interest charge.

An exempt organization that overpaid its estimated tax and surcharge may apply for a refund *before* filing its tax return if its overpayment is (1) at least 10% of the expected Wisconsin franchise or income tax and surcharge liability and (2) at least \$500. To apply, file Wisconsin Form 4466W, Corporation Application for Quick Refund of Overpayment of Estimated Tax, after the end of the taxable year and before the exempt organization files its tax return. **Do not** file Form 4466W at the same time as your tax return.

An exempt organization that has a tax or surcharge due when filing its tax return as a result of receiving a “quick refund” will be charged 12% annual interest on the amount of unpaid tax and surcharge from the date the refund is issued to the earlier of the 15th day of the 5th month (15th day of the 4th month for employees’ trusts, IRAs, and MSAs) following the close of the taxable year or the date the tax and surcharge liability is paid. Any tax and surcharge that remains unpaid after the unextended due date of the tax return continues to be subject to 18% or 12% annual interest, as appropriate.

Information Returns That May Be Required

Form 9b Report of rents, royalties, and miscellaneous compensation paid to individuals. (Note: You may use federal Forms 1099 instead of Forms 9b. Mail Forms 9b or 1099 to the Wisconsin Department of Revenue, P.O. Box 8908, Madison, WI 53708-8908.)

If you must file federal information returns on magnetic media and you file at least 250 Forms 9b with Wisconsin, you generally must file Forms 9b on magnetic media. For more information, call (608) 267-3327 or write to the Bureau of Information Systems, Wisconsin Department of Revenue, P.O. Box 8903, Madison, WI 53708-8903.

Internal Revenue Service Adjustments

If an exempt organization’s federal tax return is adjusted by the Internal Revenue Service and such adjustments affect the Wisconsin net tax payable, the amount of a Wisconsin credit, a Wisconsin net operating loss carryforward, or a Wisconsin capital loss carryforward, you must report such adjustments to

the Department of Revenue within 90 days after they become final.

Send a copy of the final federal audit reports and any associated amended returns to the Wisconsin Department of Revenue, P.O. Box 8991, Madison, WI 53708-8991. If submitting a federal audit report without an amended return, mail it to the Audit Bureau, Wisconsin Department of Revenue P.O. Box 8906, Madison, WI 53708-8906. Don’t attach these items to the tax return for the current year.

Amended Returns

File an amended return to correct a tax return as you originally filed it or as it was later adjusted by an amended return, a claim for refund, or an office or field audit. If you file an amended federal return and the changes affect the Wisconsin net tax payable, the amount of a Wisconsin credit, a Wisconsin net operating loss carryforward, or a Wisconsin capital loss carryforward, you must file an amended Wisconsin return with the Department of Revenue within 90 days after filing the amended federal return.

To file an amended Wisconsin return, an exempt organization should use Form 4T, check the “amended return” box on the front of the return and print “AMENDED RETURN” at the top of the form. Attach to the amended return an explanation of the changes made and the reasons for the changes. Show computations in detail. If the change involves an item of income, deduction, or credit that you were required to support with a form or schedule on your original return, attach the corrected form or schedule. Also attach a worksheet showing how you figured your additional refund or additional amount owed.

You may file an amended return only after you have filed a complete original return. A claim for refund must be filed within 4 years of the unextended due date of the return. However, a claim for refund to recover all or part of any tax or credit paid as a result of an office or field audit must be filed within 2 years after such an assessment. That assessment must have been paid and must not have been protested by filing a petition for redetermination.

Send amended returns to the Wisconsin Department of Revenue, P.O. Box 8991, Madison, WI 53708-8991. Don’t attach amended returns to the tax return for the current year.

Wisconsin State, County and Stadium Use Tax

Exempt organizations that don’t hold a Wisconsin Certificate of Exempt Status (CES#) and purchase taxable tangible personal property or taxable services for storage, use, or consumption in (1) Wisconsin, (2) a county that has adopted the 0.5% county tax, or (3) a county that is within the stadium district (Milwaukee, Ozaukee, Racine, Washington, and Waukesha counties) that has adopted the 0.1% stadium tax without payment of a state, county and stadium sales or use tax may owe Wisconsin state, county and stadium use tax and be required to file a Wisconsin sales and use tax return. For more information or forms, call (608) 266-2776 or write to the Compliance Bureau, Wisconsin Department of Revenue, P.O. Box 8902, Madison, WI 53708-8902.

Penalties for Not Filing or Filing Incorrect Returns

If you don’t file a Form 4T that you are required to file, or if you file an incorrect Form 4T due to negligence or fraud, interest and penalties may be assessed against you. The interest

rate on delinquent taxes is 18% per year. Civil penalties may be as much as 100% of the amount of tax not reported on the return. Criminal penalties for filing a false return include a fine of up to \$10,000 and imprisonment.

Line-by-Line Instructions

You must complete page 1 of Form 4T and make appropriate entries in the schedules on page 2. (The numbering corresponds with the line numbers on Form 4T, page 1, unless otherwise indicated.)

Caution: The Internal Revenue Service hasn't finalized the 1997 federal Form 990-T at the time of this printing. Therefore, federal line numbers referred to on Form 4T and in these instructions may change.

Rounding Off to Whole Dollars

Cents may be rounded to the nearest whole dollar by eliminating amounts less than 50 cents and increasing amounts from 50 cents through 99 cents to the next higher dollar.

■ **Period Covered** — File the 1997 return for calendar year 1997 and fiscal years that begin in 1997. For a fiscal year, a 52-53 week period, or a short-period return, fill in the taxable year beginning and ending dates in the taxable year space at the top of the form.

■ **Name and Address** — If you received a mailing label with the exempt organization's name and address, place it in this area. Make any necessary corrections on the label.

If you didn't receive a label, print or type the exempt organization's name and address. Indicate a change in the organization's name or address from that shown on last year's Wisconsin return filed by checking the appropriate box.

■ **A. Federal Employer Identification Number** — Enter the exempt organization's federal employer identification number (EIN). If you haven't yet applied for a federal EIN, you may do so by filing federal Form SS-4 with the Internal Revenue Service. (Exempt organizations reporting federally to the Kansas City Service Center may obtain an EIN by calling (816) 926-5999.)

■ **B. Seller's Permit or Use Tax Number** — Enter the exempt organization's Wisconsin seller's permit, use tax, or consumer's use tax number, if applicable.

■ **C. Wisconsin Employer Identification Number** — Enter the exempt organization's Wisconsin employer identification (withholding) number.

■ **D. Wisconsin Business Activity Code** — Enter the exempt organization's Wisconsin business code from the table on back of the front cover of this booklet. Don't enter the federal unrelated business activity code. **Caution:** Since some of the codes have changed, your 1997 business activity code may differ from your 1996 code.

■ **E. Type of Organization** — Check the box that indicates how the organization will be taxed. Failure to check the

proper box may result in the incorrect processing of your return.

■ **F. Name of Trustee** — Enter the name of the trustee if the organization is taxable as a trust.

■ **G. State and Year of Incorporation** — Enter the state under whose laws the exempt organization is organized and the year of incorporation (or creation).

■ **H. First Return, Final Return, Short Period - Change in Accounting Period, and Short Period - Stock Purchase or Sale** — If this is the first year that an exempt organization is filing a Wisconsin return because it wasn't in existence or didn't do business in Wisconsin in prior years, check the "First return" box. If the exempt organization ceased to exist or withdrew from Wisconsin during the year, check the "Final return" box. Indicate that a short period return is being filed due to a change in the exempt organization's accounting period or a stock purchase or sale by checking the appropriate box.

■ **I. Amended Return** — If this is an amended return, check the box. Circle the number in front of the line(s) that you are changing and attach a detailed explanation of the changes made, including any supporting form or schedule.

IMPORTANT — The Wisconsin unrelated business franchise and income tax law is federalized; that is, based on the federal Internal Revenue Code. Although federal unrelated business taxable income is indicated as the starting point on the Wisconsin return, Wisconsin unrelated business taxable income must be determined by using the Internal Revenue Code as amended to December 31, 1996, and as amended by the provisions of the federal Balanced Budget Act of 1997 (P.L. 105-33) and Taxpayer Relief Act of 1997 (P.L. 105-34) that take effect before January 1, 1998.

Other federal law changes enacted after December 31, 1996, generally won't apply for Wisconsin purposes unless subsequently adopted by the Wisconsin Legislature, except for depreciation and amortization as noted below.

For property placed in service in 1997, you may compute depreciation or amortization under the same method as for federal purposes. Otherwise, compute depreciation under the Internal Revenue Code as amended to December 31, 1996, for property placed in service before August 6, 1997, and under the Internal Revenue Code as amended to August 5, 1997, for property placed in service on or after August 6, 1997.

Note: An asset placed in service prior to January 1, 1997, must continue to be depreciated or amortized under the method allowable for Wisconsin purposes for the year in which it was placed in service.

Adjustments may be necessary to account for differences between amounts reportable for federal and Wisconsin purposes. Exempt organizations taxable as trusts must show these adjustments on Schedule V and/or Schedule W. Exempt organizations taxable as corporations should see the instructions for line 1 below.

CAUTION: Exempt organizations taxable as trusts must skip lines 1 through 10 and begin on line 11.

■ Line 1. Federal Unrelated Business Taxable Income — Exempt organizations taxable as corporations enter the amount from federal Form 990-T, line 34. This is federal unrelated business taxable income after the net operating loss deduction and special deductions. Addition and subtraction modifications generally aren't made for exempt organizations taxable as corporations.

Note: Show losses by putting the amount in parentheses.

Caution: If any changes to the Internal Revenue Code enacted after December 31, 1996, other than those changes made by the provisions of the federal Balanced Budget Act of 1997 (P.L. 105-33) and Taxpayer Relief Act of 1997 (P.L. 105-34) that take effect before January 1, 1998, affect the computation of federal unrelated business taxable income but don't apply for Wisconsin purposes, recompute the amount on Form 990-T, line 34. Enter the recomputed unrelated business taxable income on Form 4T, line 1. Attach a schedule to Form 4T showing your computation.

■ Lines 2 through 7. Apportionment Data — If using the apportionment method, complete Wisconsin Form 4B and enter the amounts requested. See the instructions for Form 4B (page 10). If using the separate accounting method, don't complete lines 2 through 6. Instead, see the instructions for Separate Accounting Data (page 13) and enter the Wisconsin unrelated business taxable income on line 7.

Note: Exempt organizations whose federal unrelated business taxable income, reported on line 1 of Form 4T, is attributable to business engaged solely in Wisconsin, do not need to complete lines 2 through 6. Instead, enter the amount reported on line 1, on line 7.

■ Line 8. Gross Tax — Enter 7.9% of the Wisconsin unrelated business taxable income reported on line 7.

■ Line 9. Nonrefundable Credits — Complete Schedule X, page 2, and enter the total available credit on Form 4T, line 9.

For purposes of determining the carryover (if any) of each credit, they must be applied against the gross tax in the following order:

1. Manufacturer's sales tax credit
2. Research expense credit
3. Development zones research credit
4. Research facilities credit
5. Community development finance credit
6. Development zones jobs credit
7. Development zones sales tax credit
8. Development zones investment credit
9. Development zones location credit
10. Development zones day care credit
11. Development zones environmental remediation credit
12. Supplement to federal historic rehabilitation tax credit

Schedule X

Line 1. Manufacturer's Sales Tax Credit — Enter the available manufacturer's sales tax credit.

Exempt corporations that are engaged in manufacturing in Wisconsin as an unrelated trade or business activity may claim a credit for Wisconsin state, county, and stadium sales and use tax paid on fuel and electricity. Manufacturing has the meaning designated in sec. 77.54(6m), Wis. Stats., which states in part: " 'manufacturing' is the production by machinery of a new article with a different form, use and name from existing materials by a process popularly regarded as manufacturing." The Wisconsin state (and county and stadium, if applicable) sales or use tax must have been paid on fuel and electricity purchased for consumption in manufacturing in Wisconsin in the unrelated trade or business activity.

The credit is a nonrefundable credit, but to the extent not offset by the tax liability for the current year, may be offset against the tax liability of the subsequent year and each succeeding year for up to 15 years.

For information on how to compute the credit, obtain the 1997 Wisconsin Form 4 and instructions. Figure the credit as explained in the instructions for Form 4, Schedule Z. However, the amounts that may be used to compute the credit must be from an unrelated trade or business activity. Attach to Form 4T a schedule similar to Form 4, Schedule Z, showing how you computed the credit.

Line 2. Research Expense Credit — Complete Wisconsin Schedule R, Wisconsin Research Credits, and enter the credit from Schedule R, line 30.

Exempt corporations that increase qualified research expenses in Wisconsin as part of an unrelated trade or business activity may claim a credit.

Line 3. Research Facilities Credit — Complete Schedule R, Wisconsin Research Credits, and enter the credit from Schedule R, line 34.

Exempt corporations that incur expenses to construct and equip new research facilities in Wisconsin or to expand existing facilities in Wisconsin as part of an unrelated trade or business activity may claim a credit.

Line 4. Community Development Finance Credit — Enter the available community development finance credit.

Exempt corporations that make contributions to the Wisconsin Housing and Economic Development Authority and, in the same year, purchase common stock in the Wisconsin Community Development Finance Company as part of an unrelated trade or business activity may claim a credit.

The credit is nonrefundable and is equal to 75% of the purchase price of the stock, but may not exceed 75% of the amount that was contributed to the Wisconsin Community Development Finance Authority. Any unused credit may be offset against tax liabilities of subsequent years for up to 15 years.

Line 5. Development Zones Jobs Credit — Enter the development zones jobs credit from Schedule DC, line 119.

Exempt organizations that hire persons from targeted groups to work in Wisconsin development zones may claim a credit.

The Wisconsin Department of Commerce administers the Wisconsin development zones programs. For more information about the programs, write to the Division of Community Development, Wisconsin Department of Commerce, P.O. Box 7970, Madison, WI 53707-7970 or call (608) 266-3751.

Line 6. Development Zones Sales Tax Credit — Enter the development zones sales tax credit from Schedule DC, line 121.

Exempt organizations that invest in certain assets for use in their unrelated trade or business in Wisconsin development zones may claim a credit.

Line 7. Development Zones Investment Credit — Enter the development zones investment credit from Schedule DC, line 123.

Exempt organizations that invest in certain kinds of assets for use in their unrelated trade or business in Wisconsin development zones may claim a credit.

Line 8. Development Zones Research Credit — Enter the development zones research credit from Schedule DC, line 61.

Exempt organizations that increase qualified research expenses in Wisconsin development zones as part of an unrelated trade or business may claim a credit.

Line 9. Development Zones Location Credit — Enter the development zones location credit from Schedule DC, line 125.

Exempt organizations that invest in real property located in Wisconsin development zones for use in an unrelated trade or business may claim a credit.

Line 10. Development Zones Day Care Credit — Enter the development zones day care credit from Schedule DC, line 127.

Exempt organizations that provide day care center benefits to certain employees who are members of targeted groups and work in Wisconsin development zones may claim a credit.

Line 11. Development Zones Environmental Remediation Credit — Enter the development zones environmental remediation credit from Schedule DC, line 129.

Exempt organizations that remove or contain certain environmental pollution or restore soil or groundwater that is affected by environmental pollution in Wisconsin development zones may claim a credit.

Note: Each of these credits (items 1 through 11) must be included as income in the year computed. This is true whether the entire amount of the credits can be claimed during the taxable year or is carried forward to subsequent years.

For example, Exempt Entity A computes a manufacturer's sales tax credit in March 1998, while preparing its calendar year 1997 Form 4T. Part of the credit computed will be claimed on its 1997 Form 4T and used to reduce its tax liability to zero, while the remaining amount will be carried forward to subsequent years. Exempt Entity A must report as income on its 1997 Form 4T, the entire credit computed in March 1998, even

though part of the credit is being carried forward to subsequent years.

Line 12. Supplement to Federal Historic Rehabilitation Tax Credit — Complete Wisconsin Schedule HR, Wisconsin Historic Rehabilitation Credits, and enter the credit from Schedule HR, line 7.

Exempt organizations that rehabilitate certified historic structures located in Wisconsin and used for unrelated trade or business purposes may claim a credit.

The State Historical Society of Wisconsin administers the historic preservation program. For more information about this program, write to the Division of Historic Preservation, State Historical Society of Wisconsin, 816 State Street, Madison, WI 53706-1488 or call (608) 264-6500.

Line 13. Add lines 1 through 12. This is the total available nonrefundable credits.

■ **Line 10. Net Tax** — Subtract line 9 from line 8. If line 9 is more than line 8, enter zero.

CAUTION: Exempt organizations taxable as corporations must skip lines 11 through 18 and go on to line 19.

■ **Line 11. Federal Unrelated Business Taxable Income** — Exempt organizations taxable as trusts enter the amount from federal Form 990-T, line 34. This is federal unrelated business taxable income after the net operating loss deduction and special deductions.

Note: Show losses by putting the amount in parentheses.

Caution: If any changes to the Internal Revenue Code enacted after December 31, 1996, other than those changes made by the provisions of the federal Balanced Budget Act of 1997 (P.L. 105-33) and the Taxpayer Relief Act of 1997 (P.L. 105-34) that take effect before January 1, 1998, affect the computation of federal unrelated business taxable income but don't apply for Wisconsin purposes, make adjustments on Schedule V and/or Schedule W, as appropriate, to account for the differences.

■ **Line 12. Additions** — Federal unrelated business taxable income on Form 4T, line 11, may include items that aren't deductible for Wisconsin tax purposes, or it may not include items that are taxable for Wisconsin tax purposes. Complete Schedule V, page 2, and enter the total.

Schedule V

Line 1. Enter interest income, less related expenses, received on state and municipal obligations that was excluded from federal unrelated business taxable income, except interest which is by law exempt from Wisconsin taxation (such as interest from obligations of the government of Puerto Rico). Enter only the state or municipal interest that is considered unrelated business taxable income.

Line 2. Enter the amount of taxes deducted from federal unrelated business taxable income under IRC section 164.

Line 3. If federal unrelated business taxable income includes capital gains and/or losses, complete Wisconsin Schedule WD (Form 2) to determine if an adjustment is necessary to arrive at Wisconsin unrelated business taxable income.

For example, an adjustment may be required because Wisconsin law limits deductions for net capital losses to \$500. You may obtain Wisconsin Schedule WD (Form 2) from any Department of Revenue office.

Line 4. Enter the amount of any federal net operating loss carryover.

Line 5. Enter any transitional adjustments required by sec. 71.05(13), Wis. Stats., to account for differences between the federal and Wisconsin bases of changing basis assets (those subject to depreciation or amortization). Attach a schedule showing the computation of each transitional adjustment made.

Line 6. Enter the development zones credits computed (from 1997 Schedule DC, lines 11, 19, 27, 59, 65, 71, and 77) to the extent that the amounts aren't included in federal unrelated business taxable income.

Line 7. Enter the farmland preservation credit and farmland tax relief credit received during the taxable year that aren't included in federal unrelated business taxable income.

Line 8. Enter any other amount subject to Wisconsin taxation, less any amount allocable to it, which has been excluded or deducted in the computation of federal unrelated business taxable income.

■ **Line 14. Subtractions** — Federal unrelated business taxable income on Form 4T, line 11, may not include items that are deductible for Wisconsin tax purposes, or it may include items that aren't taxable for Wisconsin tax purposes. Complete Schedule W, page 2, and enter the total.

Schedule W

Line 1. Enter interest and dividend income, less related expenses, received on obligations and certain securities of the United States government that was included in federal unrelated business taxable income and is exempt from state income taxation.

Line 2. If federal unrelated business taxable income includes capital gains and/or losses, complete Wisconsin Schedule WD (Form 2) to determine if an adjustment is necessary to arrive at Wisconsin unrelated business taxable income.

For example, an adjustment may be required because Wisconsin law allows an exclusion of 60% of the net capital gain from assets held more than one year. You may obtain Schedule WD (Form 2) from any Department of Revenue office.

Line 3. Enter the amount of any Wisconsin net operating loss carryforward. The Wisconsin net operating loss is the federal net operating loss plus or minus modifications required for Wisconsin tax purposes. Net operating losses from years before the exempt organization became subject to Wisconsin income taxation can't be included on line 3.

Line 4. Enter any transitional adjustment required by sec. 71.05(13), Wis. Stats., to account for differences between the federal and Wisconsin bases of changing basis assets (those subject to depreciation or amortization). Attach a schedule showing the computation of each transitional adjustment.

Line 5. Enter any amount not subject to Wisconsin taxation that was included in federal unrelated business taxable income or any deduction allowed for Wisconsin that wasn't deducted federally (such as development zones investment credit recaptured).

■ **Line 16. Gross Tax** — Figure the tax on the Wisconsin unrelated business taxable income on line 15 using the tax table that appears on pages 14 and 15.

■ **Line 17. Nonrefundable Credits** — Complete Schedule X, page 2, and enter the total available credit on Form 4T, line 17.

Schedule X

Caution: *Don't enter amounts on Schedule X, lines 1 through 4. These credits are available only to exempt organizations taxable as corporations.*

For purposes of determining the carryover (if any) of each credit, they must be applied against the gross tax in the following order:

1. Development zones jobs credit
2. Development zones sales tax credit
3. Development zones investment credit
4. Development zones research credit
5. Development zones location credit
6. Development zones day care credit
7. Development zones environmental remediation credit
8. Supplement to federal historic rehabilitation tax credit

Line 5. Development Zones Jobs Credit — Enter the development zones jobs credit from Schedule DC, line 90.

Exempt trusts that hire persons from targeted groups to work in Wisconsin development zones may claim a credit.

The Wisconsin Department of Commerce administers the Wisconsin development zones programs. For more information about the program, write to the Division of Community Development, Wisconsin Department of Commerce, P.O. Box 7970, Madison, WI 53707-7970 or call (608) 266-3751.

Line 6. Development Zones Sales Tax Credit — Enter the development zones sales tax credit from Schedule DC, line 92.

Exempt trusts that invest in certain assets for use in their unrelated trade or business in Wisconsin development zones may claim a credit.

Line 7. Development Zones Investment Credit — Enter the development zones investment credit from Schedule DC, line 94.

Exempt trusts that invest in certain kinds of assets for use in their unrelated trade or business in Wisconsin development zones may claim a credit.

Line 8. Development Zones Research Credit — Enter the development zones research credit from Schedule DC, line 99.

Exempt trusts that increase qualified research expenses in Wisconsin development zones as part of an unrelated trade or business may claim a credit.

Line 9. Development Zones Location Credit — Enter the development zones location credit from Schedule DC, line 102.

Exempt trusts that invest in real property located in Wisconsin development zones for use in an unrelated trade or business may claim a credit.

Line 10. Development Zones Day Care Credit — Enter the development zones day care credit from Schedule DC, line 104.

Exempt trusts that provide day care center benefits to certain employees who are members of targeted groups and work in Wisconsin development zones may claim a credit.

Line 11. Development Zones Environmental Remediation Credit — Enter the development zones environmental remediation credit from Schedule DC, line 106.

Exempt trusts that remove or contain certain environmental pollution or restore soil or groundwater that is affected by environmental pollution in Wisconsin development zones may claim a credit.

Note: Each of these credits (items 5 through 11) must be included as income in the year computed. This is true whether the entire amount of the credits can be claimed during the taxable year or is carried forward to subsequent years.

For example, Trust A computes a development zone investment credit in March 1998, while preparing its calendar year 1997 Form 4T. Part of the credit computed will be claimed on its 1997 Form 4T, while the remaining amount will be carried forward to subsequent years. Trust A must report as income on its 1997 Form 4T, the entire credit computed in March 1998, even though part of the credit is being carried forward to subsequent years.

Line 12. Supplement to Federal Historic Rehabilitation Tax Credit — Complete Wisconsin Schedule HR, Wisconsin Historic Rehabilitation Credits, and enter the credit from Schedule HR, line 7.

Exempt trusts that rehabilitate certified historic structures located in Wisconsin and used for unrelated trade or business purposes may claim a credit.

The State Historical Society of Wisconsin administers the historic preservation program. For more information about this program, write to the Division of Historic Preservation, State Historical Society of Wisconsin, 816 State Street, Madison, WI 53706-1488 or call (608) 264-6500.

Line 13. Add lines 5 through 12. This is the total available nonrefundable credits.

■ **Line 18. Net Tax** — Subtract line 17 from line 16. If line 17 is more than line 16, enter zero.

■ **Line 19.** Enter the amount from line 10 or line 18, as appropriate.

■ **Line 20. Temporary Recycling Surcharge** — Figure the surcharge as explained below.

Exempt organizations taxable as corporations: Enter the greater of \$25 or 5.5% (.055) of the gross tax on line 8, but not more than \$9,800.

Note: The temporary recycling surcharge does not apply to exempt organizations taxable as corporations that have less than \$4,000 of total receipts from all unrelated trade or business activities for federal income tax purposes (as defined on page 1).

Exempt organizations taxable as trusts:

- If not engaged in farming, but with gross receipts from all unrelated trade or business activities for federal income tax purposes of at least \$4,000, enter the greater of \$25 or 0.4345% (.004345) of the Wisconsin unrelated business taxable income on line 15, but not more than \$9,800.
- If engaged solely in farming with a net farm profit of at least \$1,000 for federal income tax purposes, enter \$25.
- If engaged in both farming and other unrelated trade or business activities and gross receipts from all unrelated trade or business activities for federal income tax purposes are at least \$4,000 or net farm profit for federal income tax purpose is at least \$1,000, enter the **sum** of (1) the greater of \$25 or 0.4345% (.004345) of the Wisconsin nonfarm unrelated business taxable income on line 15, but not more than \$9,800, and (2) \$25, if the net farm profit for federal income tax purposes is at least \$1,000.

■ **Line 22. Estimated Tax Payments** — Enter estimated tax payments made or overpayments applied from a prior year's return. Subtract any "quick refund" applied for on Form 4466W.

An exempt organization may claim estimated tax payments made by an LLC if the exempt organization is the LLC's sole owner and has elected to disregard the LLC as a separate entity. Attach a statement to the front of the return indicating

the LLC's name, identification number, and amount of payments made.

Amended Return: If this is an amended return, enter the tax and temporary recycling surcharge previously paid.

■ **Line 23. Refundable Credits** — Complete Schedule Y, page 2, and enter the total available credit.

Schedule Y

Note: *Exempt organizations taxable as corporations don't enter an amount on Schedule Y, line 3. This credit is available only to exempt organizations taxable as trusts.*

Line 1. Farmland Preservation Credit — Complete Wisconsin Schedule FC, Wisconsin Farmland Preservation Credit Claim, and enter the credit from Schedule FC, line 16.

Exempt corporations organized under the laws of Wisconsin and Wisconsin resident trusts that own and operate Wisconsin farmland subject to agricultural use restrictions in the form of a zoning ordinance or a farmland preservation agreement, as provided in Chapter 91, Wis. Stats., may claim a credit.

Line 2. Farmland Tax Relief Credit — Complete Wisconsin Schedule FT, Wisconsin Farmland Tax Relief Credit, and enter the credit from Schedule FT, line 6.

Exempt corporations organized under the laws of Wisconsin and Wisconsin resident trusts that own farmland located in Wisconsin may claim a credit.

Note: The farmland credits must be included in income in the year of receipt.

Line 3. Net Income Tax Paid to Other States — Wisconsin resident trusts may claim a credit for income tax paid to another state or the District of Columbia, subject to the following requirements.

- The income taxed by the other state must be included in Wisconsin unrelated business taxable income.
- The credit claimed must be for the net amount of tax paid to the other state. (This may be more or less than the amount paid as estimated tax.)
- The amount of credit may not exceed the amount of Wisconsin tax shown on line 18.
- A copy of the other state's tax return must be submitted with Form 4T.

Line 4. Add lines 1 through 3. This is the total available refundable credits.

■ **Line 25. Interest, Penalty, and Late Fee Due** — Enter any interest, penalty, and late fee due from Form 4U, line 17 or 26.

Amended Return - Refund Claimed: If you previously were assessed interest for underpayment of estimated taxes, complete an amended Form 4U, Part I, based on the total of the amounts shown on lines 19 and 20. Enter the difference between the underpayment interest from the amended Form 4U, line 17, and the amount you previously paid on line 25. Show an overpayment in parentheses. Attach Form 4U to your amended return. Otherwise, leave line 25 blank. The department will compute interest on the amount of refund approved.

Amended Return - Additional Amount Owed: Use the worksheet included in the Form 4 or 5 instructions to calculate the interest owed. Otherwise, the department will compute the interest on the tax owed.

■ **Line 26. Tax Due** — If the total of lines 21 and 25 is larger than line 24, enter the amount owed. Attach your check to the front of Form 4T.

■ **Line 27. Overpayment** — If line 24 is larger than the total of lines 21 and 25, enter the overpayment.

■ **Line 28. 1998 Estimated Tax** — Enter the amount of any overpayment on line 27 that is to be credited to the exempt organization's 1998 estimated tax. The balance of any overpayment will be refunded.

Amended Return: If you have already filed your 1998 return, enter the overpayment you claimed as a credit on your 1998 return from your previously filed original or amended 1997 return. Otherwise, you may allocate the overpayment from line 27 between line 28 and line 29 as you choose.

■ **Line 30. Total Gross Receipts** — Enter the "total receipts from all unrelated trade or business activities" as that phrase is defined on page 1 of these instructions.

■ **Additional Information Required** — Answer questions 1 through 6 on the back of Form 4T.

■ **Signatures** — An officer or trustee of the exempt organization must sign the form at the bottom of page 1. If the return is prepared by someone other than an employee of the exempt organization, the individual who prepared the return must sign the form, by hand, in the space provided for the preparer's signature and furnish the preparing firm's federal employer identification number. A self-employed individual must enter "SSN" and his or her social security number in the space for the preparer's federal employer identification number.

■ **Attachments** — Attach a copy of each of the following documents:

- Your federal Form 990-T with all supporting schedules.
- Any other required Wisconsin forms, schedules, or statements. Include a list of your solely owned LLCs.
- Any extension of time to file your return.

Amended Return: If this is an amended return, attach an explanation of the changes made and the reasons for the

changes. Also attach a worksheet showing how you figured your additional refund or additional amount owed. Send the amended return to the Wisconsin Department of Revenue, P.O. Box 8991, Madison, WI 53708-8991.

Form 4B — Apportionment Data

What Is Apportionment

Under the apportionment method, an exempt organization shows all income and deductions from unrelated trade or business activities for the organization as a whole and then assigns a part to Wisconsin according to a formula that determines Wisconsin unrelated business taxable income.

Who Must Use Apportionment

An exempt organization engaged in unrelated trade or business activities in and outside Wisconsin is required to report a portion of its total organization unrelated business taxable income to Wisconsin using the apportionment method if its Wisconsin operations are a part of a unitary business, unless the department gives permission to use separate accounting. To use the apportionment method, an exempt organization must have unrelated trade or business activity sufficient to create nexus in Wisconsin and at least one other state or foreign country.

“Nexus” means that an exempt organization’s unrelated trade or business activity is of such a degree that the state or foreign country has jurisdiction to impose an income tax or franchise tax measured by net income. Under Public Law 86-272, a state can’t impose an income tax or franchise tax based on net income on an exempt organization selling tangible personal property if the exempt organization’s only activity in the state is the solicitation of orders, which orders are approved outside the state and are filled by delivery from a point outside the state.

What Is a Unitary Business

A unitary business is one that operates as a unit and can’t be segregated into independently operating divisions or branches. The operations are integrated, and each division or branch is dependent upon or contributory to the operation of the business as a whole. It isn’t necessary that each division or branch operating in Wisconsin contribute to the activities of all divisions or branches outside Wisconsin.

What Is Nonapportionable Unrelated Business Taxable Income

Nonapportionable unrelated business taxable income is that income which is allocable directly to a particular state. It includes income or loss derived from the sale of nonbusiness real or tangible personal property or from rentals and royalties from nonbusiness real or tangible personal property in regard to an unrelated trade or business activity. This income is assigned to the state where the property is located.

Total nonapportionable unrelated business taxable income (loss) is removed from total organization unrelated business taxable income before the apportionment percentage is applied. The Wisconsin nonapportionable unrelated business

taxable income (loss) is then combined with the Wisconsin apportionable unrelated business taxable income to arrive at Wisconsin unrelated business taxable income.

What Is the Apportionment Percentage

For unitary, multistate, exempt organizations, the apportionment percentage is determined by the weighted average of the following three ratios:

1. Wisconsin tangible property to total organization tangible property in regard to unrelated trade or business activities.
2. Wisconsin payroll to total organization payroll in regard to unrelated trade or business activities.
3. Wisconsin sales to total organization sales from unrelated trade or business activities. (This ratio is double-weighted.)

Line-by-Line Instructions for Form 4B

Note: Enter amounts on Form 4B relating only to the exempt organization’s unrelated trade or business activities. “Total company” refers to the unrelated trade or business activities of the entire exempt organization.

■ **Line 1.** Enter all profits and losses from disposals of nonbusiness tangible property in the appropriate column or columns. Such profits and losses are nonapportionable and follow the situs of the property.

■ **Line 2.** Enter rents and royalties received on nonbusiness tangible property in the appropriate column or columns. These are nonapportionable and follow the situs of the property.

■ **Line 3.** Enter any expenses that are directly or indirectly related to rents and royalties reported on line 2. Since such income is nonapportionable, the related expenses are nonapportionable.

■ **Line 5.** Enter the total net nonapportionable unrelated business taxable income or loss for both Wisconsin and the total company. Also, enter on Form 4T, line 2, the total company net nonapportionable unrelated business taxable income. Enter on Form 4T, line 6, the Wisconsin net nonapportionable unrelated business taxable income.

■ **Lines 6 through 13.** Enter the undepreciated original cost of tangible property owned and used in producing apportionable unrelated business taxable income at the beginning and at the end of the taxable year. Group the property into the general categories listed for both Wisconsin and the total company.

Don’t include construction in progress, idle property, property used in producing nonapportionable unrelated business taxable income or any other property not used in producing apportionable unrelated business taxable income. Since such property isn’t used in the production of apportionable unrelated business taxable income, it isn’t includable in the property factor.

Note: If any major acquisitions or dispositions occurred within the taxable year, the average monthly balances of property may be used (or required by the department) instead of the average of the beginning and ending balance. In this case, attach a separate schedule showing the calculation rather than completing lines 6 through 13.

■ **Line 14.** Add lines 13a and 13b for Wisconsin property and for total company property, and divide each of these totals by 2. This is the average owned property for Wisconsin and the total company.

■ **Line 15.** Multiply the net annual rental for property used in the production of apportionable unrelated business taxable income by 8 and enter the result. “Net annual rental” is the annual rental paid less any annual rental received from subrentals unless this results in a negative or clearly inaccurate valuation. Net annual rental doesn’t include incidental day-to-day expenses such as hotel or motel accommodations, daily rentals of autos, or royalties based on extraction of natural resources.

If the taxable year covers a period of less than 12 months, the net rent paid for the short period must be annualized. However, if the rental term is for less than 12 months, the rent must be adjusted accordingly.

Leases are given the same treatment in computing the property factor as they are in computing unrelated business taxable income. Leases that have been capitalized in computing unrelated business taxable income are included as property owned and used for property factor purposes. All other lease payments are included in the rentals times 8 computation.

■ **Line 16.** Enter the total Wisconsin and total company property. Divide the Wisconsin property by the total company property and enter the percentage.

■ **Line 17.** Enter, for Wisconsin and the total company, the compensation paid to the company’s own employees for the performance of personal services. The compensation must be related to the production of apportionable unrelated business taxable income. Compensation related to the operation, maintenance, protection, or supervision of property used in the production of both apportionable and nonapportionable unrelated business taxable income or losses must be prorated, and only the portion related to the production of apportionable unrelated business taxable income is included for Wisconsin and the total company. Compensation includes wages, salaries, commissions, and any other form of remuneration paid to employees.

Compensation is paid in Wisconsin (included in the numerator of the payroll factor) if —

- The individual’s service is performed entirely in Wisconsin.
- The individual’s service is performed in and outside Wisconsin, but the service performed outside Wisconsin is incidental to the individual’s service in Wisconsin.
- A portion of the service is performed in Wisconsin and the base of operations of the individual is in Wisconsin.

- A portion of the service is performed in Wisconsin and, if there is no base of operations, the place from which the individual’s service is directed or controlled is in Wisconsin.
- A portion of the service is performed in Wisconsin and neither the base of operations of the individual nor the place from which the service is directed or controlled is in any state in which some part of the service is performed, but the individual’s residence is in Wisconsin.
- The individual is neither a resident of nor performs services in Wisconsin but is directed or controlled from an office in Wisconsin and returns to Wisconsin periodically for business purposes and the state in which the individual resides doesn’t have jurisdiction to impose franchise or income taxes on the employer.

An individual is considered to be performing a service in Wisconsin during the year if that individual spends any portion of at least 5 days during the exempt organization’s taxable year in Wisconsin performing services.

■ **Line 18.** Enter management or service fees paid to a related corporation for the performance of personal services. The fees must be related to the production of apportionable unrelated business taxable income. Payments made to independent contractors aren’t includable.

■ **Line 19.** Enter the total Wisconsin and total company payroll. Divide the Wisconsin payroll by the total company payroll and enter the percentage.

■ **Lines 20 through 25.** For purposes of the sales factor, sales include, but aren’t limited to, the following items related to the production of unrelated business taxable income:

- Gross receipts from the sale of inventory.
- Gross receipts from the operation of farms, mines, and quarries.
- Gross receipts from the sale of scrap or by-products.
- Gross commissions.
- Gross receipts from personal and other services.
- Gross rents from real property or tangible personal property.
- Interest on trade accounts and trade notes receivable.
- A partner’s share of the partnership’s gross receipts or a member’s share of the limited liability company’s gross receipts.
- Gross management fees.
- Gross royalties from income producing activities.
- Gross franchise fees from income producing activities.

“Gross receipts” means gross sales less returns and allowances, plus service charges, freight, carrying charges, or time-price differential charges incidental to the sales. Federal and state excise taxes, including sales and use taxes, are included as part of the receipts if the taxes are passed on to the buyer or included as part of the selling price of the product.

The following items are among those not included for sales factor purposes:

- Gross receipts and gain or loss from the sale of tangible business assets, except receipts from the sale of inventory,

- scrap, or by-products or from the operation of a farm, mine, or quarry.
- Gross receipts and gain or loss from the sale of nonbusiness real or tangible personal property.
 - Gross rents and rental income or loss from real property or tangible personal property if that real property or tangible personal property isn't used in the production of unrelated business taxable income.
 - Royalties from nonbusiness real property or nonbusiness tangible personal property.
 - Proceeds and gain or loss from the redemption of securities.
 - Interest, except interest on trade accounts and trade notes receivable, and dividends.
 - Gross receipts and gain or loss from the sale of intangible assets, except inventory.
 - Dividends deductible in determining unrelated business taxable income.
 - Gross receipts and gain or loss from the sale of securities.
 - Proceeds and gain or loss from the sale of receivables.
 - Refunds, rebates, and recoveries of amounts previously expended or deducted.
 - Foreign exchange gain or loss.
 - Royalties and income from passive investments in patents, copyrights, trademarks, trade names, plans, specifications, blueprints, processes, techniques, formulas, designs, layouts, patterns, drawings, manuals, and technical know-how.
 - Pari-mutuel wager winnings and purses.
 - Other items not includable in apportionable unrelated business taxable income.

Enter on lines 20a and 20b the appropriate Wisconsin destination sales. Gross receipts from the sales of tangible personal property (except sales to the federal government) are Wisconsin sales if the property is delivered or shipped to a purchaser in Wisconsin. Sales of tangible personal property picked up by the purchaser, or the purchaser's agent, at the seller's Wisconsin business location and immediately transported to the purchaser's out-of-state business location aren't Wisconsin sales. However, if the seller doesn't have nexus with the state in which the purchaser's business is located, the sales are "thrown back" to Wisconsin as discussed later. Wisconsin sales include sales of tangible personal property that are picked up by the purchaser, or the purchaser's agent, at the seller's out-of-state business location and immediately transported to the purchaser's Wisconsin business location.

Enter on line 21a sales of tangible personal property delivered to the federal government, including its agencies and instrumentalities, in Wisconsin if the property is shipped from an office, store, warehouse, factory, or other place of storage in Wisconsin. Sales to federal government locations in Wisconsin, which are shipped from an office, store, warehouse, factory, or other place of storage outside Wisconsin, aren't Wisconsin sales.

Enter on line 21b sales of tangible personal property delivered to the federal government, including its agencies and instrumentalities, outside Wisconsin if the property is shipped from an office, store, warehouse, factory, or other place of storage in Wisconsin and the seller doesn't have

nexus in the destination state. These sales are included in the numerator of the sales factor at 50%.

Enter on line 21c sales, other than sales to the federal government, that are "thrown back" to Wisconsin. These are sales of tangible personal property shipped from an office, store, warehouse, factory, or other place of storage in Wisconsin to a state in which the seller doesn't have nexus. "Throwback" sales are included in the numerator of the sales factor at 50%.

"State" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

Enter on line 22 the "double throwback" sales. These are sales, other than sales to the federal government, of tangible personal property by an office in Wisconsin to a purchaser in another state, but not shipped or delivered from Wisconsin, if the taxpayer doesn't have nexus in (1) the state from which the property is delivered or shipped, or (2) the destination state. "Double throwback" sales are included in the numerator of the sales factor at 50%.

Note: For purposes of throwback sales and double throwback sales, "state" means any state of the United States, the District of Columbia, the Commonwealth or Puerto Rico, and any territory or possession of the United States. A foreign country isn't a state.

Enter on line 23 the total sales for Wisconsin (sum of lines 20a through 22) and the total company.

Enter on line 24, for both Wisconsin and the total company, gross receipts of apportionable unrelated business taxable income, other than sales of tangible personal property, that are includable in the sales factor.

Gross receipts are attributable to Wisconsin if the income producing activity that gives rise to the receipts is performed in Wisconsin. If the income producing activity is performed partly in and partly outside Wisconsin, assign receipts to Wisconsin based on the ratio of direct costs of performing the services in Wisconsin to the direct costs of performing the services in all states having jurisdiction to tax the business.

■ **Line 26.** Divide the Wisconsin amount on line 25 by the total company amount on line 25 and enter the sales percentage on line 26. Also multiply the percentage by 2, as indicated, and enter the double-weighted sales percentage.

■ **Line 28.** Divide the percentage on line 27 by 4 and enter the resulting percentage here and on Form 4T, line 4.

Don't divide the percentage on line 27 by 4 if a factor has been eliminated. A factor may be eliminated if it isn't employed to any appreciable extent in producing apportionable unrelated business taxable income. If a factor is omitted, the total must be divided by no more than the number of factors used. If either the property or payroll factor is omitted, divide by 3. If the sales factor is omitted, divide by 2. Don't omit a factor simply because it isn't employed in Wisconsin.

■ **Lines 29 through 33.** Businesses whose incomes are apportioned by special rules of the department must complete these lines. For more information, contact any Department of Revenue office.

Form 4C — Separate Accounting Data

Who Must Use

An exempt organization engaged in a nonunitary unrelated trade or business in and outside Wisconsin is required to determine the amount of unrelated business taxable income attributable to Wisconsin by separate accounting. A nonunitary business is one in which the operations in Wisconsin aren't dependent upon or contributory to the operations outside Wisconsin.

A unitary business may use separate accounting only with the approval of the department. An application for such approval must set forth, in detail, the reasons why separate accounting will more clearly reflect the exempt organization's Wisconsin unrelated business taxable income. It should be mailed to the Wisconsin Department of Revenue, P.O. Box 8906, Madison, WI 53708-8906 before the end of the taxable year for which the use of separate accounting is desired.

An exempt organization that uses separate accounting must complete a schedule similar to Form 4C showing the unrelated business taxable income attributable to Wisconsin. Form 4C may be obtained from any Department of Revenue office.

1997 Tax Table for Trusts (continued)

If line 15 is at least	But less than	Gross tax is	If line 15 is at least	But less than	Gross tax is	If line 15 is at least	But less than	Gross tax is	If line 15 is at least	But less than	Gross tax is
27,400	27,500	1,722	33,900	34,000	2,172	40,400	40,500	2,622	46,900	47,000	3,073
27,500	27,600	1,728	34,000	34,100	2,179	40,500	40,600	2,629	47,000	47,100	3,080
27,600	27,700	1,735	34,100	34,200	2,186	40,600	40,700	2,636	47,100	47,200	3,087
27,700	27,800	1,742	34,200	34,300	2,193	40,700	40,800	2,643	47,200	47,300	3,094
27,800	27,900	1,749	34,300	34,400	2,200	40,800	40,900	2,650	47,300	47,400	3,101
27,900	28,000	1,756	34,400	34,500	2,207	40,900	41,000	2,657	47,400	47,500	3,108
28,000	28,100	1,763	34,500	34,600	2,214	41,000	41,100	2,664	47,500	47,600	3,114
28,100	28,200	1,770	34,600	34,700	2,220	41,100	41,200	2,671	47,600	47,700	3,121
28,200	28,300	1,777	34,700	34,800	2,227	41,200	41,300	2,678	47,700	47,800	3,128
28,300	28,400	1,784	34,800	34,900	2,234	41,300	41,400	2,685	47,800	47,900	3,135
28,400	28,500	1,791	34,900	35,000	2,241	41,400	41,500	2,692	47,900	48,000	3,142
28,500	28,600	1,798	35,000	35,100	2,248	41,500	41,600	2,699	48,000	48,100	3,149
28,600	28,700	1,805	35,100	35,200	2,255	41,600	41,700	2,706	48,100	48,200	3,156
28,700	28,800	1,812	35,200	35,300	2,262	41,700	41,800	2,713	48,200	48,300	3,163
28,800	28,900	1,819	35,300	35,400	2,269	41,800	41,900	2,719	48,300	48,400	3,170
28,900	29,000	1,825	35,400	35,500	2,276	41,900	42,000	2,726	48,400	48,500	3,177
29,000	29,100	1,832	35,500	35,600	2,283	42,000	42,100	2,733	48,500	48,600	3,184
29,100	29,200	1,839	35,600	35,700	2,290	42,100	42,200	2,740	48,600	48,700	3,191
29,200	29,300	1,846	35,700	35,800	2,297	42,200	42,300	2,747	48,700	48,800	3,198
29,300	29,400	1,853	35,800	35,900	2,304	42,300	42,400	2,754	48,800	48,900	3,205
29,400	29,500	1,860	35,900	36,000	2,311	42,400	42,500	2,761	48,900	49,000	3,211
29,500	29,600	1,867	36,000	36,100	2,318	42,500	42,600	2,768	49,000	49,100	3,218
29,600	29,700	1,874	36,100	36,200	2,324	42,600	42,700	2,775	49,100	49,200	3,225
29,700	29,800	1,881	36,200	36,300	2,331	42,700	42,800	2,782	49,200	49,300	3,232
29,800	29,900	1,888	36,300	36,400	2,338	42,800	42,900	2,789	49,300	49,400	3,239
29,900	30,000	1,895	36,400	36,500	2,345	42,900	43,000	2,796	49,400	49,500	3,246
30,000	30,100	1,902	36,500	36,600	2,352	43,000	43,100	2,803	49,500	49,600	3,253
30,100	30,200	1,909	36,600	36,700	2,359	43,100	43,200	2,810	49,600	49,700	3,260
30,200	30,300	1,916	36,700	36,800	2,366	43,200	43,300	2,816	49,700	49,800	3,267
30,300	30,400	1,923	36,800	36,900	2,373	43,300	43,400	2,823	49,800	49,900	3,274
30,400	30,500	1,929	36,900	37,000	2,380	43,400	43,500	2,830	49,900	50,000	3,281
30,500	30,600	1,936	37,000	37,100	2,387	43,500	43,600	2,837	50,000	or over	3,284
30,600	30,700	1,943	37,100	37,200	2,394	43,600	43,700	2,844	plus 6.93% of taxable income over \$50,000		
30,700	30,800	1,950	37,200	37,300	2,401	43,700	43,800	2,851			
30,800	30,900	1,957	37,300	37,400	2,408	43,800	43,900	2,858			
30,900	31,000	1,964	37,400	37,500	2,415	43,900	44,000	2,865			
31,000	31,100	1,971	37,500	37,600	2,421	44,000	44,100	2,872			
31,100	31,200	1,978	37,600	37,700	2,428	44,100	44,200	2,879			
31,200	31,300	1,985	37,700	37,800	2,435	44,200	44,300	2,886			
31,300	31,400	1,992	37,800	37,900	2,442	44,300	44,400	2,893			
31,400	31,500	1,999	37,900	38,000	2,449	44,400	44,500	2,900			
31,500	31,600	2,006	38,000	38,100	2,456	44,500	44,600	2,907			
31,600	31,700	2,013	38,100	38,200	2,463	44,600	44,700	2,913			
31,700	31,800	2,020	38,200	38,300	2,470	44,700	44,800	2,920			
31,800	31,900	2,026	38,300	38,400	2,477	44,800	44,900	2,927			
31,900	32,000	2,033	38,400	38,500	2,484	44,900	45,000	2,934			
32,000	32,100	2,040	38,500	38,600	2,491	45,000	45,100	2,941			
32,100	32,200	2,047	38,600	38,700	2,498	45,100	45,200	2,948			
32,200	32,300	2,054	38,700	38,800	2,505	45,200	45,300	2,955			
32,300	32,400	2,061	38,800	38,900	2,512	45,300	45,400	2,962			
32,400	32,500	2,068	38,900	39,000	2,518	45,400	45,500	2,969			
32,500	32,600	2,075	39,000	39,100	2,525	45,500	45,600	2,976			
32,600	32,700	2,082	39,100	39,200	2,532	45,600	45,700	2,983			
32,700	32,800	2,089	39,200	39,300	2,539	45,700	45,800	2,990			
32,800	32,900	2,096	39,300	39,400	2,546	45,800	45,900	2,997			
32,900	33,000	2,103	39,400	39,500	2,553	45,900	46,000	3,004			
33,000	33,100	2,110	39,500	39,600	2,560	46,000	46,100	3,011			
33,100	33,200	2,117	39,600	39,700	2,567	46,100	46,200	3,017			
33,200	33,300	2,123	39,700	39,800	2,574	46,200	46,300	3,024			
33,300	33,400	2,130	39,800	39,900	2,581	46,300	46,400	3,031			
33,400	33,500	2,137	39,900	40,000	2,588	46,400	46,500	3,038			
33,500	33,600	2,144	40,000	40,100	2,595	46,500	46,600	3,045			
33,600	33,700	2,151	40,100	40,200	2,602	46,600	46,700	3,052			
33,700	33,800	2,158	40,200	40,300	2,609	46,700	46,800	3,059			
33,800	33,900	2,165	40,300	40,400	2,616	46,800	46,900	3,066			