

# Wisconsin Farmland Tax Relief Credit

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

# 2005

Wisconsin Department of Revenue

Name

Federal Employer ID Number

<b>1</b>	For parcels of Wisconsin farmland without improvements, enter net property taxes levied during the taxable year that begins in 2005 (see instructions) . . . . .			<b>1</b>
<b>2</b>	For parcels of Wisconsin farmland with improvements, enter the following amounts for the taxable year that begins in 2005 (attach a separate schedule if more space is needed):		(a) Parcel 1	(b) Parcel 2
<b>a</b>	Enter net property taxes levied . . . . .	<b>2a</b>		
<b>b</b>	Enter assessed value of farmland . . . . .	<b>2b</b>		
<b>c</b>	Enter total assessed value of land and improvements . . . . .	<b>2c</b>		
<b>d</b>	Divide line 2b by line 2c and enter ratio . . . . .	<b>2d</b>	.	.
<b>e</b>	Multiply amount on line 2a by ratio on line 2d . . . . .	<b>2e</b>		
<b>f</b>	Add line 2e, columns a and b, plus any amounts from separate schedules . . . . .	<b>2f</b>		
<b>3</b>	Add lines 1 and 2f. If more than \$10,000, enter \$10,000 . . . . .	<b>3</b>		
<b>4</b>	Enter 20% of line 3, <b>but not more than \$1,500</b> . If you are also claiming farmland preservation credit, go to line 5. Otherwise, skip line 5 and enter this amount on line 6 . . . . .	<b>4</b>		
<b>5</b>	If you are also claiming farmland preservation credit			
<b>a</b>	Add line 1 and line 2a, columns a and b, plus any amounts from separate schedules . . . . .	<b>5a</b>		
<b>b</b>	Enter 95% of the amount on line 5a . . . . .	<b>5b</b>		
<b>c</b>	Enter farmland preservation credit claimed (from Schedule FC, line 18) . . . . .	<b>5c</b>		
<b>d</b>	Subtract line 5c from line 5b . . . . .	<b>5d</b>		
<b>6</b>	Enter smaller of line 4 or line 5d. This is the farmland tax relief credit . . . . .	<b>6</b>		

## 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 2005.
- The property taxes levied in 2004 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 2005, or at least a total of \$18,000 of gross farm profits for the taxable year that begins in 2005 and the last 2 years combined. However, if at least 35 acres of its farmland was enrolled in the Conservation Reserve Program, the corporation doesn't have to meet this gross farm profits requirement.

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. Included are the fair market value at the time of disposition of payments in kind for placing land in federal programs. If you rent out your farmland, the renter's gross farm profits are used to satisfy this requirement. Gross farm profits don't include the fair market value of crops grown but not sold during the year, fuel tax credits or refunds, or a previous year's farmland preservation or farmland tax relief credit.

### 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 2005.

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 2005. 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 the amount isn't set forth in a closing agreement, you may not use any of these taxes in your computation.

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. If the amount isn't set forth in a closing agreement, enter the total taxes on the farmland.

**Line 4.** Multiply the amount on line 3 by 20%. **If the result is more than \$1,500, enter \$1,500.** 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. If you are also claiming farmland preservation credit and have attached a copy of your property tax bill or closing agreement to your Schedule FC, you don't have to attach an additional copy of these documents.