Caution:

This revised version of the 2010 Schedule FC-A instructions was placed on the Internet on December 3, 2010. The previous version listed items under “Enclosures Required” that are not required to be enclosed with Schedule FC-A. The instructions have been corrected to remove these items.

INSTRUCTIONS FOR 2010 SCHEDULE FC-A

GENERAL INSTRUCTIONS

Which Schedule to File

A 2010 farmland preservation credit claim may be filed using Schedule FC-A, Schedule FC, or both. However, a credit may not be claimed on the same acreage using both Schedule FC-A and Schedule FC.

File Schedule FC-A if 1) you have an ownership interest in a farm that is covered by a farmland preservation agreement or transition area agreement entered into on or after July 1, 2009 (see note below) or located in an area designated in a certified exclusive agricultural use zoning or farmland preservation zoning ordinance and 2) you otherwise qualify (see "Who May Claim the Credit" below and "Who May Qualify" in the next column).

Note: A farmland preservation agreement is considered entered into prior to July 1, 2009, if 1) the application for the agreement was submitted to the county clerk between January 1, 2008, and June 30, 2009, and 2) the agreement was entered into on or after July 1, 2009.

File Schedule FC if 1) you are subject to a farmland preservation agreement or transition area agreement entered into prior to July 1, 2009 (see note above), and 2) you otherwise qualify (see "Who May Claim the Credit" and "Who May Qualify" on page 2 of the instructions for Schedule FC).

Who May Claim the Credit

A claimant must be the owner of a farm (see definition on page 2) and may be any of the following:

- *Individuals* – Individuals, partners in partnerships, members of limited liability companies (LLCs) treated as partnerships, shareholders of tax-option (S) corporations, and grantors of revocable trusts may claim the credit on their individual income tax returns. (See "Corporations" for information regarding publicly traded partnerships and LLCs treated as corporations.)

  If two or more members of a household (husband, wife, and dependents while under age 18) qualify (for example, where a husband and wife are filing separate returns), they must determine between themselves whether:

  1. each qualifying member of the household will file a claim based on their individual share of ownership of the farm, or
  2. one designated member of the household will file a claim based on the entire household's share of ownership of the farm.

  If they are unable to agree, the matter may be referred to the Secretary of Revenue, whose decision will be final.

- *Corporations* – Corporations other than tax-option (S) corporations (see "Individuals") may claim the credit on their corporation franchise or income tax returns. This includes publicly traded partnerships and limited liability companies (LLCs) treated as corporations under Wisconsin Statutes.

- *Trusts and Estates* – Trustees of qualifying trusts and personal representatives of estates may claim the credit on the trust or estate return. (See definition of "Owner" on page 3, for exceptions.)

Who May Qualify

To qualify for the farmland preservation credit, you must meet all of the following conditions:

1. You or any member of your household (see definition on page 3) must have been the owner (see definition on page 3) of the farm (see definition on page 2) for which the credit is being claimed, during your taxable year that begins in 2010.

2. You must have been a resident of Wisconsin for the entire taxable year. The taxable year may be either calendar year 2010 or a fiscal year beginning in 2010, but it must be for the same period covered by your 2010 income tax return.

   A corporation must have been organized under the laws of Wisconsin.

3. You and your spouse must not claim homestead credit or the veterans and surviving spouses property tax credit for 2010.

4. You must have paid to or be legally responsible for paying to the taxing authority the 2010 property taxes levied against the qualifying acres (see definition on page 3) to which the claim relates.

5. Your farm must be located in a farmland preservation zoning district (see definition on page 3) at the end of the taxable year to which the claim relates, or must be wholly or partially covered by a farmland preservation or transition area agreement entered into after July 1, 2009.

If you transferred ownership of your farm during the taxable year to which the claim relates, on the date ownership was transferred the farm must have been either 1) located in a farmland preservation zoning district or 2) wholly or partially covered by a farmland preservation or transition area agreement entered into after July 1, 2009.

6. Your farm must have produced at least $6,000 of gross farm revenues (see definition on page 3) during the taxable year to which the claim relates or at least a total of $18,000 in gross farm revenues during the taxable year to which the claim relates and the 2 immediately preceding taxable years. If you rent out your farm, the renter's gross farm revenues are used to satisfy this requirement.
7. As of the end of the taxable year to which the claim relates, there must not have been an outstanding notice of noncompliance with a soil and water conservation plan or standards issued against your farm.

If you transferred ownership of your farm during the taxable year to which the claim relates, there must not have been an outstanding notice of noncompliance with a soil and water conservation plan or standards issued against your farm on the date ownership was transferred.

Note: A claim may be based on the qualifying acres of more than one farm. Each farm to which the claim relates must meet qualifications 5, 6, and 7 above.

When to File

A 2010 farmland preservation credit claim must be filed not later than 4 years after the unextended due date of your 2010 tax return. For calendar year filers, the 2010 Schedule FC-A must be filed by April 15, 2015 (March 16, 2015, for corporations).

How and Where to File

Because of the way farmland preservation credit claims are processed, please use BLACK INK to complete Schedule FC-A.

Schedule FC-A has preprinted zeros in the "cents" area of the entry lines. Amounts filled in on those lines should be rounded to the nearest dollar. If completing Schedule FC-A by hand, do not use commas or dollar signs in any of the amounts that are filled in. For more tips, see page 3 of the instructions for Wisconsin Form 1.

Schedule FC-A should be enclosed immediately behind the 2010 Wisconsin income or franchise tax return when it is filed. Your tax return and Schedule FC-A should be mailed to the address shown on the tax return.

Your farmland preservation credit will decrease any tax due or increase any tax refund. Only one refund check will be mailed for the combined farmland preservation credit and tax refund.

If you previously filed your 2010 Wisconsin tax return and now wish to file Schedule FC-A, do the following:

- Complete an amended tax return and enclose Schedule FC-A with it.
- Write "Tax Return Previously Filed" at the top of Schedule FC-A.
- Include a complete copy of your 2010 Wisconsin and federal tax return, marked "Copy."
- Mail them to the address shown on the tax return.

If an individual is not required to file a 2010 Wisconsin tax return but wishes to claim a farmland preservation credit, they should enclose Schedule FC-A and a schedule listing all sources and amounts of income with a Form 1, on which they fill in only the name and address area, and the amount of credit on line 46b. The farmland preservation credit claim should be mailed to Wisconsin Department of Revenue, PO Box 59, Madison WI 53785-0001.

Electronic Filing

If you file Schedule FC-A electronically, mail all of the required Schedule FC-A enclosures (see pages 3 and 4), along with a completed Form W-RA, *Required Attachments for Electronic Filing*, to Wisconsin Department of Revenue, PO Box 8967, Madison WI 53708-8967.

Additional Help

To obtain more information about farmland preservation credit or help in preparing Schedule FC-A, or for a copy of Wisconsin Publication 503, *Wisconsin Farmland Preservation Credit,* you may contact any Department of Revenue office. The location and telephone number of the office nearest you may be listed in your telephone book. You may also e-mail a question to farmland@revenue.wi.gov, phone (608) 266-2442 (Madison), or write to Wisconsin Department of Revenue, Audit Bureau, Mail Stop 5-144, PO Box 8906, Madison WI 53708-8906.

Definitions

Farm "Farm" means all land under common ownership that is primarily devoted to agricultural use.

Example: You own 50% of a 40 acre parcel in County A and 50% of a 40 acre parcel in County B. Individual C owns the remaining 50% of both parcels, and all 80 acres are primarily devoted to agricultural use. The two parcels are considered one farm.

Farmland preservation zoning district "Farmland preservation zoning district" means an area designated in a certified exclusive agricultural use zoning or farmland preservation zoning ordinance.

Gross farm revenues "Gross farm revenues" means gross receipts from agricultural use of a farm, excluding rent receipts, less the cost or other basis of livestock or other agricultural items purchased for resale which are sold or otherwise disposed of during the taxable year.

If you rent out your farm, gross farm revenues are those of your renter, produced from your farm. The renter's name and address should be filled in on question 6 of Schedule FC-A. If you are unsure whether the required gross farm revenues were produced from the farm you rented out, contact your renter to obtain this information.

Household "Household" means an individual, his or her spouse if married, and all dependents while they are under age 18. When dependent children reach age 18, they are no longer considered members of your household for purposes of determining a farmland preservation credit.

Owner An "owner" of a farm includes an individual, a corporation incorporated in Wisconsin (including a publicly traded partnership or limited liability company (LLC) treated as a corporation), a grantor of a revocable trust, a qualifying trust, an estate, each member of a partnership or association having a joint or common interest in land, each member of an LLC that is treated as a partnership, each shareholder of a tax-option (S) corporation, a vendee under a land contract, and a guardian on behalf of a ward.

EXCEPTIONS: An owner qualifying for farmland preservation credit does not include a trust created by a nonresident, a trust that receives Wisconsin real property from a nonresident, or a trust in which a nonresident grantor retains a beneficial interest. An owner also does not include the estate of an individual who is a nonresident on the date of death.

When a farm is subject to a life estate, the person who has an ownership interest and is operating the farm and paying the property taxes is the owner who may claim the credit.

Qualifying acres "Qualifying acres" means the number of acres of a farm that correlate to a claimant's ownership percentage.

SPECIFIC INSTRUCTIONS

Lines 1 Through 6. Questions

Read and answer questions 1 through 6 carefully. All the requested information must be furnished. If you answer "no" to question 1, 3, 4 or 5, you do not qualify. Do not complete the rest of Schedule FC-A.

Question 1a: "Individuals" include trustees of qualifying trusts and personal representatives of estates claiming the credit on the trust or estate return.

Lines 7, 9, and 11. Qualifying Acres

To determine the number of qualifying acres to fill in on lines 7, 9, and 11, complete the schedule on page 2 of Schedule FC-A. If your claim is based on more than one farm, complete a separate schedule (page 3 of Schedule FC-A) for each farm. Fill in the amounts from line 5 of the schedule on page 2 on lines 7, 9, and 11 of Schedule FC-A, as appropriate.

Line 13. Farmland Preservation Credit

Fill in the credit from line 13 on one of the following lines: line 46b of Form 1; line 71b of Form 1NPR; line 23b of Form 2; or (for corporations) line 47b of Schedule CR.

Enclosures Required

Enclose **all** of the following items that pertain to each farm on which your claim is based:

- Certification issued by the county land conservation committee of compliance with soil and water standards. (**Note:** This enclosure is not required for any acreage on which you received a farmland preservation credit in the last preceding year.)

- Complete, legible copies of your 2010 property tax bills or computer printouts signed by the county or municipal treasurer. The property tax bills or computer printouts must show all of the following information: the year; the owner's name; the parcel numbers and legal description of the property; the acreage; the assessed value of land and improvements; any special assessments; property taxes before and after state aids and credits, including lottery and gaming credit, if applicable; and a space for indicating whether there are unpaid property taxes for prior years.

- An executed farmland preservation agreement (copy, not original). Include Exhibit "A," if made part of the agreement to provide the legal description of the property.

  If a different numbering system is used to identify parcels on the agreement and the property tax bills, enclose an explanation to reconcile the difference.

- Closing statement signed by both the buyer and the seller, and the deed or land contract relating to the purchase or sale, if the farm on which the claim is based was purchased or sold during the claim year (copies, not originals).

- Document to verify your percentage of ownership.

  If you purchased or sold property during the year, or if there are names on the property tax bills other than yours and your spouse's and 1) you did not verify your ownership percentage with a previous year's claim, or 2) your ownership percentage has changed since 2009, enclose a copy (not the original) of the appropriate document listed below, to verify your (or your household's) ownership percentage. Documents that you may submit to verify your ownership include:

  a. A closing statement and deed or land contract if you purchased or sold property during the year. The closing statement must be signed by both the buyer and the seller and show the legal description or parcel numbers of the property purchased or sold.

  b. A deed to verify your ownership percentage in co-owned property; your acquisition by a method other than purchase, such as by gift, repossession, etc.; or a life estate.

  c. A Wisconsin Schedule 3K-1 to verify your percentage of ownership of capital if you are a partner in a partnership (a partner's ownership percentage in farmland owned by the partnership is based on capital ownership percentage, not profit or loss percentage).

  d. A Wisconsin Schedule 5K-1 to verify your percentage of stock ownership if you are a tax-option (S) corporation shareholder.

  e. A land contract if you are a vendee purchasing property.

  f. A divorce judgment, including the final stipulation, if you acquired full or partial ownership through a divorce.

  g. A final judgment in an estate if you inherited property.

  h. A certification of termination of joint tenancy if a joint tenant (or spouse) has died.

  i. A trust instrument if you are the trustee of a trust claiming the credit, the grantor of a revocable trust, or a grantor with a life estate.

How to Assemble

Assemble (DO NOT STAPLE, use paper clips) your Wisconsin franchise or income tax return and farmland preservation credit claim in the following order:

- Wisconsin income or franchise tax form (Form 1, 1NPR, 2, 4, 4T, or 5)
- Schedule FC-A
- 2010 property tax bills
- Other required enclosures (see "Enclosures Required" on page 3 and above)
- Any additional farmland preservation credit information
- Other Wisconsin schedules and forms
- Federal tax form (Form 1040, 1041, or 1120)